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## **Annual Report and Financial Statements**

For the year ended 30 June 2009

<b>Board:</b>	Hari Benevides (Ms) - Chairman Jimmy Edmonds Ann Waitai William (Bill) Konui Tema Butler Turama Hawira Robert (Bobby) Gray
<b>Secretary:</b>	Harvey Bell
<b>Accountants:</b>	Balance Chartered Accountants Ltd
<b>Farm Consultant:</b>	Peter Bailey
<b>Auditors:</b>	Sewell & Wilson, Whanganui
<b>Bankers:</b>	Bank of New Zealand, Whanganui
<b>Solicitors:</b>	Tripe, Mathews & Feist, Wellington
<b>Registered Office:</b>	16 Bell St, Whanganui
<b>Postal Address:</b>	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 Racecourse, Whanganui on Thursday 26<sup>th</sup> November 2009 commencing at 10:00 am (morning tea from 9:30am).

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### **AGENDA**

1. Mihimihi
  2. Karakia
  3. Apologies
  4. Minutes of the 2007 AGM
  5. Matters arising
  6. Chairman's Report
  7. Financial Report
  8. Election of Board members – Jimmy Edmonds and Turama Hawira are retiring by rotation and offer themselves for re-election, Turoa Ranginui as also been nominated.
  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 Te Ture Whenua Maori Act 1993.
  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 Valuers.”
  11. Dividend  
“That the payment of a dividend of \$3.00 per share as recommended by the Committee of Management be approved pursuant to s259 (1c) of the Act.”
  12. Any other business
- Whanganui Trust
13. The Whanganui Trust Chairman's Report
  14. Discussion about the report.
  15. Nominations and then a show of hands for a floor member to the Whanganui Trust.

**Harvey Bell**

Secretary

Minutes of the Annual General Meeting of **Morikaunui Incorporation** held at the Wanganui Racecourse, Whanganui on 4<sup>th</sup> December 2008

**Welcome**

The Chairman welcomed everyone to the meeting. Nohi Wallace delivered a karakia.

**Apologies**

Apologies were received from the following:

William Konui, May Bailey, Whatarangi Murphy-Peehi, Che Wilson, Erina Albert, Kuini Biel, Kawana Pohe, Marianna Waitai.

Brian Kora/Te Uta Hibbard

Carried

**Minutes**

**Resolved:**

“That the Minutes of the AGM (as shown in the Annual Report) held on 4 December, 2007 be approved as a true and correct record.”

Hoani Hipango/Mike McDonnell

Carried

**Chairman’s Report**

The Chairman highlighted the key points in her written report. This included:

- After a difficult year with low prices and a drought, the station produced a credible deficit of \$123,000;
- The Board was continuing with its investment program with the new woolshed opened in February at Mokonui, attended by over 150 people and the new manager’s house under way;
- The benefits of recent investment are starting to show with shearing taking only 11 days this year with the benefit of the covered yards and the new woolshed;
- The CoM has been pro-active in the climate change debate with the secretary leading the submissions to the Select Committee.

There were two announcements made. (i) That the official signing of the Nga Whenua Rahui Kawenata was to be held at Hiruharama in February and that the CoM had decided to enter Morikau Station into the Maori Farmer of the Year Ahuwhenua Trophy.

**Resolved:**

“That the Chairman’s Report be received.”

Te Uta Hibbard/Tu Gardiner

Carried

**Discussion**

Te Uta Hibbard congratulated the CoM on its decision to invest in the new woolshed and new manager’s house.

In relation to the Nga Whenua Rahui Kawenata, Chris Shenton asked about Mairehau (South of the Morikau Bush) and the chairman explained that it had been excluded but the option was open for the Trustees to enter into a separate agreement with Nga Whenua Rahui.

### Financial Report

John Summerhays spoke to the Financial Report. A net loss of \$390,313 was reported, after depreciation of \$122,850.

There was a request for more detailed disclosure of expenditure. A question was asked about Investment Policy in relation to Finance Companies. John reported that funds were being withdrawn as they matured unless covered by a government guarantee.

A question was also raised about transparency relating to share transfers. It was pointed out that practically all transfers are Maori Land Court ordered successions. There were a few cases of inter-family transfers with a handful of privately agreed purchases. No CoM member has purchased shares this last year.

