SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2015

CONTENTS

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
DIRECTORY
FOR THE YEAR ENDED 31 MARCH 2015

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

Independent auditor's report

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

Report on the financial statements

We have audited the accompanying financial statements of Silverwood Forest Corporation Limited and Company Land Partnership ("the Partnership") on pages 3 to 18. The financial statements comprise the statement of financial position as at 31 March 2015, the statements of comprehensive income, changes in net assets attributable to partners and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion the financial statements on pages 3 to 18:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Partnership as at 31 March 2015 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, 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 Forest Corporation Limited and Company Land Partnership as far as appears from our examination of those records.

KPMG

10 June 2015
Tauranga

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015	2014
		$	$
Forestry Revenue		14,473	38,830
Total Revenue		14,473	38,830
Reversal of Land Stock Impairment	6	2,658,674	-
Cost of Sales		(6,750)	(19,054)
Total Gross Margin		2,666,397	19,776
Realised Gain on Sale of Whitby Corporation Shares	15	-	36,373
Other Income		-	36,373
Administrative Expenses	1	112,163	71,657
Development & Marketing Costs		112,177	31,689
Directors Deferred Remuneration and Management Fees Change	9	262,058	(8,363)
Other Operating Expenses	1, 11	63,438	45,270
Other Expenses		549,836	140,253
Operating Loss		2,116,561	(84,104)
Net Financing Income	2	3,730	16,478
Net Profit / (Loss) Before Tax		2,120,291	(67,626)
Income Tax Expense	3	-	-
Net Profit / (Loss) after tax, and Total Comprehensive Income for the Year		2,120,291	(67,626)

KPMG

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

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS
FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	$	$
Net Assets at the beginning of the Year	7,326,820	8,503,310
Net Profit after Tax and Total Comprehensive Income for the Year	2,120,291	(67,626)
Capital Distribution to Partners	(419,200)	(1,100,400)
Tax Credit transferred to Partners	(1,492)	(8,464)
Net Assets at the end of the Year	9,026,418	7,326,820

KPMG

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

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	2015 $	2014 $
Current Assets			
Cash at Bank		1,074,074	729,205
Trade Receivables	8	93,297	93,581
Sundry Receivables		2,507	10,851
GST Receivable		20,108	3,653
Land Stock	6	5,452,705	3,213,232
Land Development	7	3,590,748	6,658,537
Total Current Assets		10,233,439	10,709,059
Non-Current Assets			
Property, Plant and Equipment		8,275	11,847
Future Access Purchase Options	6	-	40,000
Whitby Corporation Limited Shares	15	38,581	38,581
Total Non-Current Assets		46,856	90,428
Total Assets		10,280,295	10,799,488
Current Liabilities			
Trade Payables	3	19,591	59,731
Sundry Payables and Accruals	3	43,108	67,009
Deferred Income	8	-	125,670
Distribution to Unit Holders		419,200	-
Total Current Liabilities		481,899	252,411
Non-Current Liabilities			
Loans and Borrowings	5	-	2,710,336
Deferred Directors Remuneration and Management Fee	9	771,979	509,921
Total Non-Current Liabilties		771,979	3,220,257
Total Liabilities Excluding Net Assets Attributable to Partners		1,253,878	3,472,667
Net Assets Attributable to Partners		9,026,418	7,326,820
Total Liabilities		10,280,295	10,799,488

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

Director: ______ Director: ______

Date: 9-Jun-15 Date: 9-Jun-15

KPMG

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

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 $	2014 $
Cash Flows from Operating Activities			
Cash was provided from:			
Share of JV Operations, net		3,352,649	5,171,554
Forestry Sales		23,101	32,177
GST Received, net		-	28,717
Whitby Corporation Limited shares sold	15	-	42,792
Bank Interest Received		3,731	25,650
		3,379,482	5,300,890
Cash was applied to:			
Bank charges		198	140
GST Paid, net		16,455	-
RWT Tax paid		1,492	8,464
Payments to Suppliers		306,131	201,609
		324,276	210,214
Net Cash from Operating Activities	12	3,055,205	5,090,676
Cash Flows from Financing Activities			
Cash was applied to:			
Capital Payment to SLP Unit holders		-	(1,100,400)
Share of JV Repayment of Bank Borrowings		(2,710,336)	(6,325,016)
Net Cash used in Financing Activities		(2,710,336)	(7,425,416)
Net increase/(decrease) in Cash during the year		344,870	(2,334,740)
Opening Cash balance		729,205	3,063,945
Ending Cash carried forward		1,074,074	729,205
Comprising:			
Cash at Bank		1,074,074	729,205
		1,074,074	729,205

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

Reporting entity
Silverwood Forest Corporation Limited and Company - Land Partnership ("the Partnership") is a Special Partnership registered under the Partnership Act 1908. Pursuant to the Limited Partnerships Act 2008, the special partnership status would have expired no later than 30 April 2015, and could not be renewed. 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 Liability Partnership as of 1 April 2015 (see accounting policy i. Going Concern).

The Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 ("the Acts") have become effective during the financial year ending 31 March 2015. The Partnership has taken advantage of the transitional provisions of both of the Acts, which enables them to continue reporting in accordance with the Financial Reporting Act 1993 as an "issuer" entity. The financial statements of the Partnership have been prepared in accordance with the Financial Reporting Act 1993.

Silverwood Corporation Limited ("the Company") is the General Partner of the Partnership and is registered under the Companies Act 1993. This has recently changed name from Silverwood Forest Corporation Limited. The Company is responsible for preparing the financial statements of the Partnership.

The Partnership is a land owner and develops land through the Silverwood Joint Venture. The financial statements of the Partnership for the year ended 31 March 2015 include the Partnership's share of the assets and liabilities of the Silverwood Joint Venture, and were authorised for issue by the Board of the Company on 8 June 2015.

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

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

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

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

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

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

Specific accounting policies

a. Land Stock

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

b. Joint Arrangements

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

c. Net Assets Attributable to Partners

These funds are used to finance the Partnership, which are currently subject to certain restrictions per the Silverwood Land 2015 Limited Partnership Deed of Participation (previously in the name of the Partnership).

d. Revenue

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

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

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

e. Financing Income

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

f. Income Tax

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

g. Goods and Services Tax

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

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Specific accounting policies (continued)

h. Impairment

The carrying amounts of the Partnership's tangible 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. Going concern

These financial statements have been prepared on the basis that the Partnership is a going concern. The Partnership's status as a 'special partnership' expired on 30 April 2015 when its current registration expired. Pursuant to the Limited Partnerships Act 2008 it cannot be renewed. The entire existing Partnership business and net assets have been transferred as a going concern into a new Limited Liability Partnership from 1 April 2015. The operations of the Partnership will carry on as normal under the name of Silverwood Land 2015 Limited Partnership. On the basis that the business in substance is continuing into the future, has the same owners, governors and managers, and is essentially the same as the Partnership only under a different legal vehicle and name, we believe that the going concern basis of preparing these financial statements is appropriate.

j. Financial instruments

Financial risk management objectives and policies

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

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

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).

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Specific accounting policies (continued)

j. Financial instruments (continued)

Recognition and measurement (continued)

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

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

k. Cash flows

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

l. Provisions

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

Provisions are not recognised for future operating losses.

m. Segment information

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

Changes in accounting policies

The Partnership has consistently applied the accounting policies set out above to all periods presented in these financial statements, and no new standards or amendments to standards, including any consequential amendments to other standards, have been applied for the year ending 31 March 2015.

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

The following new standard is available for adoption but its application is not yet mandatory. As a result, it has not been applied in preparing these financial statements:

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

1. ADMINISTRATIVE AND OPERATING EXPENSES

	2015	2014
Administrative and Operating Expenses include:	$	$
Auditor's Remuneration	14,500	25,000
Directors Fees and Expenses	63,438	45,270

2. NET FINANCING INCOME

	2015	2014
	$	$
Interest Income	3,730	16,478

3. TRADE PAYABLES AND ACCRUALS

	2015	2014
	$	$
Trade Payables	13,522	34,699
Sundry Payables and Accruals	33,074	23,500
Share of Trade Payables of Silverwood Joint Venture	6,069	25,032
Share of Sundry Payables of Silverwood Joint Venture	10,034	43,509
	62,699	126,740

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 2003, 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, Poirirua. The Partnership jointly controls the Silverwood Joint Venture with Verplank, and other than through this relationship, is not related to Verplank.

The following table shows the share of JV assets and liabilities recognised as at 31 March 2015.

