

Morikaunui Incorporation

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Morikaunui Incorporation

DIRECTORY

Committee of Management:

Hari Benevides (Ms) - Chairman

Jimmy Edmonds

William (Bill) Konui

Turama Hawira

Robert (Bobby) Gray

Kataraina Millin

Harvey Bell

Secretary: Harvey Bell

Accountants: Balance Chartered Accountants Ltd

Auditors: Sewell & Wilson, 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 Thursday 12th November 2015 commencing at 10:00 am (tea & coffee will be served from 9:30am).

AGENDA

1. Mihimihi
2. Karakia
3. Apologies
4. Minutes of the 2014 AGM
5. Matters arising
6. Chairman's Report
7. Financial Report
8. Election of Committee of Management members: Jimmy Edmonds and Turama Hawira are due to retire by rotation and are available for re-election. There being no other nominations they are duly declared re-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 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 12th of November 1955.”
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.”
14. The Whanganui Trust
 1. Chairman's Report
 2. Financial Report
 3. Nominations and then a show of hands for a “floor member” (Trustee) to The Whanganui Trust.

Harvey Bell

Secretary

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Minutes of the Annual General Meeting of shareholders held at the Memorial Hall on November 14, 2014, commencing at 10:00am.

KARAKIA

Nohi Wallace delivered the karakia.

MIHIMIHI

This was delivered by Turama Hawira.

APOLOGIES

Apologies were received from Arapiu Seymour, Anita Seymour, Dana Blackburn, Elizabeth Tita Graham, Rachel Whitehead (on behalf of the Ashcroft Whānau Trust), Sharon Smeaton, Kathleen Nikara, Marie Waldren, Mavis Mullins, Edith Yates (as a trustee), Jack Timoti, Howards Brooks, Kiki McFadyen, Bobby Gray, Manson Bell, Wilson Smith.

Resolved:

“That the apologies be accepted.” Harvey Bell/Agnes Tomlinson

AGENDA ADDITIONS

The Chairman asked for additional agenda items to be raised in Any other business. Olive Hawira asked that Un-claimed dividends/Un-economic shares be discussed.

Because the secretary is a nominee for the Committee of Management it was necessary to have someone else authorised to count the Postal votes. It was proposed that Lex Moodie act as the scrutineer for the counting of votes if any Poll voting was required and count the Postal Votes.

Resolved:

“That approval is hereby given for Lex Moodie to be the person authorized to count and report on the Postal Votes relating to the current shareholder meeting and also act as scrutineer of the whole vote counting process.”

Hari Benevides/Josephine Maniapoto

MINUTES

Resolved:

“That the Minutes of 15 November 2013 as presented are a true and correct record.”
Merania Karauria/Oriwa Haddon

MATTERS ARISING

There were no matters arising.

CHAIRMAN’S REPORT

- It’s been a difficult year with a once in 70 years drought followed by one that for us was worse.
- In spite of this, sheep and wool gross revenues were up around 26% year on year.
- Confidence in sheep and beef farming is growing with gross income per stock unit up 79% since 2010.
- We have completed the replacement house (*of the one at Mokonui that burned down*)

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- Our lambing drop has been good for the current season so we are looking forward to an even better year.

The Chairman also reported that recently it had been discovered that around 1,500 lambs were unaccounted for. While there was no evidence of them having left the property, the situation had been reported to the Police. Investigations are continuing.

The Chairman invited the manager, Nigel McLeod, to speak.

He drew the meeting's attention to his written report that had been included in the Annual Report and used his time to present photos of activities on the station.

The Chairman thanked Nigel for his presentation and asked for questions/comments:

What is the incorporation's view on the Trans-Pacific Trading Partnership and concerns particularly in relation to Intellectual Property – *with no details available it was too early to come to any conclusions about its likely impact but some of the red flags being raised have been noted. Our membership of FoMA will get us a voice when the time comes. Any sign-off of an agreement has to be ratified by Parliament.*

Drought mitigation strategies – *there is continuing development of stock drinking water capability and a plan to increase the use of crops for finishing trading stock in particular. These are the only practical steps that can be taken short of mass de-stocking which would have a serious detrimental impact on the financial results.*

There is an up-coming Affco Open Day and does the station use Affco (in Whanganui) – *the station sells its trading stock where it gets the best price and that is not very often Affco.*

