

SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

Managed Investment Scheme SCH11747

FINANCIAL STATEMENTS **FOR THE YEAR ENDED** **31 MARCH 2018**

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SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

Managed Investment Scheme SCH11747

DIRECTORY FOR THE YEAR ENDED 31 MARCH 2018

General Partner:	Silverwood Corporation Limited (362973) NZBN 9429039548511
Nature of Business:	Land Owner
Business Address:	C/- Tiedemann & Partners PO Box 84-101 Westgate, Auckland 0657
Registered Office:	Geoff Bowker CA Level 3, 142 Broadway Newmarket, Auckland 1023
Board of Directors:	Peter Bradney Bould Eoin Malcolm Miller Johnson Anthony Sydney Loveday Peter Tiedemann
IRD Number:	119-590-858
Bankers:	Bank of New Zealand Auckland
Solicitors:	Claymore Partners Limited Auckland
Auditor:	KPMG Tauranga
Statutory Supervisor:	Covenant Trustee Company Ltd Auckland



Independent Auditor's Report

To the Partners of Silverwood Land 2015 Limited Partnership

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Silverwood Land 2015 Limited Partnership (the Partnership) on pages 4 to 20:

- i. Present fairly in all material respects the Partnership's financial position as at 31 March 2018 and its financial performance and cash flows for the year ended on that date; and
- ii. Comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- The statement of financial position as at 31 March 2018;
- The statements of comprehensive income, changes in net assets attributable to partners and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

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

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

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

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



Other information

The Directors, on behalf of the Partnership, are responsible for the other information included in the entity's financial statements. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Use of this independent auditor's report

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



Responsibilities of the Directors for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

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

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

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

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.



Tauranga

6 June 2018

SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018	2017
		\$	\$
Land Revenue	1(a)	4,954,130	3,322,281
Forestry Revenue		-	-
Total Revenue		<u>4,954,130</u>	<u>3,322,281</u>
Cost of Land		<u>(3,379,737)</u>	<u>(2,065,894)</u>
Total Direct Costs		<u>(3,379,737)</u>	<u>(2,065,894)</u>
Total Gross Margin		1,574,393	1,256,387
Administrative and Other Operating Expenses	1(b)	(289,889)	(301,042)
Marketing Costs	1(b)	(2,319)	(100,021)
Directors Deferred Remuneration and Management Fees Change	7	<u>(129,049)</u>	<u>(94,751)</u>
Total Expenses		<u>(421,257)</u>	<u>(495,814)</u>
Operating Profit		<u>1,153,137</u>	<u>760,573</u>
Net Financing Income	2	19,721	99,224
Net Profit Before Tax		<u>1,172,857</u>	<u>859,797</u>
Income Tax Expense		-	-
Net Profit after Tax and Total Comprehensive Income for the Year		<u><u>1,172,857</u></u>	<u><u>859,797</u></u>



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018	2017
		\$	\$
Net Assets at the beginning of the Year		4,495,927	5,368,944
Net Profit / (Loss) after Tax and Total Comprehensive Income for the Year		1,172,857	859,797
WCL Capital		(34,581)	
Capital Distribution to Partners	12	(524,000)	(1,729,200)
Tax Credit transferred to Partners		(1,815)	(3,614)
Net Assets at the end of the Year		<u>5,108,388</u>	<u>4,495,927</u>



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

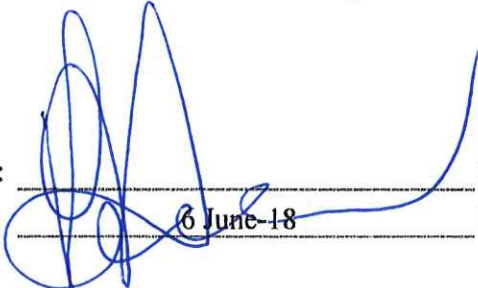
SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

