



*Morikaunui Incorporation*



Annual Report 2013

# Morikaunui Incorporation

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# Morikaunui Incorporation

## DIRECTORY

### **Committee of Management:**

Hari Benevides (Ms) - Chairman  
Jimmy Edmonds  
Ann Waitai  
William (Bill) Konui  
Tema Butler (Dec'd)  
Turama Hawira  
Robert (Bobby) Gray

**Secretary:** Harvey Bell

**Accountants:** Balance Chartered Accountants Ltd

**Auditors:** Sewell & Wilson Limited, Whanganui

**Bankers:** Bank of New Zealand, Whanganui

**Solicitors:** Tripe, Mathews & Feist, Wellington

**Registered Office:** 16 Bell St, Whanganui

**Postal Address:** P O Box 4035, Whanganui

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the **Morikaunui Incorporation** will be held at the Memorial Hall, Whanganui on Friday 15<sup>th</sup> November 2013 commencing at 10:00 am (tea & coffee will be served from 9:30am).

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### **AGENDA**

1. Mihimihi
2. Karakia
3. Apologies
4. Minutes of the 2012 AGM
5. Matters arising
6. Chairman's Report (including a presentation from the station manager)
7. Financial Report
8. Election of Committee of Management members: With the death of Tema Butler and Ann Waitai not seeking re-election there two vacancies on the CoM. There being only two nominations, Kataraina Millin and Harete Hipango are declared duly elected.
9. Appointment of Auditor – There having been no other nomination for the position of auditor and in the absence of a notice in writing advising that they do not wish to be re-appointed, Sewell and Wilson Limited are automatically re-appointed pursuant to s277 (2) of the Act.
10. Appointment of Share Valuer – Balance Chartered Accountants Ltd have offered themselves for re-election.  
“That pursuant to s278 of the Act, Balance Chartered Accountants Ltd be re-appointed as Share Valuer.”
11. Dividend  
“That the payment of a dividend of \$3.00 per share from Reserves accumulated prior to 30 June 2004 as recommended by the Committee of Management be approved pursuant to s259 (1c) of the Act.”
12. Kaumatua grant  
“That pursuant to s259(1d) of the Act it is hereby authorised that a grant in the sum of \$50 towards travel costs be paid to any shareholder or shareholding Trust beneficiary attending this meeting who was born on or before the 15th of November 1953.”
13. Charitable purposes payments  
“That pursuant to s259(1d) of the Act it is hereby authorised that a payment of \$12,500 be made to The Whanganui Trust to assist with the delivery of its charitable activities and sums totalling \$8,000 be made on account of Education Scholarships.”

# Morikaunui Incorporation

14. Special Resolution

“That the Constitution be changed to include the following new Rules:

- (1) In the event of the death or resignation of a current Committee of Management member the CoM may appoint a replacement member to serve until the next AGM. Unless notice in writing is given to the Secretary by the 30 September that the appointee is not offering themselves for election, their name will be added to those retiring by rotation and seeking re-election.
- (2) In the event of their being a vacancy on the Committee of Management by virtue of a death or resignation, the lowest polling successful candidate who is not a current elected committee member shall be deemed to be the replacement for the vacancy regardless of whether an interim appointment has been made or not.”

15. Whanganui Trust

1. The Whanganui Trust Chairman's Report
2. Discussion about the report.
3. Nominations and then a show of hands for a “floor member” to The Whanganui Trust.

**Harvey Bell**  
Secretary

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## Explanation about Resolutions

**Note:** all references to “the Act” means Te Ture Whenua Māori Act 1993

### Item 12 - Kaumatua Grant

In the past the CoM has relied on an old resolution as the authority for the payment on account of the Kaumatua Grant however a review of this practice has resulted in the conclusion that the Act did not envisage such a resolution authorising a current as well as future payments of this nature, hence the specific resolution this year.

### Item 13 – Charitable purposes payments

The explanation is the same as above. This and the above resolution will be standard in the future.

# Morikaunui Incorporation

## Chairman's Report

On behalf of the Committee of Management I present to the Owners the strategy and performance of Morikaunui Incorporation for the year ended 31 July 2013.