Why does the station not use local shearers? – *With an 18km hike from the back of the station to the woolshed and only a small holding area at the front of the station, a quick turn-around is absolutely essential. This means a top performing shearing contractor is a necessity in the interests of animal welfare and the performance of the lambs in particular. If they are held up un-necessarily or mis-mothered, their growth will be severely checked. There is no plan to change the existing arrangements.*

What extra security arrangements have been put in place since the missing stock? – *There have been extra cameras installed at more exit points from the station and at some boundary fence locations.*

Resolved:

"That the Chairman's Report be received." H Bell/Agnes Tomlinson

FINANCIAL REPORT

Glenn Brown spoke to the financial statements included in the Annual Report. Key figures included:

Gross Farm Income	\$ 1,557,014	
Net Farm Income	\$ 427,594	
Overall Profit	\$ 5,584	
Movements in Equity	\$11,161,148	(up from \$10,976,740)
Net Cash from Farming	\$ 333,906	
Investment & Distrib	\$ (144,093)	
Net Cash	\$ (86,088)	

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Resolved:

“That the Financial Report be received.”
Hari Benevides/Poope Gray

APPOINTMENT OF AUDITOR

There being no resignation or notice of an alternative auditor, pursuant to S277 (2) of Te Ture Whenua Maori Act 1993 Sewell & Wilson is automatically reappointed.

APPOINTMENT OF SHARE VALUER

Resolved:

“That pursuant to s278 of Te Ture Whenua Maori Act 1993, Balance Chartered Accountants Ltd be reappointed as Share Valuers.”
H Bell/Oriwa Haddon

APPROVAL OF A DIVIDEND

Resolved:

“That the payment of a dividend of \$3.00 per share from Reserves prior to 30 June 2004 as recommended by the Committee of Management be approved pursuant to s259 (1c) of the Te Ture Whenua Maori Act 1993.”
Isaac Hunter/Poope Gray

APPROVAL OF \$50 KAUMATUA GRANT

Resolved:

“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 14th of November 1954.”
Poopy Gray/Mema Edmonds

APPROVAL OF CHARITABLE PURPOSES PAYMENT TO THE WHANGANUI TRUST

Resolved:

“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 up to \$9,000 be made on account of Education Scholarships.”
Keria Ponga/Hari Benevides

ELECTION OF COMMITTEE OF MANAGEMENT MEMBERS

H Benevides and H Hipango retire by rotation and offer themselves for re-election. H Bell has also been nominated for one of the two vacancies.

Pursuant to Rule 20 (9) “where the chairman believes that Postal Votes may impact on the result”, the Chairman exercised her right to call for a vote on shareholding for the election of CoM members (a Poll vote).

The meeting was given instructions to use the Voting forms sent to them or get forms from the office staff if they have forgotten to bring them.

[H Benevides and H Bell were subsequently declared the duly elected candidates once the votes had been counted and verified by Lex Moodie.]

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ANY OTHER BUSINESS

Uneconomic shares

There was discussion about un-claimed dividends and un-economic shares. It was pointed out that they were all held by the Whanganui Trust, the interest from which went for Charitable Purposes. It was agreed that the CoM would consider its position during the forthcoming year and report back at the next AGM

At this point the Chairman closed the Morikau meeting and opened the meeting for the Whanganui Trust.

THE WHANGANUI TRUST

The Chairman opened the Trust meeting and asked Glenn Brown to report on the finances.

Glenn drew attention to the Financial Report that had been circulated at the meeting. He went through the report and asked for questions. There were none.

Resolved:

“That the Financial Report be received.”

Te Urumanao Gardiner/Eric Smith

There was a question about Year 12 Grants. It was pointed out that with limited resources the Trust was no in a position to expand on the grants it awards so this could not be considered at present.

NOMINATIONS FOR MEETING APPOINTED TRUSTEE

Mariana Waitai was nominated. There being no other nominations, the Chairman declared Mariana duly elected.

That concluded the business of the day (12:35pm). The Chairman asked Nohi Wallace to deliver a karakia after which the meeting was closed.