		2018	2017
	Note	\$	\$
Current Assets			
Cash at Bank		4,419,093	883,356
Trade Receivables	6	28,750	4,057
Sundry Receivables		313,719	109,775
Land Stock	4	1,075,400	3,706,232
Joint Venture Land Improvements	5	-	419,725
Total Current Assets		<u>5,836,962</u>	<u>5,123,146</u>
Non-Current Assets			
Whitby Corporation Limited Shares		-	38,581
Total Non-Current Assets		<u>-</u>	<u>38,581</u>
Total Assets		<u><u>5,836,962</u></u>	<u><u>5,161,727</u></u>
Current Liabilities			
Trade Payables		101,138	75,365
Sundry Payables and Accruals		60,417	42,575
Deferred Income	6	-	52,250
Deferred Directors Remuneration and Management Fee	7	567,019	495,610
Total Current Liabilities		<u>728,574</u>	<u>665,800</u>
Total Liabilities excluding Net Assets Attributable to Partners		<u>728,574</u>	<u>665,800</u>
Net Assets Attributable to Partners		<u>5,108,388</u>	<u>4,495,927</u>
Total Liabilities and Net Assets Attributable to Partners		<u><u>5,836,962</u></u>	<u><u>5,161,727</u></u>

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



Director: 
Date: 6 June-18

Director: 
Date: 6 June-18

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

SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

		2018	2017
	Note	\$	\$
<u>Cash Flows from Operating Activities</u>			
<i>Cash was provided from:</i>			
Land revenue		4,649,969	3,319,326
Forestry Sales		-	-
Bank Interest Received		6,216	14,029
Interest Received		-	33
		4,656,185	3,333,388
<i>Cash was applied to:</i>			
Payments to Suppliers		(461,615)	(1,316,692)
RWT Tax paid		-	(3,614)
		(461,615)	(1,320,306)
Net Cash from Operating Activities	10	4,194,570	2,013,082
<u>Cash Flows from Investing Activities</u>			
<i>Cash was provided from:</i>			
Deposits on land		-	(4,750)
Capital Payment Received from Whitby Corporation Ltd		13,503	85,162
<i>Cash was applied to:</i>			
Land - Resource consent costs		(148,337)	(261,821)
Net Cash from Investing Activities		(134,834)	(181,410)
<u>Cash Flows from Financing Activities</u>			
<i>Cash was applied to:</i>			
Capital Payment to Partners		(524,000)	(2,567,600)
Net Cash used in Financing Activities		(524,000)	(2,567,600)
Net increase/(decrease) in Cash during the year		3,535,736	(735,928)
Opening Cash balance		883,356	1,619,284
Ending Cash carried forward		4,419,092	883,356
Comprising:			
Cash at Bank		4,419,093	883,356
		4,419,093	883,356



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 2018

Reporting entity

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

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

Silverwood Corporation Limited ("the Company") is the General Partner of the Partnership and is registered under the Companies Act 1993. Previously known as Silverwood Forest Corporation Limited, the Company is responsible for managing the affairs of the Partnership including preparing the financial statements of the Partnership.

The Partnership is a land owner.

The financial statements of the Partnership for the year ended 31 March 2018 include the final distributions of the Silverwood Joint Venture (the "Joint Venture") in relation to the final settlement of the land parcels sold in previous years.

The 2018 financial statements were authorised for issue by the Board of the Company on 6 June 2018.

Statement of compliance

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



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Presentation currency

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

Measurement base

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

Use of estimates and judgements

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

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

Significant judgement or estimation is applied in the following area:

- Land Stock and Land Improvements: Estimation is used to determine the cost per lot of land still owned by the Partnership (see Notes 4 and 5).