Sheep and Beef farming is dominated by the vagaries of climate conditions and weather occurrences. This last financial year has been challenging with product prices, particularly lamb, well below those of 2012 and a sustained drought.

The Manager, Nigel McLeod, ably supported by his wife Lisa, has continued to manage the Station through a difficult season. Despite the worst drought in living memory Morikau was able to retain all of the capital stock which bodes well for this year's production.

Our strategic direction remains unchanged: to continue paddock subdivision, increase livestock numbers, raise lambing percentage, improve pasture quality, and supply clean stock water. These improvements lead to increased production and have not been compromised by this challenging year.

Since starting the fencing paddock subdivision program we now have doubled the number of paddocks to 80 with further 5km of laneways. The largest paddock of 220 hectares (500 acres) is now six manageable paddocks. In recognition of our commitment to Kaitiakitanga the program includes fencing off waterways, bush and other environmentally sensitive areas. Poplar poles have been planted to control erosion on the slip prone area of Mokonui.

We have continued our program of improving the infrastructure of the Station with Staff housing upgrades. The house on Mokonui was destroyed by fire in the spring 2012 and construction of a replacement house is imminent.

We remain committed to the support of the Awa School. The installation of the internet tower has not only improved internet coverage and access for the Awa School it has also provided reliable RT communication within the station.

It is with great sadness that we acknowledge the passing of Tema Butler whose loyal service to the CoM spanned seven years. Tema's support for the local community was remarkable and her modest wisdom will be sorely missed. Moe mai, moe mai.

Ann Waitai, a long serving CoM member retired this year. Ann dedicated many years to Morikau and her historical knowledge of the Incorporations' has been of great benefit to Morikau. Ann was committed to Morikau and she, like Tema, will be greatly missed.



My work as Chairman has been ably assisted by Frances Te Porana and Keri Browning, the face and voice of Morikau for many shareholders. Their dedication is greatly appreciated.

My thanks also go to Nigel, Lisa and the staff on the station for their commitment to our vision.

To my fellow Committee members; Jimmy Edmonds, Bobby Gray, William Konui, Turama Hawira and the Secretary, Harvey Bell I extend my thanks for their support.

I welcome our two new members Kataraina Millin and Harete Hipango (the only two nominations for the two vacancies). I look forward to their contribution to Morikaunui. The commitment and hard work of the Committee and of the Station staff gives me confidence for the future of the Incorporation. The Committee of Management thanks the owners for their on-going support.

Heoi Nei



Hari Benevides (Ms)



## **Commentary from the Station Manager Nigel McLeod**

A 70 year drought coupled with greatly reduced product returns created a challenging farming environment in 2013.

This followed a very good year in 2012 and illustrates that farming is at the mercy of the climate.

I am pleased to report Morikau came through these tough times exceptionally well and was still able to return a respectable result. Despite the season we have been able to continue our development program.

The subdivision program is nearing completion with just 6.5 kms of fencing remaining. All lines have been bulldozed and allowed to settle over winter months. The fencing gang is due back in early November to finish this project.

The benefits of the subdivision are already paying dividends and this was evident in the dry conditions as well as in the recovery post drought.

All capital livestock were retained and no livestock was sent out grazing. In fact ewe numbers were increased by 700. Ewe condition was maintained throughout the drought and our mixed age ewes scanned 177% - up 4% on last year. Overall scanning was back just 4% on last year.

With lambing nearly completed, survival looks good with very few deaths in both ewes and lambs. We are hopeful of another lift in lambing percentage this year.

A 10% lift in lambing percentage gives us another 1200 lambs to sell. At an \$80 average price this adds another \$96,000 to the bottom line.

Our goal is to achieve 130-140% lambing with 50% of sale lambs sold prime at weaning. Last year we sold 2926 lambs at 16.9kg/cw this was approx. 29% of sale lambs.

3000 older and poorer type ewes were put to a terminal sire (Suffolk). These were mated earlier than the main line of ewes. This is a risk management strategy aimed at getting a good percentage of lambs away early and reducing the impact if dry conditions continue.

Long serving staff member Manu Poutini resigned earlier this year, but still remains a valuable Morikau team member, organising the local casual staff and helping out when required. We have 2 new shepherd generals who are fitting in well.