#### **Resolved:**

“That the Financial Report be received.”  
Dardie MeteKingi-Mato/Mark Gray

### Carried

### Election of CoM members

Hari Benevides and Tema Butler retired by rotation and there being no other nominations, both are declared re-elected.

### Share Valuer

#### **Resolved:**

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

Hoani Hipango/Jimmy Edmonds

### Carried

### Dividend

#### **Resolved:**

“That the payment of a dividend of \$3.00 per share as recommended by the Committee of Management be approved, pursuant 20 s259 (1c) of the Act.”

Tu Gardiner/Dardie MeteKingi-Mato

### Carried

### Any other business

## **The Whanganui Trust**

### Reports

- In April 1964 the Morikau shareholders voted unanimously to establish The Whanganui Trust to key object of which was to be “*the support of educational and social purposes*”.

- In 1972 Atihau began contributing to the Trust thereby opening it up for its shareholders to make applications.
- On 31 October Atihau withdrew from the Trust, preferring to administer its own Charitable Purposes.
- Gross income for the year was \$144.1k, \$105.7k after administration.
- Grants totalled \$49.6k leaving a \$57.2k surplus to reserves.
- Total assets were \$2.03m of which \$609.6k is held in trust on behalf of Atihau.
- Reserves total \$616.5k.

**Resolved:**

“That the Reports presented be received.”

Mark Gray/Hoani Hipango  
Carried

Bob Gray spoke to an historical footpath document that had been circulated showing the history of the charitable purposes of first Morikau then the Trust and finally the including Atihau.

Discussion/Comments

Ester Tinirau expressed disappointment at Atihau’s withdrawal from the Trust. She believes that the Trust Deed needs to be changed. She also believed that the Trust and incorporations needed to demonstrate leadership with regards to Tribal Purposes.

Hoani Hipango asked for the reason Atihau had withdrawn from the Trust. Chairman: *“There was no reason given.”*

Mark Gray thanked the Trustees for the historical footpath document.

Mavis Mullins (Atihau nominated Trustee) stated that Atihau was committed to delivering on charitable purposes.

Josephine Maniapoto explained that the Trust Deed was approved in a hostile environment for Maori so it was a very important historical document.

Floor Appointed Trustee

There was one nomination for the position, the existing member Che Wilson. Che Wilson was duly declared to be the Floor elected Trustee.

The Chairman closed the meeting at 12:25pm and invited everyone to lunch. Nohi Wallace delivered a karakia.

## Chairman's Report

Tena koutou nga Rangitira

In December 2008 we all commenced a journey that culminated on June 14<sup>th</sup> at the Gala Dinner in Gisborne for the Ahuwhenua Trophy (Maori Farmer of the Year). Forty shareholders, staff, support personnel and the CoM attended as one of the three Regional Finalists. Aunty Lorna Ngata (nee Metekingi) joined us on stage for the waiata, surprising many Ngati Porou of her very close connections to Morikau. The winners were Pakarae Whangara B5 from Gisborne. We can all be very proud of the accolades and the renewed respect for Morikau, evidenced by the comments made that night and since.

Our participation was invaluable on many levels. We submitted a comprehensive document that summarised all aspects of our existence. It included our history, business plan, strategic plan, policies and procedures and Annual Reports for the past three years.

We then went on to the first round of judging, a second round as the regional winner hosting our Field Day as one of the three finalists. The process was a rigorous one that examined all aspects of Morikaunui Incorporation and Morikau Station. The staff and Board have gained in confidence about what we are doing, and particularly that the station is on the right track.

The Field Day was an outstanding success showcasing the station, the staff and indeed us all. We had 200 visitors for the powhiri at Ruaka, the trip around the farm and the question and presentation session. The Board thanks all the Morikau whanau, Ruaka and Hiruharama for the wonderful kai and everyone else who helped make it an enjoyable day despite the weather.

It is pleasing to report that our cash trading position improved by almost \$380,000 from last year to a positive \$81,552. This includes \$270,000 from Nga Whenua Rahui. The value of the Incorporation (i.e. its net assets) has increased by nearly \$644,000 since the last balance date.