Specific accounting policies

a. Land Stock Improvements

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

b. Joint Arrangements (Silverwood Joint Venture)

The Partnership's interests in Joint Arrangements solely comprised of an interest in a Joint Operation. Joint Operations are Joint Arrangements with other parties where the Partnership has joint control of the Joint Arrangement and where the parties have direct rights to assets and obligations for liabilities of the arrangement. Joint Operations are accounted for by representing the Partnership's right to their share of the Joint Arrangement's assets, liabilities, revenues and expenses. When making this assessment, the Partnership considered the structure of the arrangement, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. As mentioned previously, operations ceased 30 September 2016 and settlements were concluded March 2018.

c. Net Assets Attributable to Partners

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



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Specific accounting policies (continued)

d. Revenue

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

Revenue on sales Land Stock is recognised when legal title to the land passed to the purchaser. Where the sale of Land Stock has been invoiced to the customer, but legal title to the land had not passed to the customer, GST already paid on behalf of the customer was included within Trade Receivables. The actual recognition of revenue and passage of legal title to the customer occurred simultaneously.

e. Financing Income

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

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

f. Income Tax

There is no tax payable by the Partnership. Each Partner is individually liable for the tax on their respective share of the income from the Partnership. Following the issue of the Partnership's audited Financial Statements, the Partnership issues its annual Tax Letter to its Unit Holders which sets out the relevant items to declare per unit.

g. Goods and Services Tax

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

h. Impairment

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

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

Impairment losses are reversed when there is a change in the estimated recoverable amount of the asset concerned such that recoverable amount is in excess of current carrying amount. This reversal is also through profit or loss, and the reversal is limited to bringing the asset in question to its original cost.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Specific accounting policies (continued)

i. Financial instruments

Financial risk management objectives and policies

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

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

Recognition and measurement

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the financial instruments. At initial recognition, financial liabilities are measured at fair value and subsequently at amortised cost using the effective interest method.

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

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

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

j. Cash flows

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

k. Provisions

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



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Specific accounting policies (continued)

Changes in accounting policies

The Partnership has consistently applied the accounting policies set out above to all periods presented in these financial statements, and no new standards or amendments to standards, including any consequential amendments to other standards, have been applied for the year ending 31 March 2018.

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 2019. This change is not expected to materially affect the financial statements in the future due to the nature of the Partnerships business .

NZ IFRS 15 - Revenue - This standard becomes mandatory for the Partnership in 2019. This change is not expected to materially affect the financial statements in the future due to the nature of the Partnerships business .



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. a) NET LAND REVENUE		2018	2017
		\$	\$
NZTA/PCC Land Take	Note 4	-	-
Land Sales - (Lots, 4 & 557)		4,000,000	-
Land Sales (Lot 2 / JV)	Note 3	954,130	3,322,281
		4,954,130	3,322,281
1. b) TOTAL EXPENSES		2018	2017
		\$	\$
Auditor's Remuneration		18,500	18,500
Other assurance costs		1,500	1,000
Other Administrative Expenses		185,863	205,585
Administrative Expenses of Silverwood Joint Venture	Note 3	84,026	75,957
Total Administrative and Other Operating Expenses		289,889	301,042
Marketing Costs		-	-
Marketing Costs of Silverwood Joint Venture	Note 3	2,319	100,021
Total Marketing Costs		2,319	100,021
2. NET FINANCING INCOME		2018	2017
		\$	\$
Interest Income		5,789	10,984
Whitby Capital Distribution		13,503	85,162
Share of Interest Income of Silverwood Joint Vent	Note 3	427	3,078
		19,721	99,224



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3. 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 operated 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 was entitled to 50% of the Silverwood Joint Ventures assets, liabilities, revenue and expenditure. The Joint Venture ceased 30 September 2016 and final distributions were received in the 2018 financial year.