Lisa & I acknowledge the passing of Tema Butler who made us welcome when we arrived at Ranana and who provided us with much appreciated support in the local community.

Finally, I thank the CoM for its support of my management and for its willingness to reinvest income into the infrastructure of the Station.



# MORIKAUNUI INCORPORATION

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FOR THE YEAR ENDED 30 JUNE 2013

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## **Morikaunui Incorporation**

### **STATEMENT OF FINANCIAL PERFORMANCE ANALYSIS**

FOR THE YEAR ENDED 30 JUNE 2013

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Gross Profit - Cattle	455,707	760,781
Gross Profit - Sheep	756,370	1,209,067
Gross Profit - Wool	235,102	294,496
Sundry Income	6,645	4,786
<b>Proceeds from Farming Operations</b>	<b>1,453,823</b>	<b>2,269,130</b>
Change in Livestock Numbers	(69,400)	(351,168)
<b>Gross Farm Income/(Loss)</b>	<b>1,384,423</b>	<b>1,917,962</b>
Farm Working Expenses	584,151	650,306
Farm Repairs & Maintenance	113,196	122,872
Motor Vehicle Expenses	39,396	80,927
Pasture Maintenance	251,524	97,593
Administration & Standing Charges	108,811	109,710
	<b>1,097,079</b>	<b>1,061,408</b>
<b>Net Farm Income/(Loss)</b>	<b>\$ 287,344</b>	<b>\$ 856,554</b>

*The above Statement of Financial Performance should be read in conjunction with the accompanying notes*

## Morikaunui Incorporation

### STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

	2013	2013	2012
		\$	\$
<b>Income was Received from the following sources:</b>			
Proceeds from Farming Operations	1,453,823		2,269,130
Change in Livestock Numbers	(69,400)		(351,168)
<b>Gross Farm Income/(Loss)</b>		<b>1,384,423</b>	<b>1,917,962</b>
Farm Expenses		(1,097,079)	(1,061,408)
<b>Net Farm Income/(Loss)</b>		<b>287,344</b>	<b>856,554</b>
Interest and Dividends	36,510		31,733
Other Income	7,990		45,005
<b>Total Income/(Loss)</b>		<b>44,501</b>	<b>76,737</b>
		<b>331,845</b>	<b>933,291</b>
<b>Less Expenses:</b>			
Governance & Shareholder Meetings	196,550		200,001
Accountancy	63,510		86,458
Consultancy	18,979		12,174
Audit Fees	14,577		10,405
		<b>293,615</b>	<b>289,038</b>
<b>Net Surplus/(Deficit) before Cost of Finance &amp; Depreciation</b>		<b>38,229</b>	<b>644,253</b>
<b>Less</b>			
<b>Cost of Finance</b>			
Interest		424	4,173
		<b>37,805</b>	<b>640,081</b>
<b>Less</b>			
Depreciation		134,076	125,683
<b>Net Surplus/(Deficit) Before Taxation</b>		<b>(96,270)</b>	<b>514,398</b>
<b>Less</b>			
Provision for Taxation		-	-
<b>Net Surplus/(Deficit) After Taxation</b>		<b>(96,270)</b>	<b>514,398</b>

The above Statement of Financial Performance should be read in conjunction with the accompanying notes

## Morikaunui Incorporation

### STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
<b>Pre 30 June 2004 Equity</b>		
Opening Balance 30 June	5,891,236	6,031,096
Provision for Dividend	(139,860)	(139,860)
<b>Total Pre 30 June 2004 Equity</b>	<b>5,751,376</b>	<b>5,891,236</b>
<b>Equity Post 30 June 2004</b>		
Opening Balance 30 June	5,792,544	6,018,395
This Year's Loss	(96,270)	514,398
Capital Gain on sale of Assets	61,509	1,120
Prior Period Tax Loss Adjustment	(471)	(318)
Livestock - Revaluation	(490,766)	(714,414)
Shares - Revaluation	(5,461)	(4,137)
	<b>5,261,084</b>	<b>5,815,044</b>
<b>Less Distributions</b>		
Scholarships	10,000	10,000
Whanganui Trust Distribution	12,500	12,500
Whanganui Trust (2012 Distribution)	13,220	-
	<b>35,720</b>	<b>22,500</b>
<b>Total Post 30 June 2004 Equity</b>	<b>5,225,364</b>	<b>5,792,544</b>
<b>Total Equity</b>	<b>\$ 10,976,740</b>	<b>\$ 11,683,780</b>