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Chairman's Report

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Cont'd

MORIKAUNUI INCORPORATION

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STATEMENT OF FINANCIAL PERFORMANCE ANALYSIS

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
Gross Profit - Cattle	385,218	440,708
Gross Profit - Sheep	849,670	954,796
Gross Profit - Wool	335,106	295,780
Sundry Income	1,961	4,682
Proceeds from Farming Operations	1,571,955	1,695,966
Change in Livestock Numbers	221,899	(138,952)
Gross Farm Income/(Loss)	1,793,854	1,557,014
Farm Working Expenses	646,709	612,857
Farm Repairs & Maintenance	95,144	62,194
Motor Vehicle Expenses	46,272	42,309
Pasture Maintenance	295,748	311,792
Administration & Standing Charges	119,163	100,267
	1,203,036	1,129,420
Net Farm Income/(Loss)	\$ 590,818	\$ 427,594

These financial statement are to be read in conjunction with the accompanying notes. These statements have been audited

Morikaunui Incorporation

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
Income was Received from the following sources:		
Proceeds from Farming Operations	1,571,955	1,695,966
Change in Livestock Numbers	221,899	(138,952)
Gross Farm Income/(Loss)	<u>1,793,854</u>	<u>1,557,014</u>
Farm Expenses	(1,203,036)	(1,129,420)
Net Farm Income/(Loss)	<u>590,818</u>	<u>427,594</u>
Interest and Dividends	26,030	18,718
Other Income	55,429	26,411
Total Income/(Loss)	<u>81,458</u>	<u>45,129</u>
	<u>672,276</u>	<u>472,723</u>
Less Expenses:		
Governance & Shareholder Meetings	232,388	198,293
Accountancy	65,341	65,267
Consultancy	13,320	13,779
Audit Fees	8,310	11,455
	<u>319,359</u>	<u>288,794</u>
Net Surplus/(Deficit) before Cost of Finance & Depreciation	<u>352,917</u>	<u>183,929</u>
Less Cost of Finance		
Interest	8,370	11,614
	<u>344,547</u>	<u>172,315</u>
Less Depreciation		
Depreciation & Loss on sale	179,741	166,731
Net Surplus/(Deficit) Before Taxation	<u>164,806</u>	<u>5,584</u>
Provision for Taxation	-	-
Net Surplus/(Deficit) After Taxation	<u>\$ 164,806</u>	<u>\$ 5,584</u>

These financial statement are to be read in conjunction with the accompanying notes. These statements have been audited

Morikaunui Incorporation

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015	2014
		\$	\$
Balance at Beginning of the Year		11,161,148	10,976,740
This Year's Tax Paid Surplus		164,806	5,584
Revaluation of Land & Buildings		-	(237,859)
Capital Gain on sale of Assets		-	209,582
Prior Period Tax Loss Adjustment		-	163
Livestock Revaluation		(224,938)	382,433
Shares - Revaluation		57,197	(13,135)
		(2,936)	346,768
Less Distributions			
Provision for Dividend		139,860	139,860
Scholarships		10,000	10,000
Whanganui Trust Distribution		12,500	12,500
		162,360	162,360
Total Equity at end of Year	4	\$ 10,995,852	\$ 11,161,148

These financial statement are to be read in conjunction with the accompanying notes. These statements have been audited

Morikaunui Incorporation

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
EQUITY	4	\$ 10,995,852	\$ 11,161,148
REPRESENTED BY:			
FIXED ASSETS			
Farm Land, Buildings & Improvements		7,057,029	7,111,898
Plant, Vehicles & Sundry		216,207	229,204
Forest		48,535	48,535
Total Fixed Assets	5	7,321,771	7,389,637
INVESTMENTS	6	480,471	545,138
CURRENT ASSETS			
Cash at Bank	7	283,441	81,676
Livestock		3,151,347	3,154,386
Whanganui Trust - Advance	9	947,147	-
Accounts Receivable		26,630	114,053
Deposits on Call		-	270,000
Goods & Services Tax		9,517	-
Tax Refund Due		72	25
Total Current Assets		4,418,155	3,620,140
LESS			
CURRENT LIABILITIES			
Accounts Payable		89,737	69,529
Whanganui Trust- Current Year Unclaimed Divs	8	36,116	80,851
Unclaimed Divs due to Shareholders		947,147	-
Provision for Tribal Purposes to Whanganui Trust		-	25,000
Provision for Dividend		139,860	139,860
Goods & Services Tax		-	59,084
Wages & Holiday Accruals		11,685	19,442
Total Current Liabilities		1,224,545	393,766
WORKING CAPITAL		3,193,610	3,226,373
NET ASSETS		\$ 10,995,852	\$ 11,161,148

For and on behalf of the Incorporation:

Chair



Dated 7 October 2015

Committee Member



Dated 7 October 2015

These financial statements are to be read in conjunction with the accompanying notes. These statements have been audited

Morikaunui Incorporation

STATEMENT OF CASHFLOWS

AS AT 30 JUNE 2015

	2015	2014
	\$	\$
Cash Flows from Operating Activities		
Gross Receipts from Farm Production	1,893,712	1,721,584
Other Income	40,429	34,766
Interest & Dividends Received	26,022	15,045
<i>Cash was applied to</i>		
Stock purchases and Shearing Costs	(401,275)	(203,246)
Payments to Farm Suppliers	(732,875)	(683,255)
Payments to Employees	(296,711)	(267,394)
Administration & Governance Costs	(319,873)	(283,594)
GST on Expenses (June)	(53,880)	
Net Cash from/(used in) operating activities	155,549	333,906
Cash flows from investing activities		
Proceeds from sale of property, plant & equipment	10,435	14,916
Proceeds from Ravensdown Shares redeemed	141,392	-
<i>Cash was applied to</i>		
Acquisition of property, plant & equipment	(122,310)	(272,330)
Purchase of Shares	(19,529)	(18,487)
Net Cash from/ (used in) investing activities	9,988	(275,901)
Cash Flow from Financing Activities		
<i>Cash was applied to</i>		
Interest Paid	(8,370)	(11,614)
Distribution to Shareholders	(177,902)	(122,479)
Tribal Purposes	(37,500)	
Scholarships Paid	(10,000)	(10,000)
Net Cash from/ (used in) financing activities	(233,772)	(144,093)
Net increase / (Decrease) in Cash	(68,235)	(86,088)
Add Opening Bank Balance	351,676	437,764
Closing Bank Balance	\$ 283,441	\$ 351,676

These financial statements are to be read in conjunction with the accompanying notes

Morikaunui Incorporation

RECONCILIATION OF CASH FROM OPERATING ACTIVITIES

AS AT 30 JUNE 2015

		2015	2014
		\$	\$
Net Surplus / (Deficit)		164,806	5,584
Adjustment for Non Operating Items			
Depreciation	179,741		166,732
Stock Decrease/(Increase) in Numbers	(221,899)		138,951
Interest Paid	8,370		11,614
		(33,788)	317,297
Movement in Working Capital			
Accounts Receivable	87,423		3,664
Accounts Payable	(12,451)		13,474
GST	(50,441)		(6,113)
Income Tax	-		
		24,531	11,025
Net Cash From Operating Activities		\$ 155,549	\$ 333,906

These financial statements are to be read in conjunction with the accompanying notes

Morikaunui Incorporation

TAX RECONCILIATION

AS AT 30 JUNE 2015

	2015	2014
	\$	\$
Net Surplus / (Deficit) per Statement of Financial Performance	167,408	5,584
Less - Non Assessable Income		
PIE Excluded Income	7,846	7,092
	159,562	(1,508)
Add back Non Deductible Expenses		
Holiday Pay Accrual	11,685	19,442
Donations/Koha	520	100
AGM Koha	13,700	11,400
Depreciation on Development Expenditure	113,957	104,124
	139,862	135,066
	299,424	133,558
Less Livestock adjustments		
Morikau Station - market value of increase in numbers	221,899	138,952
	77,525	272,510
Adjustment - Increase / (decrease) in Herd Scheme Valuation		
Sheep Increase / (decrease)	145,027	(74,432)
Cattle Increase / (decrease)	42,851	(88,848)
Horse Increase / (decrease)		5,000
	187,878	(158,280)
	265,403	114,230
Add/Less		
Imputation Credits on Dividends Received	4,859	3,230
Development Expenditure deductible capitalised	(59,000)	(101,854)
	211,263	15,606
Taxable Surplus / (Deficit)		
Tax Losses carried forward from prior year	(2,559,988)	(2,553,271)
Prior year adjustments	(12,638)	(3,866)
Donee Organisation Claim	(12,500)	
Current year Imputation Credits converted to loss	(27,768)	(18,457)
	\$(2,401,631)	\$(2,559,988)

These financial statements are to be read in conjunction with the accompanying notes. These statements have been audited

Notes to the Financial Statements

for the year ended 30 June 2015

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity:

Morikaunui Incorporation is a Maori Incorporation incorporated under the Te Ture Whenua Māori Act 1993 ("the Act") 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 except for 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 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 the Act. Together with its buildings and other improvements it has been revalued to its Rateable Value dated 01 September 2013 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, except that 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.