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

		2018	2017
		\$	\$
Share of Assets and Liabilities			
Cash at Bank		-	425,956
Land Stock	Note 4	-	38,660
Land Improvements	Note 5	-	419,725
Trade Receivables	Note 6	-	4,057
Deferred Income	Note 6	-	(52,250)
		-	836,148
Share of Revenue and Expenditure			
Land Revenue	Note 1a	954,130	3,322,281
Cost of Land		(458,385)	(1,777,995)
Administrative Expenses	Note 1b	(84,026)	(75,957)
Marketing Costs	Note 1b	(2,319)	(100,021)
Interest Income	Note 2	427	3,078
		409,827	1,371,386

Silverwood Joint Venture Agreement - key terms

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

All sections were sold in the first half of the 2017 financial year and the development, marketing and sales functions of the Joint Venture ceased as at 30 September 2016. The Joint Venture continued to settle sold sections with purchasers who had entered into agreed payment plans, net of costs, until all settlements had been completed which was completed this financial year (March 2018).



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

4. LAND STOCK		2018	2017
		\$	\$
Land Stock held solely by the Partnership		1,075,400	3,667,572
Share of Land Stock of Silverwood Joint Venture	Note 3	-	38,660
		<u>1,075,400</u>	<u>3,706,232</u>

All land held by the Partnership is for sale and is classified as Land Stock and accounted for in accordance with NZ IAS 2 - Inventories.

All remaining Land Stock is currently carried at its deemed historic cost on transition to NZ IFRS, after allowance for the disposal of land that has occurred since that time, plus any additions (including Resource Consent costs).

The balance of the Partnership's Land Stock relates to Lots 1 (South), 3, 6, and section 196 of Lot 2, carried at cost of \$1,075,400. Lot3 is currently under due diligence process by a potential buyer (refer Note 14).

Contingent assets relating to past land transactions

NZTA and Porirua City Council

During the 2016 financial year there was a Land Take exercise by NZTA and Porirua City Council (PCC), for which advanced payments totalling \$736,262 have been received by the Partnership.

The \$736,262 of advance payments were in respect of the following:

i) In conjunction with the consent to proceed with the Transmission Gully Motorway, including two PCC Link Roads, PCC placed both the James Cook extension and the Waitangirua Link Road on its District Plan effectively creating PCC Designations that affected the land of the Partnership. The land required for both link roads was taken during calendar year 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.

ii) NZTA also placed a designation over 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 that land.

The land taken by PCC and NZTA was valued by Sheldon and Partners Limited (Registered Valuers), in their report provided 20 April 2016 at \$8,330,000 plus GST (subsequently increased on 18 December 2017 to \$8,980,000 plus GST due to information contained in reports provided by PCC/NZTA). The Partnership has provided NZTA and PCC with its claim for what its valuer thinks is the appropriate compensation.

The Partnership no longer has title to the land taken by NZTA and PCC, and no cost is reflected in these financial statements. However further compensation is possible from PCC and NZTA in relation to this land taken.

The Partnership and NZTA/PCC are endeavouring to resolve the claim, and discussions are progressing but it is not known at this time when the matters will be settled.

The compensation amount is currently unknown and is dependent on future events and is not reflected in these financial statements



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5. JOINT VENTURE LAND IMPROVEMENTS

		2018	2017
		\$	\$
Silverwood Joint Venture Cost of Land Improvements	Note 4	-	419,725
		-	419,725

Costs associated with the improvement of land in the Silverwood Joint Venture were accumulated within Joint Venture Land Improvements until such time as sale of land sections occurred. Upon sale, an estimate of the cost incurred on each section was expensed. The Joint Venture ceased the sale of all sections and all transactions were completed in the 2018 financial year with all related costs being expensed.

6. TRADE RECEIVABLES AND DEFERRED INCOME

		2018	2017
		\$	\$
Trade Receivables due solely to the Partnership		28,750	-
Share of Trade Receivables due to Silverwood Joint Venture	Note 3	-	4,057
		28,750	4,057
Deferred Income due solely to the Partnership		-	-
Share of Deferred Income due from Silverwood Joint Venture	Note 3	-	52,250
		-	52,250



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

7. DEFERRED DIRECTORS' REMUNERATION AND MANAGEMENT FEE

Full provision has been made for the estimated liability for Directors Remuneration and Management Fees in the Statement of Financial Position and Statement of Comprehensive Income.