	At 31 March 2015	At 31 March 2014
Proportion of Silverwood Joint Venture assets and liabilities attributable to the Partnership	50.0%	66.9%
	$	$
Share of Assets and Liabilities Recognised		
Cash at Bank	362,138	506,363
Land Stock (Note 6)	384,031	843,232
Land Development (Note 7)	3,590,748	6,658,537
Trade Receivables (Note 8)	38,152	-
Deferred income (Note 8)	-	(124,467)
Property, Plant and Equipment	8,275	11,847
Trade Payables (Note 3)	(6,069)	(25,032)
Sundry Payables and Accruals (Note 3)	(10,034)	(43,509)
Loans and Borrowings (Note 5)	-	(2,710,336)
Net Assets and Liabilities Recognised	4,367,241	5,116,635

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4. INVESTMENT IN JOINT OPERATION (continued)

Profit sharing agreement

Verplank initially provided the finance for the Silverwood Joint Venture, and the Partnership provided the land for development within the Joint Arrangement. 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 equalising of the proportion of assets and liabilities held by the parties respectively in the Silverwood Joint Venture. The entitlement to revenues, expenses, assets and liabilities was agreed by the parties annualy until the point at which net contributions to the Silverwood Joint Venture by the parties were deemed to equalise.

It was previously determined by the parties that Verplank were entitied to an additional share of profits from the Silverwood Joint Venture totalling $6,387,778 to achieve this, which recognises the historic contributions to the Silverwood Joint Venture made by Verplank in excess of those contributed by the Partnership. This year, this additional profit share was satisfactorily accounted for. The profit attributable to Verplank as at 31 March 2015 is therefore $Nil (31 March 2014: $2,580,283).

This has led to the proportion of assets and liabilities of the Silverwoood Joint Venture recognised by the Partnership varying over time, as is shown in the table on the previous page. The proportion of the Silverwood Joint Venture's assets and liabilities attributable to the Partnership as at 31 March 2015 stands at 50.0% (31 March 2014: 66.9%) as a consequence of the above.

5. LOANS AND BORROWINGS

	2015 $	2014 $
Share of Loans and Borrowings of Silverwood Joint Venture	-	2,710,336

Loans and Borrowings consist of the Partnership's share of Silverwood Joint Venture's loan payable to Westpac (the "Mortgage"). The Mortgage was secured by a registered first mortgage over the Land Stock and Land Development held by the Silverwood Joint Venture. Whilst the Mortgage was due to mature in February 2016, the Joint Venture completed payments, and the mortgage liability was discontinued, in September 2014.

6. LAND STOCK

	2015	2014
	$	$
Land Stock held solely by the Partnership	5,068,674	2,370,000
Share of Land Stock of Silverwood Joint Venture	384,031	843,232
	5,452,705	3,213,232

All land held is for redevelopment and/or sale and is classified as land stock and accounted for in accordance with NZ IAS 2 - Inventories. From the initial land held by the Partnership, Lots 1 & 2 were committed to the Silverwood Joint Venture at an agreed value of $1,500,000. The Partnership's share of sections on Lot 2 which have not yet been sold by the Silverwood Joint Venture is shown above. The balance of the Partnership's land is separately disclosed and relates to Lots 1(South), 3, 4, 6, and section 196 of Lot 2, alongside parcels of land taken by Porirua City Council (PCC) and NZTA during a land taking exercise, but for which no compensation has yet been received. This was valued by Sheldon and Partners Limited, registered valuers, in their report dated 26 March 2015 at $5,680,000. Based on this valuation, all Land Stock held by the Partnership is now carried at its original deemed cost, after reversal of a previously recorded impairment.

The NZTA landtake relating to Land Stock held solely by the Partnership, undertaken in June 2010, has not yet been reflected in the gazetted titles for Lots 3 and 4. This, together with the current loss of legal access to Lots 3 and 4, and a new PCC designation through Lots 1, 4 and 6 for its Waitangirua motorway feeder road, are the key reasons for previous impairments to Land Stock. During the year, due to the positive resolution of some of these issues, including improved access to the Partnership's land, land stock has subsequently been reinstated at its original deemed cost.

Designated Land	2015	2014
	$	$
Designated Land - New Zealand Transport Authority (NZTA)	-	-

In 1995 the NZTA placed a designation across the land owned by the Partnership as part of its plans to build the Transmission Gully motorway. The designated land and related severed land, were taken by Government on 30 June 2010. The Partnership received $8,156,250, equating to $7,250,000 net of GST. As this land had been valued in prior periods at $849,555, the tax free Capital Gain to Unit Holders was $6,400,445. $5,000,000 was invested in the Joint Venture and this amount is being repaid over time as funds become available.