Within these figures is an issue that became apparent in June. The number of sheep and cattle recorded as being on the station was considerably in excess of those actually on the station. The impact on the profit is a negative \$550,000, resulting in an overall reported loss of \$617,516. (This is after the additional non-cash item of depreciation totalling \$148,857.) Some of the livestock write-down relates to the previous two years with the associated cumulative flow on effects impacting on the current year.

There has been much speculation, rumour and innuendo that stock was stolen. Let me state categorically that we have no evidence this was the case. The figures have been reconciled from source records and as best we can have concluded that deaths and missing have been under reported while births have been over reported.

Even with the checks and balances in place it took some time for it to become evident. Once identified, the Board acted immediately. Should we have found out sooner? With hindsight, yes. The Board accepts full responsibility and we have taken steps to ensure this cannot happen again.

In February Morikau celebrated the signing of the Nga Whenua Rahui and was hosted by Hiruharama. We visited Otaranoho/Waatapunga, one of the two bush blocks under Nga Whenua Rahui. Nohi Wallace spoke of the history and how our Tupuna utilised the land and the bush. Rob McGowan from Nga Whenua Rahui and our local MP Tariana Turia were our guests of honour. The cover photo is the view taking in part of Otaranoho/Waatapunga looking back to Morikau Station.

Another milestone to celebrate is the commencement of our 100<sup>th</sup> year of continuous farming of Morikau Station. In 1910 Gregor MacGregor, the first manager, commenced the development of some of the consolidated Morikau blocks. In February 1911 some of the Ngarakauwhakarara blocks were included making up what we farm today.

The Board is planning a celebration of this historic achievement. We will inform you of the exact date and arrangements and look forward to seeing you there. Any suggestions are welcome.

Mike and Teresa Tosi have resigned and we thank them for their contribution to Morikau Station. At the time of writing we are undertaking interviews for the manager's position. In the meantime day to day on station responsibilities are being shared by Manu Poutini and Sam Boynton in whom the Board has total confidence. The collective willingness of the staff to continue with the growth and development of Morikau station is valued by us all.

During the year we have continued our participation in the Climate Change debate that started in early 2007. Of particular concern is the impact of the legislation on Maori land owners. The two major issues are (i) whether or not agriculture is included and if so the basis of free emissions allocations; and (ii) the cost of changing the use of pre-1990 forested land. The impact for Maori is disproportionate to the rest of the population. While Morikau may not be directly affected we have taken a pan-Maori approach as we are all owners in other blocks of land that are directly impacted.

In the future we need to ensure that our farming practices are sustainable. It is of the utmost importance that we are proactive with seeking an authoritative report supporting our farming practices. Failure to do so could mean we are not in control of our own destiny and could have a restrictive farming regime imposed on us. We are in the process of commissioning a sustainability plan that will show our farm management encompasses our kaitiakitanga and sustainable land use best practice.

It is also time to acknowledge and thank all those who have shared this journey: the station staff, Frances and Keri in the office, Harvey the secretary, our support professionals, my fellow Board members and you the beneficial owners of our ancestral lands.

This past year has taught us all so much more about ourselves and our inherent gift, Morikau. It never ceases to amaze me the obvious and hidden beauty of this whenua. It is an honour to continue this journey with you all.

Nga mihi, nui ki a koutou.

**Hari Benevides (Ms)**

**MORIKAUNUI INCORPORATION**

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For The Year Ended 30 June 2009

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## **AUDIT REPORT**

To the Members of Morikaunui Incorporation.

We have audited the financial report on pages III to VI and VIII to XIII. The financial report provides information about the past financial performance of the Incorporation and its financial position as at 30 June 2009. This information is stated in accordance with the accounting policies set out on pages XI to XIII.

### **Management Committee's Responsibilities**

The Management Committee is responsible for the preparation of a financial report which fairly reflects the financial position of the Incorporation at 30 June 2009 and of the results of operations and cash flows for the year ended on that date.

### **Auditors' Responsibilities**

It is our responsibility to express an independent opinion on the financial report presented by the Management Committee and report our opinion to you pursuant to S277 of the Te Ture Whenua Maori Act 1993.

### **Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Management Committee in the preparation of the financial report; and
- whether the accounting policies are appropriate to the Incorporation's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than as auditors the firm has no relationship with or interests in the Incorporation.

