

**SILVERWOOD LAND 2015 LIMITED PARTNERSHIP**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2016**

| <b><u>CONTENTS</u></b>                                      | <b>Pages</b> |
|---|--------------|
| Directory   | 1            |
| Audit Report  | 2 - 3        |
| Statement of Comprehensive Income                           | 4            |
| Statement of Changes in Net Assets Attributable to Partners | 5            |
| Statement of Financial Position                             | 6            |
| Statement of Cash Flows                                     | 7            |
| Notes to the Financial Statements                           | 8 - 21       |
| Supplementary Information                                   | 22           |

**SILVERWOOD LAND 2015 LIMITED PARTNERSHIP**

**DIRECTORY  
FOR THE YEAR ENDED 31 MARCH 2016**

---

|                             |   |
|-----------------------------|---|
| <b>Nature of Business:</b>  | Land Owner  |
| <b>Business Address:</b>    | C/- Tiedemann & Partners<br>PO Box 84-101<br>Westgate, Auckland 0657  |
| <b>Registered Office</b>    | GECA Chartered Accountant Limited<br>Level 2, Roche House<br>98 Carlton Gore Road<br>Newmarket, Auckland 1023 |
| <b>Board of Directors:</b>  | Peter Bradney Bould<br>Eoin Malcolm Miller Johnson<br>Anthony Sydney Loveday<br>Peter Tiedemann               |
| <b>IRD Number</b>           | 119-590-858   |
| <b>Bankers:</b>             | Bank of New Zealand<br>Auckland   |
| <b>Solicitors:</b>          | Claymore Partners Limited<br>Auckland   |
| <b>Auditor:</b>             | KPMG<br>Tauranga  |
| <b>Statutory Supervisor</b> | Covenant Trustee Company Ltd<br>Auckland  |



## Independent auditor's report

### To the Partners of Silverwood Land 2015 Limited Partnership

#### Report on the financial statements

We have audited the accompanying financial statements of Silverwood Land 2015 Limited Partnership ("the Limited Partnership") on pages 4 to 21. The financial statements comprise the statement of financial position as at 31 March 2016, 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.

This report is made solely to the Partners as a body. Our audit work has been undertaken so that we might state to the Limited Partnership's Partners those matters we are required to state to them in the 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 Limited Partnership's Partners as a body, for our audit work, this report or any of the opinions we have formed.

#### *Directors of the General Partners' responsibility for the financial statements*

The directors of the General Partner, Silverwood Corporation Limited, are responsible on behalf of the Limited Partnership 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 of the General Partner 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 limited 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 limited 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.

Our firm has also provided accounting services to the Manager of the Joint Operation in which the Limited Partnership has a 50% interest. Subject to certain restrictions, partners and employees of our firm may also deal with the Limited Partnership on normal terms within the ordinary course of trading activities of the business of the Limited Partnership. These matters have not impaired our independence as auditor of the Limited Partnership. The firm has no other relationship with, or interest in, the Limited Partnership.



### **Opinion**

In our opinion the financial statements on pages 4 to 21:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the Limited Partnership as at 31 March 2016 and of its financial performance and cash flows for the year then ended.

### **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, by applying the transitional provisions under Section 55 of the Financial Reporting Act 2013 and Schedule 4 of the Financial Markets Conduct Act 2013, 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 Silverwood Land 2015 Limited Partnership as far as appears from our examination of those records.

The financial statements comply with the Financial Reporting Act 1993, by applying the transitional provisions under Section 55, of Financial Reporting Act 2013 and Schedule 4, of the Financial Markets Conduct Act 2013.