	2018	2017
	\$	\$
Opening balance	495,610	683,295
Change during the year through profit and loss	129,049	94,751
Paid during the period	<u>(57,640)</u>	<u>(282,436)</u>
Closing balance	<u>567,019</u>	<u>495,610</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 the 2007 AGM.

The liability is therefore calculated as 11/111th of the difference between the 31 March 2006 Partnership Funds (\$4,844,773) and the current periods Partnership Funds (\$5,108,353) after adding back Capital Repayments Payable to Partners in the period since 31 March 2006, a total of \$7,942,211 (see Note 12), 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 \$567,019 (2017 \$495,610).

The deferred fees are only payable once distributions to Partners have exceeded the Partnership equity as at 31 March 2006, which amounted to \$4,844,773 or \$4,623 per unit of a total of 1,048 units at the time.. The 6th Distribution added to earlier distributions and RWT distributed exceed the 31 March 2006 equity. The cost price per unit was \$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 is \$1,550p/u, and, after the 1/12/17 unit split of 1000 for 1 unit, is \$1.55 per unit.

	\$
Equity at 31 March 2018	5,108,388
Distributions (see Note 12)	7,942,211
Deferred fees provision added back	567,019
Deferred fees distributed added back	<u>340,076</u>
Total Equity before distributions and deferred fees	13,957,695
Less 1 April 2006 Equity	<u>(4,844,773)</u>
Amount subject to deferred fee calculation	<u>9,112,922</u>
100/111 of \$9,124,573 due to Partners	8,205,827
11% of \$ for future deferred fees	<u>907,095</u>
	<u>9,112,922</u>



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

8. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2018.

9. 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 were owned by Whitby Corporation Limited - an entity now in voluntary liquidation which was directed by Tony Loveday and Peter Tiedemann until 7 December 2017. 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	2018	2017
Aratas Consulting Services Limited -dir fee	M Johnson	10,051	9,834
Aratas Consulting Services Limited -FMA & exp	M Johnson	2,139	12,957
Aratas Consulting Services Limited - Deferred Fee	M Johnson	5,240	25,676
Peter Bould CA Limited -dir fee	P Bould	10,051	9,834
Peter Bould CA Limited-FMA & exp	P Bould	3,321	1,884
Peter Bould CA Limited - Deferred Fee	P Bould	5,240	25,676
Tiedemann & Partners for administration	P Tiedemann	28,867	29,613
Wholesale Products Trading Limited -dir fee	P Tiedemann	10,051	9,834
Wholesale Products Trading Limited -FMA & exp	P Tiedemann	138,081	117,734
Wholesale Products Trading Limited - Deferred Fee	P Tiedemann	41,920	205,408
Valley Management Services Limited -dir fee	T Loveday	10,051	9,834
Valley Management Services Limited -FMA & exp	T Loveday	2,713	3,487
Valley Management Services Limited -Deferred Fee	T Loveday	5,240	25,676
		<u>272,965</u>	<u>487,447</u>

For the year ended 31 March 2018 the Directors were paid \$10,051 (2017 \$9,834) each related to preparation for, and attendance of, the Partnership's Board Meetings.