*This Statement of Movements in Equity must be read in conjunction with the Statement of Accounting Policies*

## Morikaunui Incorporation

### STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013	2012
		\$	\$
<b>Net Assets</b>		<b>10,976,740</b>	<b>11,683,780</b>
<b>REPRESENTED BY:</b>			
<b>FIXED ASSETS</b>			
Farm Land, Buildings & Improvements	2	7,057,913	6,983,180
Plant, Vehicles & Sundry	2	219,305	200,936
Forest	2	48,535	-
<b>Total Fixed Assets</b>		<b>7,325,753</b>	<b>7,184,115</b>
<b>INVESTMENTS</b>		<b>539,785</b>	<b>487,764</b>
<b>CURRENT ASSETS</b>			
Cash at Bank		437,764	848,394
Livestock		2,910,905	3,471,071
Accounts Receivable		117,717	114,391
Tax Refund Due		98	1,218
<b>Total Current Assets</b>		<b>3,466,484</b>	<b>4,435,073</b>
<b>LESS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable		60,571	145,283
Unclaimed Dividends Due To Whanganui Trust		63,470	48,594
Provision for Whanganui Trust		12,500	12,500
Provision for Dividend		139,860	139,860
Goods & Services Tax		65,198	76,936
Wages & Holiday Accruals		13,684	-
<b>Total Current Liabilities</b>		<b>355,282</b>	<b>423,173</b>
<b>WORKING CAPITAL</b>		<b>3,111,202</b>	<b>4,011,900</b>
<b>NET ASSETS</b>		<b>10,976,740</b>	<b>11,683,780</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

## **Morikaunui Incorporation**

### **SCHEDULE OF INVESTMENTS**

AS AT 30 JUNE 2013

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Ravensdown Fertiliser Co-Operative - 141,392 Shares	141,392	141,392
PGG Wrightson Ltd - 3,538 Shares	1,026	1,061
Innate Immunotherapeutics Ltd - 13,481 Shares	1,348	1,348
Direct Property Investments	-	319,000
NZ Wool Services International Ltd	-	10,117
Farmlands Co-operative Society Ltd - 3,413 Shares	3,413	1,571
Ballance Agri-Nutrients Ltd - 1,770 Shares	18,510	13,275
Property for Industry Ltd - 271,084 Shares	374,096	-
<b>Total Investments</b>	<b>539,785</b>	<b>487,764</b>



## Morikaunui Incorporation

### STATEMENT OF CASHFLOWS

AS AT 30 JUNE 2013

	2013	2012
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Gross Receipts from Farm Production	1,493,329	2,343,059
Other Income	25,121	24,195
Interest Received	26,025	30,129
<i>Cash was applied to</i>		
Stock purchases and Shearing Costs	(192,593)	(200,129)
Payments to Farm Suppliers	(726,891)	(576,778)
Payments to Employees	(274,127)	(340,685)
Administration & Governance Costs	(365,184)	(364,918)
<b>Net Cash from/(used in) operating activities</b>	<b>(14,320)</b>	<b>914,873</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant & equipment	66,788	14,913
Proceeds from Investments realised	-	125,411
<i>Cash was applied to</i>		
Acquisition of property, plant & equipment	(342,501)	(251,885)
<b>Net Cash from/ (used in) investing activities</b>	<b>(275,713)</b>	<b>(111,561)</b>
<b>Cash Flow from Financing Activities</b>		
<i>Cash was applied to</i>		
Interest Paid	(424)	(4,233)
Distribution to Shareholders	(84,453)	(56,577)
Tribal Purposes	(25,720)	(12,500)
Scholarships Paid	(10,000)	(10,000)
<b>Net Cash from/ (used in) financing activities</b>	<b>(120,597)</b>	<b>(83,310)</b>
<b>Net increase / (Decrease) in Cash</b>	<b>(410,630)</b>	<b>720,002</b>
Add Opening Bank Balance	848,394	128,392
<b>Closing Bank Balance</b>	<b>437,764</b>	<b>848,394</b>