8 June 2016  
Tauranga



**SILVERWOOD LAND 2015 LIMITED PARTNERSHIP**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

|   | Note | 2016                          | 2015                           |
|---|------|-------------------------------|--------------------------------|
|   |      | \$                            | \$                             |
| Land Revenue  | 1a   | 4,049,514                     | -                              |
| Forestry Revenue  |      | 10,389                        | 14,473                         |
| <b>Total Revenue</b>  |      | <u>4,059,903</u>              | <u>14,473</u>                  |
| Reversal of Land Stock Impairment   |      | -                             | 2,658,674                      |
| Cost of Land  |      | (3,581,566)                   | (6,750)                        |
| <b>Total Direct Costs</b>   |      | <u>(3,581,566)</u>            | <u>2,651,924</u>               |
| <b>Total Gross Margin</b>   |      | <b>478,337</b>                | <b>2,666,397</b>               |
| Administrative and Other Operating Expenses                                       | 1b   | (394,980)                     | (175,601)                      |
| Marketing Costs   | 1b   | (373,021)                     | (112,177)                      |
| Directors Deferred Remuneration and Management Fees Change                        | 8    | 88,684                        | (262,058)                      |
| <b>Total Expenses</b>   |      | <u>(679,318)</u>              | <u>(549,836)</u>               |
| <b>Operating (Loss) / Profit</b>  |      | <u><b>(200,981)</b></u>       | <u><b>2,116,561</b></u>        |
| Net Financing Income  | 2    | 166,741                       | 3,730                          |
| <b>Net (Loss) / Profit Before Tax</b>   |      | <u><b>(34,240)</b></u>        | <u><b>2,120,291</b></u>        |
| Income Tax Expense  |      | -                             | -                              |
| <b>Net (Loss) / Profit after tax, and Total Comprehensive Income for the Year</b> |      | <u><u><b>(34,240)</b></u></u> | <u><u><b>2,120,291</b></u></u> |



**SILVERWOOD LAND 2015 LIMITED PARTNERSHIP**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS  
FOR THE YEAR ENDED 31 MARCH 2016**

|   | Note | 2016        | 2015      |
|---|------|-------------|-----------|
|   |      | \$          | \$        |
| <b>Net Assets at the beginning of the Year</b>                            |      | 9,026,418   | 7,326,820 |
| Net (Loss) / Profit after Tax and Total Comprehensive Income for the Year |      | (34,240)    | 2,120,291 |
| Capital Distribution to Partners  | 13   | (3,605,120) | (419,200) |
| Tax Credit transferred to Partners  | 13   | (18,114)    | (1,493)   |
| <b>Net Assets at the end of the Year</b>                                  |      | 5,368,944   | 9,026,418 |




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 2016

|  |             | 2016             | 2015              |
|--|-------------|------------------|-------------------|
|  | Note        | \$               | \$                |
| <b>Current Assets</b>  |             |                  |                   |
| Cash at Bank   |             | 1,619,284        | 1,074,074         |
| Trade Receivables  | 7           | -                | 93,297            |
| Sundry Receivables   |             | 65,082           | 22,615            |
| Land Stock   | 5           | 3,548,424        | 5,452,705         |
| Joint Venture Land Improvements  | 6           | 2,051,597        | 3,590,748         |
| <b>Total Current Assets</b>  |             | <b>7,284,387</b> | <b>10,233,439</b> |
| <b>Non-Current Assets</b>  |             |                  |                   |
| Property, Plant and Equipment  |             | 7,278            | 8,275             |
| Whitby Corporation Limited Shares                                      | 14          | 38,581           | 38,581            |
| <b>Total Non-Current Assets</b>  |             | <b>45,859</b>    | <b>46,856</b>     |
| <b>Total Assets</b>  |             | <b>7,330,246</b> | <b>10,280,295</b> |
| <b>Current Liabilities</b>   |             |                  |                   |
| Trade Payables   | 3           | 250,760          | 19,591            |
| Sundry Payables and Accruals   | 3           | 137,652          | 43,108            |
| Deferred Income  | 7           | 51,196           | -                 |
| Distribution to Partners   | 10(iii), 13 | 838,400          | 419,200           |
| Deferred Directors Remuneration and Management Fee                     | 8           | 683,295          | 771,979           |
| <b>Total Current Liabilities</b>                                       |             | <b>1,961,302</b> | <b>1,253,878</b>  |
| <b>Total Liabilities excluding Net Assets Attributable to Partners</b> |             | <b>1,961,302</b> | <b>1,253,878</b>  |
| <b>Net Assets Attributable to Partners</b>                             |             | <b>5,368,944</b> | <b>9,026,418</b>  |
| <b>Total Liabilities and Net Assets Attributable to Partners</b>       |             | <b>7,330,246</b> | <b>10,280,295</b> |