**Unqualified Opinion**

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

In our opinion

- proper accounting records have been kept by the Incorporation so far as appears from our examination of those records: and
- the financial report on pages III to VI and VIII to XIII.
  - complies with generally accepted accounting practice;
  - gives a true and fair view of the financial position of the Incorporation as at 30 June 2009 (including the estimated current market value of assets as required by Section 276(4)(c) of the Te Ture Whenua Maori Act 1993) and the results of its operations and cash flows for the year ended on that date.
  - the Share Register and Index of Shareholders required by Section 263 of the Te Ture Whenua Maori Act 1993, has been compiled and correctly kept by the Incorporation.

Our audit was completed on 28 October 2009 and our unqualified opinion is expressed as at that date.

Sewell & Wilson Ltd

Chartered Accountants  
Wanganui

**MORIKAUNUI INCORPORATION**

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Statement of Financial Position  
as at 30 June 2009

2008		Note	2009
\$			\$
	<b>Current Assets</b>		
373,201	Cash at Bank		-
58,355	Accounts Receivable		266,682
4,128	Prepayments		-
60,900	Costs for New House		-
816	Wool on Hand		3,240
42,331	Income Tax Refund Due		15,573
2,187,117	Livestock		2,493,320
<u>2,726,848</u>	<b>Total Current Assets</b>		<u>2,778,815</u>
	<b>Fixed Assets</b>		
6,846,082	Farms - Land Buildings & Improvements	2	7,932,986
277,205	Plant, Vehicles & Sundry	2	262,732
<u>7,123,287</u>	<b>Total Fixed Assets</b>		<u>8,195,718</u>
1,737,440	<b>Investments</b>		1,449,396
<u>11,587,575</u>	<b>Total Assets</b>		<u>12,423,929</u>
	<b>Liabilities</b>		
	<b>Current Liabilities</b>		
-	Cash at Bank	54,718	
106,039	Accounts Payable	204,492	
139,860	Provision for Dividend	139,860	
12,500	Provision for Whanganui Trust	12,500	
(16,198)	GST Due	56,388	
<u>242,201</u>	<b>Total Current Liabilities</b>		<u>467,958</u>
<u>\$ 11,345,374</u>	<b>Net Assets</b>		<u>\$ 11,955,971</u>

**MORIKAUNUI INCORPORATION**

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Statement of Financial Position  
for the Year Ended 30 June 2009

<b>2008</b>		<b>2009</b>
	<b>Represented by Equity of:</b>	
6,473,986	Equity at 30 June 2008	6,334,126
139,860	Less Provision for Dividend	139,860
<b>6,334,126</b>	<b>Equity Available for Distribution Tax Free</b>	<b>6,194,266</b>
	<b>Equity Available Distribution Post 30 June 2008</b>	
5,849,509	Equity at 30 June 2008	5,011,247
(390,313)	Surplus (Deficit) for year	(617,516)
	Revaluation of	
(393,110)	Livestock	856,415
(31,295)	Loss on Sale Building	-
-	Farm Land & Buildings	630,921
1,487	Shares - Revaluation	(60,622)
(4,531)	Reconcile Unclaimed Dividends	(37,240)
<b>5,031,747</b>		<b>5,783,205</b>
	Less Distributions	
8,000	Scholarships	9,000
12,500	Whanganui Trust Distribution	12,500
<b>20,500</b>		<b>21,500</b>
5,011,247	<b>Equity Available for Distribution - Taxable</b>	<b>5,761,705</b>
<b>\$ 11,345,374</b>		<b>\$ 11,955,971</b>

**MORIKAUNUI INCORPORATION**

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Summarised Statement of Financial Performance  
for the Year Ended 30 June 2009