The above Statement should be read in conjunction with the accompanying notes

## Morikaunui Incorporation

### RECONCILIATION OF CASH FROM OPERATING ACTIVITIES

AS AT 30 JUNE 2013

	2013	2013	2012
	\$	\$	\$
Net Surplus / (Deficit)		(96,270)	514,398
Adjustment for Non Operating Items			
Depreciation	134,075		125,683
Dividends Received	-		1,571
Stock Movement	69,400		351,168
Interest Paid	(424)		(4,232)
		203,051	474,190
Movement in Working Capital			
Accounts Receivable	15,514		1,418
Accounts Payable	(132,122)		(109,468)
GST	(5,613)		33,862
Income Tax	1,120		473
		(121,101)	(73,715)
<b>Net Cash From Operating Activities</b>		<b>(14,320)</b>	<b>914,873</b>

The above Statement should be read in conjunction with the accompanying notes

## Morikaunui Incorporation

### TAX RECONCILIATION

AS AT 30 JUNE 2013

	2013	2012
	\$	\$
<b>Net Surplus / (Deficit) per Statement of Financial Performance</b>	<b>(96,270)</b>	<b>514,398</b>
<b>Add Back - Non Assessable Income</b>		
PIE Income	4,003	23,542
	<u>(100,273)</u>	<u>490,856</u>
<b>Add/(Less) Non Deductible Expenses</b>		
Holiday Pay Accrual	13,684	14,114
Donations/Koha	1,450	5,785
AGM Koha	11,150	-
	<u>(73,989)</u>	<u>510,755</u>
<b>Add Back</b>		
Depreciation on Development Expenditure	86,487	69,967
	<u>12,498</u>	<u>580,722</u>
<b>Add Livestock adjustments</b>		
Morikau Station - movement in numbers	69,400	351,168
	<u>81,898</u>	<u>931,890</u>
<b>Add /Less Adjustment for Herd Scheme Revaluation</b>		
Sheep	22,826	(144,906)
Cattle	(88,558)	(172,799)
Horse	2,836	(6,492)
	<u>(62,896)</u>	<u>(324,197)</u>
	19,002	607,693
<b>Add/Less</b>		
Imputation Credits on Dividends Received	677	-
Development Expenditure	(183,036)	(163,566)
	<u>(182,359)</u>	<u>(163,566)</u>
<b>Taxable Surplus / (Deficit)</b>	<b>(163,357)</b>	<b>444,127</b>
Tax Losses carried forward from prior year	(2,374,723)	(2,817,220)
Prior year adjustments	(15,191)	(1,630)
	<u>(2,389,914)</u>	<u>(2,818,850)</u>
<b>Total Tax Losses available for future years</b>	<b>(2,553,271)</b>	<b>(2,374,723)</b>

The above Statement should be read in conjunction with the accompanying notes

## ***Morikaunui Incorporation***

### ***Notes to the Financial Statements***

*for the year ended 30 June 2013*

#### **1. STATEMENT OF ACCOUNTING POLICIES**

##### Reporting Entity:

Morikaunui Incorporation is a Maori Incorporation incorporated under the Te Ture Whenua Maori Act 1993 and prepares general purpose Financial Statements in accordance with generally accepted accounting practice.

The entity qualifies for differential reporting as it is not publicly accountable and is not large. The entity has taken advantage of all available differential reporting exemptions except for FRS 10 being inclusion of a Statement of Cash Flows.

##### Measurement Base:

Unless otherwise stated the accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been followed by the entity.

#### **SPECIFIC ACCOUNTING POLICIES**

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied.

##### Accounts Receivable:

Accounts Receivable are recorded at estimated net realisable value.

##### Investments:

Investments held at trading banks are stated at cost. Shares are valued at market values.

##### Cash Flows

For the purposes of the Statement of Cash Flows all cash flows are classed as Operating excepting those classed as Investing or Financing Activities.