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

Director:   
Date: 8-Jun-16

Director:   
Date: 8-Jun-16



**SILVERWOOD LAND 2015 LIMITED PARTNERSHIP**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

|  | 2016         | 2015        |
|--|--------------|-------------|
| Note   | \$           | \$          |
| <b><u>Cash Flows from Operating Activities</u></b> |              |             |
| Cash was provided from:                            |              |             |
| Land revenue                                       | 774,789      | -           |
| Share of JV Operations, net                        | 3,172,832    | 3,352,649   |
| Forestry Sales                                     | 10,387       | 23,101      |
| Bank Interest Received                             | 9,494        | 3,731       |
| Interest Received                                  | 38,295       | -           |
|  | 4,005,797    | 3,379,481   |
| Cash was applied to:                               |              |             |
| Bank charges                                       | (306)        | (198)       |
| GST Paid, net                                      | (25,849)     | (16,455)    |
| RWT Tax paid                                       | (18,114)     | (1,492)     |
| Payments to Suppliers                              | (330,903)    | (306,131)   |
|  | (375,172)    | (324,276)   |
| Net Cash from Operating Activities                 | 11 3,630,625 | 3,055,205   |
| <b><u>Cash Flows from Investing Activities</u></b> |              |             |
| Cash was provided from:                            |              |             |
| Dividend Received                                  | 16,912       | -           |
| Capital Payment Received                           | 83,593       | -           |
| Net Cash from Investing Activities                 | 100,505      | -           |
| <b><u>Cash Flows from Financing Activities</u></b> |              |             |
| Cash was applied to:                               |              |             |
| Capital Payment to Partners                        | (3,185,920)  | -           |
| Share of JV Repayment of Bank Borrowings           | -            | (2,710,336) |
| Net Cash used in Financing Activities              | (3,185,920)  | (2,710,336) |
| Net increase/(decrease) in Cash during the year    | 545,210      | 344,869     |
| Opening Cash balance                               | 1,074,074    | 729,205     |
| Ending Cash carried forward                        | 1,619,284    | 1,074,074   |
| <b>Comprising:</b>                                 |              |             |
| Cash at Bank                                       | 1,619,284    | 1,074,074   |
|  | 1,619,284    | 1,074,074   |



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



## SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

---

#### 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 previous special partnership status expired and could not be renewed on 30 April 2015. Continuance of the business has been achieved through the transfer of the business and net assets of the Partnership as a going concern to a Limited Partnership effective 1 April 2015 (see accounting policy *m. Comparatives*).

The Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 ("the Acts") are effective for the Partnership. The Partnership has taken advantage of the transitional provisions under Section 55 of the Financial Reporting Act 2013 and Schedule 4 of the Financial Markets Conduct Act 2013, which enables the Partnership to continue reporting in accordance with the Financial Reporting Act 1993 as an "issuer" entity, the basis on which the financial statements of the Partnership have been prepared.

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 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 2016 include the Partnership's share of the assets and liabilities of the Silverwood Joint Venture, which developed the Partnership's Lot 2, and were authorised for issue by the Board of the Company on 31 May 2016.

#### 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").

#### 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.



## SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

---

#### Use of estimates and judgements (continued)

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*

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 consist of Partner units in the Partnership that are used to finance the Partnership, which are subject to certain restrictions per the Silverwood Land 2015 Limited Partnership Deed of Participation.

##### *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 of Land Stock is recognised when legal title to the land passes to the purchaser. Where the sale of Land Stock 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 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.

##### *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.



## SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

---

#### Specific accounting policies (continued)

##### *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.

##### *i. 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, 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. All gains or losses recognised on financial liabilities measured at amortised cost are reported in the profit or loss for the period.

- (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.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

---

**Specific accounting policies (continued)**

*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. 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.

*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.