Notes to the Financial Statements

for the year ended 30 June 2015

2. OPERATING REVENUE

The gross operating revenue for the year was \$1,882,932 (2014 \$1,771,393)

3. 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 (i.e. 60 tonnes per ha). The dollar value of these units received has not been recognized in the financial statements

4. EQUITY

	2015 \$	2014 \$
Incorporation Capital	1,879,611	1,879,611
Retained Earnings relating to prior to June 2004		
Opening balance at beginning of year	1,379,109	1,518,969
Dividends for the year	(139,860)	(139,860)
Closing balance at year end	1,239,249	1,379,109
Land Revaluation Reserve		
Opening balance at beginning of year	4,881,134	5,118,993
Movement for the year		(237,859)
Closing balance at year end	4,881,134	4,881,134
Share Revaluation Reserve		
Opening balance at beginning of year	(80,494)	(67,359)
Movement for the year	57,197	(13,135)
Closing balance at year end	(23,297)	(80,494)
Realised Capital Reserves		
Opening balance at beginning of year	499,777	290,195
Movement for the year		209,582
Closing balance at year end	499,777	499,777
Livestock Revaluation Reserve		
Opening balance at beginning of year	3,969,403	3,586,970
Movement for the year	(224,938)	382,433
Closing balance at year end	3,744,465	3,969,403
Retained Earnings / (accumulated losses) after 1 July 2004		
Opening balance at beginning of year	(1,367,392)	(1,350,636)
Surplus/(Deficit) for the year	164,806	5,744
Distribution to Scholarship funds	(22,500)	(22,500)
Closing balance at year end	(1,225,086)	(1,367,392)
Total Equity	\$ 10,995,853	\$11,161,148

Notes to the Financial Statements

for the year ended 30 June 2015

5. PROPERTY, PLANT & EQUIPMENT

	Cost or Revaluation	Accumulated Depreciation	Book Value	
			30/06/2015	30/06/2014
Land & Improvements	5,738,818	67,943	5,670,875	5,675,931
Development	1,193,711	580,329	613,382	668,339
Forests	48,535	-	48,535	48,535
Buildings	960,185	187,414	772,771	767,627
Bridges	260	260	-	-
Plant & Machinery	244,248	171,990	72,258	65,935
Furniture & Fittings	48,419	38,608	9,811	11,738
Motor Vehicles	286,569	152,431	134,138	151,531
	8,520,746	1,198,975	7,321,771	\$7,389,637

6. INVESTMENTS

	2015	2014
	\$	\$
Ravensdown Fertiliser Co-Operative - Shares	-	141,392
PGG Wrightsons Ltd - 3,538 Shares	1,627	1,451
Innate Immunotherapeutics Ltd - 13,481 Shares	1,348	1,348
Farmlands Co-Operative Society Ltd - 3,506 Shares	3,506	3,413
Ballance Agri-Nutrients Ltd - 7,344 Shares	56,527	36,998
Property for Industry Ltd - 271,080 Shares	<u>417,463</u>	<u>360,536</u>
TOTAL INVESTMENTS	480,471	545,138

7. BNZ CREDIT FACILITIES

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

8. RELATED PARTY INFORMATION

Morikaunui Incorporation is the settlor of The Whanganui Trust ("the Trust"). Distributions are made to the Trust annually as per the Statement of Movements in Equity. The Incorporation's unclaimed dividends are held in trust by the Trust.

The Incorporation has current liabilities owing to the Trust as stated in the Statement of Financial Position.

All other 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.

9. ADVANCE TO WHANGANUI TRUST

This advance represents the total dividends unclaimed by Shareholders up to and including the 30th June 2015 passed over to be held on Trust. The advance is interest free to the Trust and repayable to the extent that previously unclaimed dividends become payable. The matching Liability is shown under term liabilities. The net effect on Equity is nil.

Notes to the Financial Statements

for the year ended 30 June 2015

10. CONTINGENT LIABILITY

In June 2015 an adverse weather event occurred in the region and the Station suffered significant damage to tracks and fencing infrastructure. The estimated cost of repairs to be carried out in the 2016 season is \$287,000.00. The quantum of this estimate is contingent on further detailed assessment of the damage incurred.

