COLDSTREAM DOWNS DAIRY FARM LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

Coldstream Downs Dairy Farm Limited

DIRECTORY

Nature of Business	Dairy Farming in the South Island of New Zealand
I R D Number	90-631-691
Date of Incorporation	19/06/2002
Company Number	1629645
Registered Office	87 Weraroa Road Waverley
Securities Registrar	Roger Dickie (N Z) Limited S H 3 Waverley
Directors	R R Dickie S J Barr J H Whitlock
Accountants	Markhams Waverley Limited Waverley
Solicitors	Kensington Swan Wellington Horsley Christie Wanganui
Auditors	Silks Audit Chartered Accountants Wanganui
Bankers	Bank of New Zealand Wanganui

Coldstream Downs Dairy Farm Limited

DIRECTORS REPORT
FOR THE YEAR ENDED 31 MAY, 2016

The business of the company through its subsidiaries Coldstream Downs Ltd and Coldstream Downs Sharemilking Ltd is dairy farming.

	THIS YEAR	LAST YEAR
The operating surplus (deficit) of the company for the year ended 31st May 2016 was	(12,545)	(684,063)
Taxation charge for the year was	91,356	74,293
Dividends Paid & Provided were	-	(244,500)
Capital Repaid to Minority was	(86,523)	
Retained Earnings at 1st June 2015 were	1,371,091	2,225,361
Retained Earnings at 31 May 2016	$ 1,363,379	$ 1,371,091

It is not proposed to make any transfer to reserves.

The state of the company's affairs at 31st May 2016 was:-

Assets totalled	$ 7,413,615	$ 7,582,216
and were financed by		
Shareholders equity of	5,763,379	6,007,244
and liabilities of	1,650,236	1,574,972
	$ 7,413,615	$ 7,582,216

The Board of Directors present their annual report, including the financial statements of the Company for the year ended 31 May 2016.

Directors interests:

Directors holding office during the year were R R Dickie, S J Barr and J H Whitlock

There were no company shares acquired or disposed of by directors during the year

No entries were made into the company's interest register during the year

Administration Services amounting to $77,734 were provided to the Group by Roger Dickie (NZ) in which Roger Dickie, a director, has a controlling interest. The services were provided on normal commercial terms.

Accounting Services amounting to $14,220 were provided to the Group by Markhams Waverley Ltd in which Jeff Whitlock, a director, is also a director. The services were provided on normal commercial terms.

Directors fees of $1,380 were paid to Steve Barr during the year, and no other remuneration was paid to directors during the year

There were no donations made by the company during the year

No employees or former employees were paid in excess of $100,000 in the year

For and on behalf of the Board of Directors

Director
17 October 2016

Director
17 October 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY, 2016

	Notes	GROUP 2016	PARENT 2016	GROUP 2015	PARENT 2015
		$	$	$	$
Operating Revenue					
Stock Proceeds		180,260	-	274,741	-
Less Stock Purchases		(26,730)	-	(19,500)	-
Change in Livestock Values		(304,404)	-	(263,655)	-
Gross Income from Livestock		(150,874)	-	(8,414)	-
Milk Proceeds		1,240,185	-	1,327,571	-
Dividends Received		146,823	-	50,675	225,000
Interest Received		245	-	809	-
Sundry Revenue		8,890			
Revaluation of Investments - Fonterra	16	324,105	-	1,968	-
		1,569,374	-	1,372,609	225,000
Operating Expenses					
Rates & Insurance		28,281	-	31,269	-
Interest & Finance Charges		66,172	-	82,234	-
Animal Health		84,663	-	105,206	-
Audit Fees		9,371	-	12,495	-
Directors Fees		1,380	-		-
Feed, Hay & Silage		144,503	-	187,343	-
Grazing Fees		437,986	-	435,099	-
Sharemilker Payments		346,118	-	318,123	-
Other Farm Working Expenses		178,431	-	138,431	-
Pasture Maintenance		165,868	-	178,738	-
Repairs & Maintenance		50,856	-	87,835	-
Depreciation	8	58,283	-	59,677	-
Revaluation of Investments - Fonterra	16	-	-	409,897	-
Revaluation of Investments - Other		10,007	-	10,325	-
		1,581,919	-	2,056,672	-
Operating Surplus (Deficit) before Tax		(12,545)	-	(684,063)	225,000
Income Tax Expense	4	(91,356)		(74,293)	
Operating Surplus (Deficit) after Taxation		78,811	-	(609,770)	225,000
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		78,811	-	(609,770)	225,000
Attributable to Owners of the parent company		76,458	-	(573,350)	225,000
Attributable to Minorities		2,353	-	(36,420)	-
		78,811	-	(609,770)	225,000