*l. Segment information*

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

*m. Comparatives*

On the basis that the Partnership is the same business in substance as the Old Partnership, has the same owners, governors and managers, and is essentially only under a different legal vehicle and name, the prior year comparatives have been included for the benefit of the Partners.

**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 2016 (see policy *m Comparatives*).

**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 2016

| 1. a) LAND REVENUE                                   | 2016      | 2015    |
|--|-----------|---------|
|  | \$        | \$      |
| NZTA/PCC Land Take                                   | 736,262   | -       |
| Silverwood Joint Venture Section Sales               | 3,313,252 | -       |
|  | 4,049,514 | -       |
|  |           |         |
| 1. b) TOTAL EXPENSES                                 | 2016      | 2015    |
|  | \$        | \$      |
| Auditor's Remuneration                               | 18,500    | 18,500  |
| Directors Fees and Expenses                          | 86,548    | 63,438  |
| Bad Debt Expense                                     | 47,952    | -       |
| Other Administrative Expenses                        | 106,235   | 93,663  |
| Administrative Expenses of Silverwood Joint Venture  | 135,745   | -       |
| Total Administrative and Other Operating Expenses    | 394,980   | 175,601 |
|  |           |         |
| Marketing Costs                                      | 164,826   | 112,177 |
| Marketing Costs of Silverwood Joint Venture          | 208,195   | -       |
| Total Marketing Costs                                | 373,021   | 112,177 |
|  |           |         |
| 2. NET FINANCING INCOME                              | 2016      | 2015    |
|  | \$        | \$      |
| Interest Income                                      | 47,789    | 3,730   |
| Whitby Dividend                                      | 16,912    | -       |
| Whitby Capital Distribution                          | 83,593    | -       |
| Share of Interest Income of Silverwood Joint Venture | 18,447    | -       |
|  | 166,741   | 3,730   |
|  |           |         |
| 3. TRADE PAYABLES AND ACCRUALS                       | 2016      | 2015    |
|  | \$        | \$      |
| Trade Payables                                       | 247,756   | 13,522  |
| Share of Trade Payables of Silverwood Joint Venture  | 3,004     | 6,069   |
| Total Trade Payables                                 | 250,760   | 19,591  |
|  |           |         |
| Sundry Payables and Accruals                         | 27,000    | 33,074  |
| Share of Sundry Payables of Silverwood Joint Venture | 110,652   | 10,034  |
| Total Sundry Payables and Accruals                   | 137,652   | 43,108  |



## SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 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.

|   |         | At 31 March<br>2016 | At 31 March<br>2015 |
|---|---------|---------------------|---------------------|
|   |         | \$                  | \$                  |
| <b>Share of Assets and Liabilities</b>  |         |                     |                     |
| Cash at Bank                            |         | 525,203             | 362,138             |
| Land Stock                              | Note 5  | 147,423             | 384,031             |
| Land Improvements                       | Note 6  | 2,051,597           | 3,590,748           |
| Trade Receivables                       | Note 7  | -                   | 38,152              |
| Property, Plant and Equipment           |         | 7,278               | 8,275               |
| Deferred Income                         | Note 7  | (53,084)            | -                   |
| Trade Payables                          | Note 3  | (3,004)             | (6,069)             |
| Sundry Payables and Accruals            | Note 3  | (110,652)           | (10,034)            |
|   |         | 2,564,761           | 4,367,241           |
| <b>Share of Revenue and Expenditure</b> |         |                     |                     |
| Land Revenue                            | Note 1a | 3,313,252           | -                   |
| Cost of Land                            |         | (1,782,448)         | -                   |
| Administrative Expenses                 | Note 1b | (135,745)           | -                   |
| Marketing Costs                         | Note 1b | (208,195)           | -                   |
| Interest Income                         | Note 2  | 18,447              | -                   |
|   |         | 1,205,311           | -                   |



# SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 4. INVESTMENT IN JOINT OPERATION (continued)

#### *Silverwood Joint Venture Agreement - key terms*

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

As a result the Partnership entered into a profit sharing agreement with Verplank to facilitate the equalizing 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 was agreed by the parties annually until the point at which net contributions to the Silverwood Joint Venture by the parties were deemed to equalize.