Designated Land - Porirua City Council (PCC)

In 2012 the NZTA received Environment Court consent to proceed with the Transmission Gully Motorway including it's PCC Link Roads. PCC subsequently placed the James Cook and the Waitangirua Link Roads on its District Plan effectively creating PCC Designations that affected the land of the Partnership and the Silverwood Joint Venture. The land required for both link roads was taken in the 2015 financial year with compensation yet to be received. During this year the Partnership negotiated with PCC the position of "Affected Party" to developments on neighbouring land. This provides for access from Whitby onto the various lots owned by Silverwood - which has meant the option agreements previously recorded in the Statement of Financial Position have been expensed within Other Expenses.

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7. LAND DEVELOPMENT	**2015**	**2014**
	$	**$**
Share of Land Development of Silverwood Joint Venture	3,590,748	6,658,537

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

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

8. TRADE RECEIVABLES AND DEFERRED INCOME	**2015**	**2014**
	$	**$**
Trade Receivables due solely to the Partnership	55,145	92,378
Share of Trade Receivables due to Silverwood Joint Venture	38,152	1,203
	93,297	93,581
Share of Deferred Income in Silverwood Joint Venture	-	125,670

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

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9. DEFERRED DIRECTORS REMUNERATION AND MANAGEMENT FEE

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

	2015	2014
	$	$
Opening balance	509,921	518,284
Change during the year	262,058	(8,363)
Closing balance	771,979	509,921

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

The liability is therefore calculated as 11% of the difference between the 31 March 2006 Partnership Funds ($4,844,773) and the current periods Partnership Funds ($9,026,418) after adding back Capital Repayments Payable to Unit Holders in the period since 31 March 2006 ($524,000 and $1,100,400 in July 2010 and July 2013 respectively and $419,200 in March 2015, a total of $2,043,600), Resident Witholding Tax distributed over recent years to Unit Holders ($20,764 at March 2015, $19,272 at March 2014), and finally adding back the provision for these deferred Directors Remuneration and Management Fees of $771,979 (2014: $509,921). This amounts to a provision required of $771,979 at 11% of the movement.

The deferred fees are only payable once distributions to Unit Holders have exceeded the Partnership equity as at 31 March 2006, which amounts to $4,844,773 or $4,623 per unit. 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. A distribution of $500 per unit was made in July 2010 resulting in a net cost per unit to unitholders of $1,050. A further distribution of $1,050 per unit was made in July 2013, meaning the effective cost per unit in the Partnership has now been returned to the Unit Holders. In March 2015 directors approved a further distribution of $400 per unit, meaning distributions to date of $1,950 per unit have been made. As a result, directors' deferred fees are still deferred.

For the year ended 31 March 2015 the Directors were paid $9,718 (2014: $9,564) 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 2015. A one off fee of $4,000 per director was expensed in 2015 associated with the requirement to transition from a Special Partnership to a Limited Liability Partnership as discussed in accounting policy i.

Over the years (including this year) $20,764 Resident Withholding Tax (RWT) has been returned to Unit Holders.

10. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2015 (2014 - Nil).

11. RELATED PARTY TRANSACTIONS

i) Related Party Relationships

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

ii) Related Party Transactions

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

Net Invoices received for the Partnership from:	Interested Party:	2015	2014
Aratas Consulting Services Limited -dir fee	Malcolm Johnson	9,718	9,565
Aratas Consulting Services Limited -FMA & exp	Malcolm Johnson	4,601	-
Peter Bould CA Limited -dir fee	Peter Bould	9,718	9,565
Peter Bould CA Limited-FMA & exp	Peter Bould	5,313	84
Tiedemann & Partners for administration	Peter Tiedemann	26,937	25,251
Wholesale Products Trading Limited -dir fee	Peter Tiedemann	9,718	9,565
Wholesale Products Trading Limited -FMA & exp	Peter Tiedemann	20,443	14,127
Valley Management Services Limited -dir fee	Tony Loveday	9,718	9,565
Valley Management Services Limited -FMA & exp	Tony Loveday	5,223	949
		101,388	78,671

Fees paid to the Directors can be seen in Note 9. Silverwood Joint Venture also paid $18,000 to Peter Tiedemann (2014: $18,000) in relation to administration of the Venture. During the year the Partnership incurred costs of $3,757 (2014: $9,519) from DST Services (independent from but related to Peter Tiedemann through a close family member). No balances were outstanding as at 31 March 2015 (31 March 2014: $Nil). Other transactions with related parties are disclosed as appropriate within these financial statements.