##### Livestock on Hand:

Livestock is recorded at Market Value. Herd Values have been used for taxation calculations.

##### Fixed Assets and Depreciation:

Fixed assets other than land and buildings are stated at original cost price less accumulated depreciation. Depreciation has been calculated at on either a straight line or diminishing value basis at rates allowable under the Income Tax Act 2007.

##### Land :

The incorporation's land is designated Māori freehold land and is subject to the selling limitations defined in Te Ture Whenua Act 1993 ("the Act"). Together with its buildings and other improvements it has been revalued to its Rateable Value dated 01 September 2010 as required by the Act. This is not in accordance with FRS 3 s7.1(c) which requires revaluations by an independent valuation.

##### Development Expenditure

Development Expenditure is treated as Capital which is amortized over a period of 4 to 10 years. An adjustment is made for taxation purposes

##### Income Tax:

Provision has been made for all known taxation liabilities.

##### Goods and Services Tax:

The financial statements have been prepared on a GST exclusive basis, however, accounts receivable and accounts payable are stated inclusive of GST.

## CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policy. All policies have been applied on bases consistent with those used in previous years.

### 2. FIXED ASSETS

	Cost/ Revaluation	Accumulated Depreciation	Book Value 30/06/2013	Book Value 30/06/2012
Land & Improvements	5,738,818	57,233	5,681,585	5,687,916
Development	1,032,858	362,248	670,610	574,061
Forests	48,535	-	48,535	-
Buildings	885,333	179,615	705,718	709,738
Bridges	260	260	-	-
Plant & Machinery	205,029	136,996	68,033	70,333
Furniture & Fittings	50,743	38,574	12,169	15,777
Motor Vehicles	276,437	137,334	139,103	126,291
	<b>\$8,238,013</b>	<b>\$912,260</b>	<b>\$7,325,753</b>	<b>\$7,184,116</b>

In November 2012, the Mokonui house building was destroyed by fire. An insurance claim has been made and accepted with NZI for a replacement dwelling. It is estimated that a further \$75,000 will be incurred by the Incorporation over and above the replacement value.

There has been no adjustment made to Buildings Book Value to reflect this.

### 3. BNZ CREDIT FACILITIES

The Incorporation has a BNZ overdraft facility (limit \$300,000) secured over livestock.

### 4. RELATED PARTY INFORMATION

Related party matters arise with The Whanganui Trust.

All related party transactions have been carried out on commercial terms and conditions and at market rates. No related party debts have been written off or forgiven during the period.

### 5. OPERATING REVENUE

Gross operating revenue for the year was \$1,544,474 (2012: \$2,403,267)

### 6. EMISSIONS TRADING SCHEME

The Incorporation has entered the NZ Emissions Trading Scheme ("ETS") in respect of 54.6 hectares of pre-1990 forested land. This entitles the Incorporation to receive emission units ("NZU") for carbon stored in the specified area.

The Incorporation has received its entitlement of 3,300 NZU units (ie 60 tonnes per ha). The dollar value of these units received has not been recognized in the financial statements.

### 7. CONTINGENT LIABILITY

There are no known contingent liabilities. (2012: \$50,000 to \$60,000)

### 8. CAPITAL COMMITMENTS

There are no capital commitments. (2012 : Nil )

### 9. EVENTS SINCE BALANCE DATE

There are no known significant events after balance date.

### 10. MAORI AUTHORITY TAX CREDIT

The balance of the Maori Authority Tax Credit Account at year end was \$74,784 (2012 \$73,808)

### 11. TAXATION LOSSES

Taxation losses of \$2,553,271 (2012: \$2,374,723) are available to offset against future income.

## INDEPENDENT AUDITORS REPORT

To : The Members of Morikaunui Incorporation

### Report on the Financial Statements

We have audited the financial statements of Morikaunui Incorporation on pages 9 to 13 and 16 to 18, which comprise the Statement of Financial Position as at 30 June 2013, the Statement of Financial Performance, and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Committees' Responsibilities for the Financial Statements

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

### Auditor's Responsibilities

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 misstatements.

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 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 entity's preparation of 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 entity'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.