<b>2008</b>		<b>2009</b>
<b>\$</b>		<b>\$</b>
	Income was Received from the following sources:	
1,022,150	Farms - Gross Income	1,478,456
(1,175,654)	Farm Expenses	(1,429,952)
<b>(153,504)</b>	<b>Net farm Surplus/(Deficit)</b>	<b>48,504</b>
9,836	Rent from Properties	631
198,443	Interest and Dividends	126,425
-	Nga Whenua Rahui Grant	270,000
-	Ahuwhenua Prize Money	5,000
2,567	Other Income	10,106
<u>210,846</u>		<u>412,162</u>
<b>57,342</b>	<b>Total Income</b>	<b>460,666</b>
	<b>Less Expenses:</b>	
212,218	Administration, Governance & Shareholders Meetings	180,172
-	Ahuwhenua Expenses	61,453
143,013	Other Administration Costs	137,489
<u>355,232</u>		<u>379,114</u>
<b>(\$297,890)</b>	<b>Net Surplus/(Deficit) before Non Cash Adjustments</b>	<b>81,552</b>
	Less:	
(122,850)	Depreciation	(148,857)
30,427	Movement Livestock	(550,211)
<u>(92,423)</u>		<u>(699,068)</u>
<u>(390,313)</u>	<b>Net Surplus/(Deficit) before Taxation</b>	<u>(617,516)</u>
	Less:	
-	Provision for Taxation	-
<u><b>(\$390,313)</b></u>	<b>Net Surplus/(Deficit) After Taxation</b>	<u><b>(\$617,516)</b></u>

**MORIKAUNUI INCORPORATION**

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SCHEDULE OF INVESTMENTS  
AS AT 30 JUNE 2009

2008		2009
\$		\$
	<b>Bank of New Zealand Term Deposits</b>	
938,869	Term Deposit -7.75% due 19/09/09	384,437
-	Term Deposit -7.75% due 19/09/09	270,000
<u>938,869</u>		<u>654,437</u>
	<b>South Canterbury Finance</b>	
298,624	Term Deposit - 9.4% due 07/08/09	321,871
<u>298,624</u>		<u>321,871</u>
	<b>N Z Wool Services International</b>	
10,857	24,675 Shares	9,130
<u>(1,727)</u>	Revaluation as at 30/06/09	<u>(494)</u>
9,130		8,636
	<b>Innate Therapeutics Shares</b>	
20,222	13,481 Shares	8,763
<u>(11,459)</u>	Revaluation as at 30/06/09	<u>(8,763)</u>
8,763		-
	<b>Direct Property Investments</b>	
322,320	20 Shares	336,000
-	Purchase of Shares	33,600
<u>13,680</u>	Revaluation as at 30/06/09	<u>(50,600)</u>
336,000		319,000
	<b>Ravensdown Fertiliser Co-operative</b>	
130,992	141,212 Ordinary Shares paid to \$1	135,189
471	Purchase of Shares	-
<u>3,726</u>	Revaluation as at 30/06/09	<u>6,023</u>
135,189		141,212
	<b>PGG Wrightson Ltd.</b>	
5,218	3,538 Ordinary Shares	7,888
-	Purchase of Shares	162
<u>2,670</u>	Revaluation as at 30/06/09	<u>(4,583)</u>
7,888		3,467
	<b>Wool Equities Ltd</b>	
4,653	9,305 \$1 Shares Fully Paid	2,978
<u>(1,675)</u>	Revaluation as at 30/06/09	<u>(2,205)</u>
2,978		773
<u>\$ 1,737,440</u>	<b><u>Total Investments</u></b>	<u>\$ 1,449,396</u>

**MORIKAUNUI INCORPORATION**

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**Morikau Station Financial Performance Analysis**  
**for the year ended 30th June 2009**

	<b>2009</b>	<b>2008</b>
	<b>Total</b>	<b>Total</b>
	\$	\$
Gross Profit - Cattle	366,567	387,121
Gross Profit - Sheep	793,027	451,902
Gross Proceeds - Wool	172,804	167,704
Sundry Income	146,058	15,423
	<hr/> 1,478,456	<hr/> 1,022,151
Farm Working Expenses	932,205	883,082
Pasture & Maintenance	393,875	201,162
Administration & Standing Charges	103,872	91,410
	<hr/> 1,429,952	<hr/> 1,175,654
Surplus/(Deficit) before non cash adjustments	<hr/> \$48,504	<hr/> (\$153,503)
Depreciation	(146,762)	(119,602)
Livestock Movement	(550,211)	30,427
	<hr/> (501,973)	<hr/> (\$88,175)
<b>Surplus/(Deficit) after non cash adjustments</b>	<hr/> <b>(\$648,469)</b>	<hr/> <b>(\$242,678)</b>

N.B. There has been a change in the calculation basis for Morikau Station Financial Performance Analysis whereby the Gross Profit calculations have not been adjusted for the Livestock Movement as has been the practice in previous years. This is now shown as a non cash adjustment.