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

	2015	2014
	$	$
Net Profit / (Loss) for the year	2,120,291	(67,626)
Adjustment for items included in Net Profit / (Loss) 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	262,058	(8,363)
Realised Gain on Sale of Whitby Corporation Shares	-	(36,373)
	(316,325)	(112,362)
Adjustment for items having a cash flow effect not represented in Net Profit / (Loss) or working capital movements:		
Share of cash flows from operation of the Silverwood JV	3,352,649	5,171,554
Other items such as GST	(15,092)	(12,206)
Sale of Whitby Corporation Limited Shares	-	42,792
	3,021,232	5,089,778
Impact of changes in working capital items under the sole control of the Partnership:		
Movement in Trade and Other Receivables	45,576	(38,905)
Movement in Trade Payables, Other Payables and Accruals	(11,603)	39,803
Net cash from operating activities	3,055,205	5,090,676

13. FINANCIAL INSTRUMENTS

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

i) Fair Value

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

ii) Liquidity Risk

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

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13. FINANCIAL INSTRUMENTS (continued)

iii) Credit Risk

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

iv) Interest Rate Risk

Interest rate risk is the risk that interest rate changes will adversely affect the Partnership's results. The Partnership was exposed to interest rate risk through it's share of the Mortgage until settlement in October 2014.

v) Market Risk

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

14. DISTRIBUTION TO UNIT HOLDERS

In July 2010 Unit Holders were paid distributions of $500 per unit from funds received for the NZTA Land Take. A further $1,050 per unit was paid in July 2013. This brings total distributions to $1,550 per unit, equalling the prospectus prices paid for units in the Partnership. The return to Unit Holders to date is 0% on funds invested. In addition to this, Residents Withholding Tax (RWT) of $20,764 (2014: $19,272) has been been returned to Unit Holders. The directors approved a distribution of $400 per unit 30 March 2015, included within liabilities.

15. WHITBY CORPORATION LIMITED - UNLISTED SHARES

In 2011 Silverwood Land Partnership purchased 150,000 shares at 30 cents per share. In the 2014 financial year Whitby Corporation Limited bought back 21,396 at $2 per share (consideration of $42,792). The gain realised as a result of this buy back of $36,373 was recognised in 2014 as 'other income' (equating to $1.70 per share). In the 2014 and 2015 Statements of Financial Position there remains 128,604 shares at 30 cents per share ($38,581).

16. COMMITMENTS

There are no capital and lease commitments as at 31 March 2015 (2014 - Nil).

17. SIGNIFICANT EVENTS AFTER BALANCE DATE

In April 2015 our neighbour, Todd Corporation Limited (Todd), acknowledged the Partnerships's PCC status of Affected Party to their development in Whitby and negotiations are in progress to provide the Partnership access into Lot 4 from Navigation Drive. As a consequence the two option agreements with Todd will be nullified and their cost has been expensed in these accounts.

In May 2015 Silverwood directors received advice from their TGM support team to accept the first proposed settlement from The Property Group on behalf of the Porirua City Council in respect of removal of easements as a consequence of land taken. The proposed settlement is in line with estimates included in the land valuation by Sheldon and Partners Limited referred to in note 6.

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SUPPLEMENTARY INFORMATION PROVIDED (UNAUDITED)

	2015	2014
Income Tax Expense		
Current Tax Expense	-	-
Reconciliation of Effective Tax Rate		
Net Profit / (Loss) Before Tax	2,120,291	(67,626)
Non Assessable Income - Land Impairment reversal	(2,658,674)	-
Non Assessable Income Whitby Share Buy Back	-	(36,373)
Non Deductible - Directors Deferred Remuneration Increase / (Decrease)	262,058	(8,363)
Loss distributed to Partners	(276,325)	(112,362)
(Partners need to refer to the "Tax Letter" provided)		
Non Taxable Income / (Loss)	2,396,616	44,736
Taxable Loss	(276,325)	(112,362)
Net Profit / (Loss) Before Tax	2,120,291	(67,626)