It was previously determined by the parties that Verplank were entitled 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. This additional profit share was satisfactorily accounted for by 31 March 2015, therefore the Partnership's share of revenue and expenditure from Silverwood Joint Venture has been recognised for the financial year ending 31 March 2016 as shown on the previous page.

### 5. LAND STOCK

|   | 2016             | 2015             |
|---|------------------|------------------|
|   | \$               | \$               |
| Land Stock held solely by the Partnership       | 3,401,001        | 5,068,674        |
| Share of Land Stock of Silverwood Joint Venture | 147,423          | 384,031          |
|   | <u>3,548,424</u> | <u>5,452,705</u> |

All land held 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 in 6 large Lots. Lot 1 and part of Lot 2 were committed to the Silverwood Joint Venture at an agreed value of \$1,500,000. All remaining Land Stock is currently carried at its deemed cost on transition to NZ IFRS, after allowance for the disposal of land that has occurred since that time.

The Partnership's share of land on Lot 2 which has not yet been sold by the Silverwood Joint Venture is noted above at cost of \$147,423. 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 \$3,401,001. Land reduction in the Partnership during the year has 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 dependent on future events.





# SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 5. LAND STOCK (continued)

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>                                   | 2016    | 2015 |
|--|---------|------|
|  | \$      | \$   |
| <i>(a) Land Revenue - New Zealand Transport Authority (NZTA)</i> | 219,000 | -    |
| <i>(b) Land Revenue - Porirua City Council (PCC)</i>             | 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.

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.

*(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, amongst others, the land of the Partnership and, in a minor way, the Silverwood Joint Venture. 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.

### 6. JOINT VENTURE LAND IMPROVEMENTS

|  | 2016      | 2015      |
|--|-----------|-----------|
|  | \$        | \$        |
| Silverwood Joint Venture Cost of Land Improvements | 2,051,597 | 3,590,748 |

Costs associated with the improvement of land in the Silverwood Joint Venture are accumulated within Joint Venture Land Improvements until such time as sale of land sections occurs. 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.



## SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

| 7. TRADE RECEIVABLES AND DEFERRED INCOME                   | 2016          | 2015          |
|--|---------------|---------------|
|  | \$            | \$            |
| Trade Receivables due solely to the Partnership            | -             | 55,145        |
| Share of Trade Receivables due to Silverwood Joint Venture | -             | 38,152        |
|  | <u>-</u>      | <u>93,297</u> |
| Deferred Income due solely to the Partnership              | -             | -             |
| Share of Deferred Income due from Silverwood Joint Venture | 51,196        | -             |
|  | <u>51,196</u> | <u>-</u>      |

### 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 Income Statement.

|  | 2016           | 2015           |
|--|----------------|----------------|
|  | \$             | \$             |
| Opening balance                                | 771,979        | 509,921        |
| Change during the year through profit and loss | (88,684)       | 262,058        |
| Closing balance                                | <u>683,295</u> | <u>771,979</u> |

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 an 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 \$5,687,597 (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 \$683,295 (2015: \$771,979). This amounts to a provision required of \$683,295 as at 31 March 2016.

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.

## SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 8. DEFERRED DIRECTORS' REMUNERATION AND MANAGEMENT FEE (continued)

|   | \$                      |
|---|-------------------------|
| Equity at 31 March 2016                             | 5,368,944               |
| Distributions (see Note 13)                         | 5,687,597               |
| Deferred fees provision added back                  | 683,295                 |
| Total Equity before distributions and deferred fees | <u>11,739,836</u>       |
| Less 1 April 2006 Equity                            | <u>(4,844,773)</u>      |
| Amount subject to deferred fee calculation          | <u><u>6,895,063</u></u> |
| 100/111 of \$6,895,063 due to Partners              | 6,211,769               |
| 11% of \$6,211,769 for future deferred fees         | 683,295                 |
|   | <u><u>6,895,063</u></u> |