11. CAPITAL COMMITMENTS

There are no known commitments. (2014: Nil)

12. EVENTS SINCE BALANCE DATE

There are no known significant events after balance date.

13. MAORI AUTHORITY TAX CREDIT

The balance of the Maori Authority Tax Credit Account at year end was \$81,611.84 (2014 \$76,755)

14. TAXATION LOSSES

Accumulated Taxation losses of \$2,401,631 (2014 \$2,559,988) 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 11 to 14 and 17 to 21, which comprise the Statement of Financial Position as at 30 June 2015, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

Basis for Qualified Opinion

There is reference in Note 10 to the impact of the adverse event which affected the region from 20 June 2015. As a result of the weather event, which was beyond the control of the Incorporation, livestock were unable to be counted and the independent valuation is based on supplied numbers without visual inspection. We were unable to perform sufficient alternative procedures particularly in relation to lambs and cattle, to gain assurance as to the total numbers and valuation of livestock.

Qualified Opinion

In our opinion, except for the possible effects on the financial statements of stock numbers and /or values being found to be inaccurate as described in the Basis for Qualified Opinion paragraph, the financial statements on pages 11 to 14 and 17 to 21:

- 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 276A(3)(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

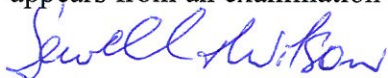
Additional Information

- Attention is drawn to Note 1 (Maori Freehold Land) to the financial statements on page 9. Land is valued at Rateable 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

Chartered Accountants

Whanganui

09 October 2015

Morikaunui Incorporation

SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED 30 JUNE 2015

Governance, Shareholder meetings & Admin details

	2015	2014	2013
Governance *	62,761	54,538	53,132
Governance admin & support	50,553	51,077	52,034
Office support	35,922	38,930	35,779
Shareholder Meetings	42,152	31,250	33,469
Travel Reimbursement	26,001	22,499	22,136
FOMA Special Levy	15,000	-	-
	\$232,389	\$198,293	\$196,550

*includes Committee fees

Committee fees and travel for 2015

	Fees	Travel
	\$	\$
Hari Benevides	14,108	8,914
Bob Gray	6,105	3,484
Harete Hipango	1,980	-
Jim Edmonds	7,755	4,635
K Millin	7,095	1,667
Turama Hawira	6,105	1,457
William Konui	4,290	3,326
Harvey Bell	-	2,518
	\$47,438	\$26,001

Farm Performance Analysis

	2015	2014	2013	2012	2011	2010
Net Sale Proceeds						
Sheep Per Head (Avge)	\$81.00	\$78.42	\$64.18	\$103.43	\$106.39	\$72.78
Cattle Per Head (Avge)	\$1273	\$980	\$864	\$826	\$997	\$775
Wool Per Kilo (Avge)	\$3.24	\$3.05	\$2.43	\$3.50	\$2.95	\$1.87

Effective Farm Surplus

Effective Area Ha	2,376	2,376	2,376	2,376	2,376	2,376
Gross Farm Revenue Per Ha	\$758	\$727	\$631	\$979	\$619	\$398
Farm Operating Expenses Per Ha	\$506	\$475	\$462	\$447	\$469	\$432
Net Farm Surplus (after depreciation) per Ha	\$176	\$110	\$65	\$308	\$89	\$25
Gross Farm Revenue Per Stock Unit	\$83	\$80	\$68	\$97	\$63	\$44

Livestock Summary

Sheep			
		Nos	
Opening Stock		15,269	
Natural Increase		15,775	133%
Purchases		1,228	
	Ewes	1,199	
	Rams	29	
Sales	Per Head		
Lambs	\$ 82	(10,323)	\$ 849,417
Ewes	\$ 75	(2,223)	\$ 166,756
		19,726	<u>\$ 1,016,173</u>
Deaths & Missing		(2,779)	8.6%
Rations/Marae		(158)	
Closing Stock		<u>16,789</u>	

Cattle			
		Nos	
Opening Stock		1,312	
Natural Increase		405	80%
Purchases	Bulls	48	
	Heifers	43	
	Bulls	5	
Sales	Per Head		
M A Cows	\$ 857	(167)	\$ 182,985
R2 Strs	\$ 1,133	(14)	\$ 19,352
R3 Strs	\$ 1,438	(171)	\$ 245,896
		1,413	<u>\$ 448,233</u>
Deaths & Missing		(51)	2.9%
Closing Stock		<u>1,362</u>	