**Morikau Station Statistical Performance Analysis**  
**for the year ended 30th June 2009**

	<b>2009</b>	<b>2008</b>
	<b>Total</b>	<b>Total</b>
<b>Net Sale proceeds</b>		
Sheep per Head	\$77	\$44
Cattle per Head	\$771	\$577
Wool per Kilo	\$1.92	\$2.33
<b>Effective Farm Surplus</b>		
Effective Area	2,376 ha	
Gross Farm income per H/a	622	430
Operating Expenses per H/a	602	495
Effective Surplus per H/a	(\$273)	(\$102)

**MORIKAUNUI INCORPORATION**

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**Statement of Cashflow  
for the year ended 30th June 2009**

<b>2008</b>		<b>2009</b>
<b>\$</b>		<b>\$</b>
	<b>Cash flows from operating activities</b>	
1,536,004	Gross Receipts from Farm Production	1,276,207
31,299	Other Income	31,912
-	Grants Received	413,600
38,221	Taxation (receipt)	24,933
	<i>Cash was applied to</i>	
(274,106)	Cost of Goods Sold	(226,191)
(930,238)	Payments to Farm Suppliers	(888,437)
(365,405)	Payments to Employees	(320,876)
<u>(354,207)</u>	Administration & Governance Costs	<u>(343,271)</u>
<b>(318,431)</b>	<b>Net Cash from/(used in) operating activities</b>	<b>(32,123)</b>
	<b>Cash flows from investing activities</b>	
634,204	Proceeds from sale of property, plant and equipment	5,333
2,549,106	Proceeds from Investments realised	227,422
	<i>Cash was applied to</i>	
(688,392)	Acquisition of property, plant and equipment	(534,800)
<u>(1,461,885)</u>	Purchase of Investments	<u></u>
1,033,033	<b>Net cash from/(used in) investing activities</b>	<b>(302,045)</b>
	<b>Cash flows from financing activities</b>	
176,603	Interest Received	103,366
14,032	Dividends Received	610
	<i>Cash was applied to</i>	
(11,982)	Interest Paid	(28,867)
(607,708)	Distribution to Shareholders	(139,860)
(12,500)	Tribal Purposes	(20,000)
<u>(8,000)</u>	Scholarships Paid	<u>(9,000)</u>
- <b>449,556</b>	<b>Net cash from/(used in) financing activities</b>	<b>(93,751)</b>
<u>265,046</u>	Change in Bank Balances	<u>(427,919)</u>
<u>108,156</u>	Add Opening Bank Balance	<u>373,202</u>
<b><u>\$373,202</u></b>	<b>Closing Bank Balance</b>	<b><u>(\$54,717)</u></b>

**MORIKAUNUI INCORPORATION**

Pg. IX

**Reconciliation with Reported Operating Surplus**  
as at 30 June 2009

	\$	\$
Reported Deficit		(617,516)
Adjustment for Non Operating Items:		
Depreciation	148,857	
Stock Movement	550,211	
Compounded Interest	(126,425)	
Interest Paid	<u>28,867</u>	
		601,510
Movement in Working Capital:		
Accounts Receivable	(202,585)	
Accounts Payable	87,124	
GST	72,586	
Income Tax	<u>26,758</u>	
		(16,117)
<b>Net Cash Used in Operating Activities</b>		<b><u><u>(\$32,123)</u></u></b>

**MORIKAUNUI INCORPORATION**

Pg. X

Tax Reconciliation                      2009

Taxable Loss From Financial Performance	(617,516)
Add Back	
PIE Income -	22,729
Donations/Koha	12,038
Add Back	
Depreciation on Development Expenditure	49,434
	<u>(533,315)</u>
Plus Livestock adjustment	
Morikau Station - movement in numbers	550,211
Less Adjustment 2009 Herd Scheme Revaluation	
Sheep	(599,529)
Cattle	<u>(275,234)</u>
	(857,867)
Deduct	
Development Expenditure	57,051
Donations	<u>2,988</u>
<b>Taxable Income/Loss</b>	(917,906)
Loss Carried Forward from 2008	<u>(1,571,764)</u>
<b>Total Losses available for future years</b>	<b><u><u>(\$2,489,670)</u></u></b>

**MORIKAUNUI INCORPORATION**

Notes to the Financial Report  
for the year ended 30 June 2009

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**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 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 profit and financial position have been applied.