#### 9. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2016 (2015 - Nil).

#### 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    | 2016           | 2015           |
|---|-------------|----------------|----------------|
| Aratas Consulting Services Limited -dir fee     | M Johnson   | 9,795          | 9,718          |
| Aratas Consulting Services Limited -FMA & exp   | M Johnson   | 311            | 4,601          |
| Peter Bould CA Limited -dir fee                 | P Bould     | 9,795          | 9,718          |
| Peter Bould CA Limited-FMA & exp                | P Bould     | 176            | 5,313          |
| Tiedemann & Partners for administration         | P Tiedemann | 29,682         | 26,937         |
| Wholesale Products Trading Limited -dir fee     | P Tiedemann | 9,795          | 9,718          |
| Wholesale Products Trading Limited -FMA & exp   | P Tiedemann | 45,886         | 20,443         |
| Valley Management Services Limited -dir fee     | T Loveday   | 9,795          | 9,718          |
| Valley Management Services Limited -FMA & exp   | T Loveday   | 994            | 5,223          |
|   |             | <u>116,230</u> | <u>101,388</u> |



## SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 10. RELATED PARTY TRANSACTIONS (continued)

##### ii) Related Party Transactions (continued)

For the year ended 31 March 2016 the Directors were paid \$9,795 (2015: \$9,718) 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 2016. A one off fee of \$4,000 per director was expensed in 2015 associated with the FMA requirement to transition from a Special Partnership to a Limited Liability Partnership as discussed in reporting entity note disclosure.

Silverwood Joint Venture also paid \$18,000 to Peter Tiedemann (2015: \$18,000) in relation to management of the Venture. During the year the Partnership incurred costs of \$17,092 (2015: \$5,437) from Finders Keepers Ltd (independent from but related to Peter Bould through a close family member) and \$758 (2015: \$3,757) from DST Services (independent from but related to Peter Tiedemann through a close family member). No balances were outstanding as at 31 March 2016 (31 March 2015: \$Nil). Other transactions with related parties are disclosed as appropriate within these financial statements.

iii) **Distribution to Partners:** In March 2016 the Partnership directors minuted and declared the 7th Distribution of \$800 per unit or \$838,400, which is still owing as at 31 March 2016. In addition the related 11% fee owing to directors of \$92,224 has been accrued at 31 March 2016 within deferred directors remuneration and management fee payable.

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

|  | 2016      | 2015        |
|--|-----------|-------------|
|  | \$        | \$          |
| <b>Net (Loss) / Profit for the year</b>  | (34,240)  | 2,120,291   |
| Adjustment for items included in Net (Loss) / Profit with no cash flow effect: |           |             |
| Reversal of Impairment of Land Stock   | -         | (2,658,674) |
| Write-off of Future Access Options   | -         | (40,000)    |
| Deferred Directors' Remuneration and Management Fees                           | (88,684)  | 262,058     |
|  | (122,924) | (316,325)   |
| Impact of changes in working capital items:                                    |           |             |
| Net movement in Silverwood JV working capital                                  | 1,845,038 | -           |
| Movement in GST  | (25,849)  | (15,092)    |
| Movement in Land Stock   | 1,667,673 | -           |
| Movement in Trade and Other Receivables  | 38,527    | 45,576      |
| Movement in Trade Payables, Other Payables and Accruals                        | 228,160   | (11,603)    |
| <b>Net cash from operating activities</b>                                      | 3,630,625 | 3,055,205   |



# SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

---

### 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.

#### 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.





## SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 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 \$5,687,597, which is \$5,427 per unit as per table below.

|  | Total (\$)       | per Unit (\$) |
|--|------------------|---------------|
| No 7 Mar 2016 (declared but not 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 2015       | 20,764           | 20            |
| RWT to distribute for the current year | 18,113           | 17            |
| Total distributed in cash and RWT      | <u>5,687,597</u> | <u>5,427</u>  |