*PARTNERS: Douglas Wilson B.C.A., C.A., Peter Redpath B.B.S., C.A.  
ASSOCIATE: Grant Benson B.B.S., C.A.*

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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, Morikaunui Incorporation.

#### Opinion

In our opinion, the financial statements on pages 9 to 13 and 16 to 18:

- Comply with generally accepted accounting practice in New Zealand
- Give a true and fair view of the financial position of Morikaunui Incorporation as at 30 June 2015 (including the estimated current market value of assets as required by Section 276(4)(c) of the Te Ture Whenua Maori Act 1993) and its financial performance for the year ended on that date.
- The Share Register and Index of Shareholder required by Section 263 of the Te Ture Whenua Maori Act 1993, has been compiled and correctly kept by the incorporation.

#### Additional Information

- Attention is drawn to Note 1 (Maori Freehold Land) to the financial statements on page 9. Land is valued at Ratesable Value in accordance with the Te Ture Whenua Maori Act 1993, and is therefore not compliant with FRS-3 Accounting for Property, Plant and Equipment which requires an Independent Valuation.
- As noted in the Statement of Accounting Policies a Statement Of Cash Flows is not required under Differential Reporting. We have therefore not audited that Statement or the reconciliation of Cash from Operating activities.

#### Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required.

In our opinion proper accounting records have been kept by Morikaunui Incorporation as far as appears from an examination of those records.



**Sewell & Wilson Ltd**  
Chartered Accountants  
Wanganui

02 October 2015

**SUPPLEMENTARY SCHEDULES**

FOR THE YEAR ENDED 30 JUNE 2013

**Governance, Shareholder meetings & Admin details**

Governance ( <i>inc CoM fees</i> )	53,132
Governance admin & support	52,034
Office support	35,779
Shareholder Meetings	33,469
Travel Reimbursement	22,136

**\$196,550**

**Committee fees and travel**

	Fees	Travel
	\$	\$
Hari Benevides	13,902	7,456
Ann Waitai	5,529	6,042
Tema Butler	3,999	598
Bob Gray	5,589	2,688
William Konui	3,409	2,188
Jim Edmonds	5,289	2,850
Turama Hawira	3,349	315
	<b><u>\$41,067</u></b>	<b><u>\$22,136</u></b>

**Farm Performance Analysis**

	2013	2012	2011	2010
<b>Net Sale Proceeds</b>				
Sheep ( <i>avge per head</i> )	\$ 64.18	\$ 103.43	\$ 106.39	\$ 72.78
Cattle ( <i>avge per head</i> )	\$ 864	\$ 826	\$ 997	\$ 775
Wool ( <i>avge per kg</i> )	\$ 2.43	\$ 3.50	\$ 2.95	\$ 1.87
<b>Effective Farm Surplus</b>				
Effective Area (Ha)	2,376	2,376	2,376	2,376
Gross Farm Revenue ( <i>per ha</i> )	\$ 631	\$ 979	\$ 619	\$ 398
Farm Operating Expenses ( <i>per ha</i> )	\$ 462	\$ 447	\$ 469	\$ 432
Net Farm Surplus ( <i>after depreciation</i> ) ( <i>per ha</i> )	\$ 65	\$ 308	\$ 89	\$ 25
Gross Farm Revenue ( <i>per ha</i> )	\$ 68	\$ 97	\$ 63	\$ 44

**Livestock Summary**

Sheep				Cattle			
		Numbers				Numbers	
Opening		15676				1560	
Natural increase		14372		128%		453	
						88%	
Purchases		Rams	54			Bulls	3
<u>Sales</u>		Per head				Per head	
Lambs	\$63	(9946)	\$621,863	R1 strs	\$645	(20)	\$12,904
Ewes	\$72	(2305)	\$164,849	Cows	\$764	(210)	\$160,515
Other	\$71	(68)	3,908	R2 strs	\$987	(241)	\$237,981
				Other	\$803	(70)	\$56,207
		17,783	<u>\$790,620</u>			1,475	<u>\$467,607</u>
Deaths & Missing		(1902)	6%			(53)	2.6%
Rations/Marae		(146)					
<b>Closing stock</b>		<b><u>15735</u></b>				<b><u>1422</u></b>	