**Accounts Receivable:**

Accounts Receivable are recorded at estimated net realisable value.

**Investments:**

Investments held at Trading Banks and Finance Companies are stated at Cost. Shares are valued at Market Values.

**Livestock on Hand:**

For reporting purposes livestock have been valued using "Herd Scheme" Values.

**Fixed Assets:**

Fixed assets other than land and buildings are stated at original cost price less accumulated depreciation.

**Depreciation**

The Committee of Management have decided that tax depreciation rates result in a fair amortization of cost.

Accordingly depreciation has been calculated at either straight line or diminishing value rates allowable under the Income Tax Act 2007.

**Freehold Land and Leasehold Land:**

Freehold Farm Land and buildings have been revalued to 2008 Rateable valuation.

Operating Revenue:

Gross operating revenue for the year was \$1,865,731. (2008: \$1,367,797)

Taxation:

Provision has been made for all known taxation liabilities. Taxation losses of \$2,489,670 (2008: \$1,553,383) are available to offset against future income.

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 has been the following change in accounting policy in the year under review:

- All outstanding Holiday pay has been accrued

All other policies have been applied on a basis consistent with those used in previous years.

**2. FIXED ASSETS**

Fixed Asset	Cost/ Revaluation	Accumulated Depreciation	Book Value 30/6/09	Book Value 30/6/08
Freehold				
Improvements	6,386,878	30,787	6,356,091	5,648,699
Development	546,695	86,161	460,534	452,917
Buildings	1,235,597	119,237	1,116,360	744,466
Bridges	260	260	-	-
Plant & Machinery	197,788	113,151	84,637	70,424
Furniture & Fittings	50,338	32,497	17,841	21,410
Motor Vehicles	365,151	204,896	160,255	185,370
	<u>\$8,782,707</u>	<u>\$586,989</u>	<u>\$8,195,718</u>	<u>\$7,123,286</u>

**3. RELATED PARTY INFORMATION**

Related party matters arise with The Whanganui Trust.

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

**4. DEVELOPMENT EXPENDITURE**

The policy is to treat Development Expenditure as Capital which is amortized over a period of 4 to 10 years.

An adjustment is made for taxation purposes.

**5. CONTINGENT LIABILITY**

There are no contingent liabilities.

**6. CAPITAL COMMITMENTS**

There are no capital commitments.

**7. EVENTS SINCE BALANCE DATE**

There have been no significant events since balance date.

## **8. FINANCIAL INSTRUMENTS**

- a) Credits Risks – Financial instruments which potentially subject the Incorporation to credit risk principally consist of bank balances, bank deposits, accounts receivable and investments.

The Incorporation does not require collateral from customers.

The maximum credit risk exposure at balance date is the carrying value stated in the Financial Statements.

- b) The Incorporation is not exposed to any concentrations of credit risk.
- c) The carrying amounts of bank balances and deposits, accounts receivable and accounts payable, bank loans and overdraft (secured) and Finance company deposits are equivalent to their fair value. Investments on Company Share are shown at market value. Any variation between carrying and fair value is immaterial.

## **9. SEGMENT REPORTING**

The Incorporation operates in New Zealand in both the livestock farming segment, and the leasing of both farmland and commercial property. The revenues from those segments are identifiable in the Financial Statements.

**MORIKAUNUI INCORPORATION**

Committee of Management Fees and Travel  
for the Year Ended 30th June 2009

<b>Member</b>	<b>Fees</b>	<b>Travel</b>
Hari Benevides	\$ 28,575	\$ 8,123
Ann Waitai	\$ 10,650	\$ 7,089
Tema Butler	\$ 10,050	\$ 1,662
Bob Gray	\$ 8,850	\$ 3,554
William Konui	\$ 6,300	\$ 2,589
Jimmy Edmonds	\$ 6,000	\$ 4,471
Turama Hawira	\$ 4,650	\$ 2,173
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	\$ 75,075	\$ 29,661