Silverwood Joint Venture also paid \$2,205 to Peter Tiedemann (2017: \$18,000) in relation to management of the Joint Venture. During the year the Partnership also incurred costs of \$44,877 (2017: \$43,319) from Finders Keepers Ltd (related to Peter Bould through a close family member). No balances were outstanding as at 31 March 2018 (2017: \$Nil). Other transactions with related parties are disclosed as appropriate within these financial statements.

iii) Distribution to Partners: In 2018 we declared one distribution and paid related deferred fees to directors as per note 9 ii) and note 12. On 31 March 2018 all unit holders had been paid all their distributions.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

	2018	2017
	\$	\$
Net Profit / (Loss) for the year	1,172,857	859,797
Adjustment for items included in Net Profit / (Loss) with no cash flow effect:		
Write-off of Property, Plant and Equipment	-	7,278
Capital payment and dividend received	13,503	(85,162)
	<u>13,503</u>	<u>(77,884)</u>
	-	-
Impact of changes in working capital items:		
Movement in Land Stock	2,630,832	1,695,895
Movement in Trade and Other Receivables	228,637	(4,057)
Movement in Trade Payables, Other Payables and Accruals	31,964	(272,984)
Deferred Directors' Remuneration and Management Fees	155,425	(187,685)
Net cash from operating activities	<u>4,194,570</u>	<u>2,013,082</u>

11. 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 now liquidated investment in Whitby Corporation Limited Shares was considered the only financial asset that may not be recoverable within 12 months, and are thus considered the main financial asset that posed a liquidity risk.

iii) Credit Risk

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

iv) Interest Rate Risk

Interest rate risk is the risk that interest rate changes will adversely affect the Partnership's results. This is not considered to be significant to the Partnership.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

11. FINANCIAL INSTRUMENTS (continued)

y) 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.

12. DISTRIBUTION TO PARTNERS

In the 1990 Prospectus the original Silverwood Land Partnership issued 262 units. In the 2003 Prospectus a further 262 units were issued followed by a one for one bonus issue, i.e. 1,048 units were issued. On 1 December 2017 Silverwood units were split 1000 for 1 and the total units issued rose to 1,048,000. On 7 December 2017 Silverwood's 50% unit holder liquidated and passed its 524,000 units to its shareholders in proportion to their shareholding. As a consequence Silverwood had to cancel the units it received in itself (34,149) leaving 1,013,851 Silverwood units on issue. Over the life of the Partnership in its various forms, total distributions that have been declared to-date add to \$7,942,211, which is \$7.83 per unit as per table below and represents five times the \$ 1.55 price paid per unit.

# of Silverwood units issued	Total (\$)	per Unit (\$)	p/NEW unit(\$)
		1048	1,013,851
No10 Nov2017 - Paid	524,000	\$ 500	\$ 0.5168
No 9 Mar 2017 -Paid	681,200	\$ 650	\$ 0.6719
No 8 Dec 2016 - Paid	1,048,000	\$ 1,000	\$ 1.0337
No 7 Mar 2016 - Paid	838,400	\$ 800	\$ 0.8269
No 6 Mar 2016 - Paid	1,089,920	\$ 1,040	\$ 1.0750
No 5 Dec 2015 - Paid	1,310,000	\$ 1,250	\$ 1.2921
No 4 Sep 2015 - Paid	366,800	\$ 350	\$ 0.3618
No 3 Apr 2015 - Paid	419,200	\$ 400	\$ 0.4135
No 2 Jul 2013 - Paid	1,100,400	\$ 1,050	\$ 1.0854
No 1 Jul 2010 - Paid	524,000	\$ 500	\$ 0.5168
RWT Distributed to 31 March 2017	38,476	\$ 37	\$ 0.0380
RWT to distribute for the current year	1,815	\$ 2	\$ 0.0018
Total distributed in cash and RWT	7,942,211	\$ 7,579	\$ 7.8337

13. COMMITMENTS

There are no capital and lease commitments as at 31 March 2018.

14. SIGNIFICANT EVENTS AFTER BALANCE DATE

Lot 3

Lot3 is under due diligence to 30 May 2018 as part of a Sales & Purchase Agreement. If the purchaser receives a positive recommendation, Lot 3 deposit will be paid and the lot sold.

Disbursements In April directors approved a \$3p/u disbursement to be made 30 May 2018.