#### 14. WHITBY CORPORATION LIMITED - UNLISTED SHARES

Whitby Corporation Ltd (WCL) holds 50% of all the Partnership units. WCL has, beyond some operating cash, no other assets but its one half share in the Partnership. The shareholders unanimously voted for liquidating WCL at its AGM and SGM in December 2015. The liquidation process includes the in specie distribution of the units WCL holds in the Partnership to its shareholders. As at 31 March 2016 the Partnership also owns 128,604 shares in WCL at a cost of 30 cents per share which totals to \$38,581 (2015: \$38,581). In the current year WCL distributed to the Partnership capital payments of \$83,593 (\$51,442 on 31/12/15 and \$32,151 on the 22/3/16) plus a dividend of \$16,912 which included RWT of \$5,581 on 27 April 2015.

#### 15. COMMITMENTS

Outside the Lot 4 access purchase from Todd (see note 5), there are no capital and lease commitments as at 31 March 2016 (2015: Nil).



## SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

---

#### 16. SIGNIFICANT EVENTS AFTER BALANCE DATE

##### *a) Assessment of Land Taken*

In March 2016 Harrison Grierson completed its Silverwood Urban Design Report and hypothetical before and after plans. This was followed with a Preliminary Planning Assessment prepared by Urban Perspectives Limited and a Landscape and Visual Assessment report by, Bridget Gilbert Landscape Architecture Ltd, both also completed in March. These reports and reviews have taken over twelve months to prepare and have been used in April 2016 by Sheldons & Partners, valuers, to assess the net worth of land taken by PCC and NZTA in the 2015/16 financial years (see Note 5). Presentation to PCC and NZTA in May will result in due course in either a final settlement or followed with further due processes to ensure Silverwood Partners receive fair value for land taken under the Public Works Act.

##### *b) Resource Consent Applications*

With Lot 4 access expected to be ready for use in the 2016 summer, directors have agreed to complete a Resource Consent Application and, following consent, place the land in the hands of a real estate agent to sell.

With Lot 3 title in place and access to come via PCC's James Cook Link Road, directors have agreed to complete a Resource Consent Application and, following consent, place the land in the hands of a real estate agent to sell.

##### *c) FMA Managed Investment Scheme (MIS)*

The Partnership appears to fall into the FMA Managed Investment Scheme (MIS) category and may require registration which is projected to more than double the 2017 compliance costs of audit, valuation and statutory supervisor. The Partnership aims to protect its Partners from excessive regulatory overheads and suggests that existing agencies suffice to protect our Partners. This requires resolving before December 2016.

##### *d) Silverwood Joint Venture Wind Up*

The Silverwood Joint Venture forecast suggests section sales will be exhausted by September 2016. The Joint Venture partners have agreed to wind up the Silverwood Joint Venture effective from 1 October 2016. This may result in the sharing of a few unsold sections, debtors and dues. On conclusion the Partnership returns to being solely a land and trees investor with a clear path to continue selling its assets until it can be liquidated. Partners will continue to receive Distributions of surplus cash when this becomes available.



**SUPPLEMENTARY INFORMATION PROVIDED (UNAUDITED)**

|  | 2016      | 2015        |
|--|-----------|-------------|
|  | \$        | \$          |
| <b>Income Tax Expense</b>  |           |             |
| Current Tax Expense  | -         | -           |
|  | <hr/>     | <hr/>       |
| <b>Reconciliation of Effective Tax Rate</b>                            |           |             |
| Net (Loss) / Profit Before Tax   | (34,240)  | 2,120,291   |
| Non Assessable Income - Land Impairment reversal                       | -         | (2,658,674) |
| Non Deductible - Directors Deferred Remuneration Increase / (Decrease) | (88,684)  | 262,058     |
|  | <hr/>     | <hr/>       |
| Loss distributed to Partners   | (122,924) | (276,325)   |
| (Partners need to refer to the "Tax Letter" provided)                  |           |             |
|  | <hr/>     | <hr/>       |
| Non Taxable Income / (Loss)  | 88,684    | 2,396,616   |
| Taxable Loss   | (122,924) | (276,325)   |
| Net (Loss) / Profit Before Tax   | (34,240)  | 2,120,291   |
|  | <hr/>     | <hr/>       |