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY, 2016

	SHARE CAPITAL $	RETAINED EARNINGS $	TOTAL EQUITY $
31 May 2016 - Group			
Total Comprehensive Income for Year	-	78,811	78,811
Capital Contributed (Repaid)	(236,153)	(86,523)	(322,676)
	(236,153)	(7,712)	(243,865)
Less Dividends Paid & Provided	-	-	-
Total Movement in Equity	(236,153)	(7,712)	(243,865)
Equity at Beginning of Year	4,636,153	1,371,091	6,007,244
Equity at End of Year	4,400,000	1,363,379	5,763,379
31 May 2016 - Attributable to Owners of Parent Company			
Total Comprehensive Income for Year	-	76,458	76,458
Less Dividends Paid & Provided	-	-	-
Total Movement in Equity	-	76,458	76,458
Equity at Beginning of Year	4,400,000	1,286,921	5,686,921
Equity at End of Year	4,400,000	1,363,379	5,763,379
31 May 2016 - Attributable to Minorities			
Total Comprehensive Income for Year	-	2,353	2,353
Capital Contributed (Repaid)	(236,153)	(86,523)	(322,676)
	(236,153)	(84,170)	(320,323)
Less Dividends Paid & Provided	-		-
Total Movement in Equity	(236,153)	(84,170)	(320,323)
Equity at Beginning of Year	236,153	84,170	320,323
Equity at End of Year	-	-	-
31 May 2016 - Parent			
Total Comprehensive Income for Year	-	-	-
Less Dividends Paid & Provided	-	-	-
Total Movement in Equity	-	-	-
Equity at Beginning of Year	4,400,000	(226,399)	4,173,601
Equity at End of Year	4,400,000	(226,399)	4,173,601

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY, 2016

	SHARE CAPITAL $	RETAINED EARNINGS $	TOTAL EQUITY $
31 May 2015 - Group			
Total Comprehensive Income for Year	-	(609,770)	(609,770)
Capital Contributed	-		-
	-	(609,770)	(609,770)
Less Dividends Paid & Provided	-	244,500	244,500
Total Movement in Equity	-	(854,270)	(854,270)
Equity at Beginning of Year	4,636,153	2,225,361	6,861,514
Equity at End of Year	4,636,153	1,371,091	6,007,244
31 May 2015 - Attributable to Owners of Parent Company			
Total Comprehensive Income for Year	-	(573,350)	(573,350)
Less Dividends Paid & Provided	-	225,000	225,000
Total Movement in Equity	-	(798,350)	(798,350)
Equity at Beginning of Year	4,400,000	2,085,271	6,485,271
Equity at End of Year	4,400,000	1,286,921	5,686,921
31 May 2015 - Attributable to Minorities			
Total Comprehensive Income for Year	-	(36,420)	(36,420)
Capital Contributed	-	-	-
	-	(36,420)	(36,420)
Less Dividends Paid & Provided	-	19,500	19,500
Total Movement in Equity	-	(55,920)	(55,920)
Equity at Beginning of Year	236,153	140,090	376,243
Equity at End of Year	236,153	84,170	320,323
31 May 2015 - Parent			
Total Comprehensive Income for Year	-	225,000	225,000
Less Dividends Paid & Provided	-	225,000	225,000
Total Movement in Equity	-	-	-
Equity at Beginning of Year	4,400,000	(226,399)	4,173,601
Equity at End of Year	4,400,000	(226,399)	4,173,601

Coldstream Downs Dairy Farm Limited

STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY, 2016

	Note	GROUP 2016 $	PARENT 2016 $	GROUP 2015 $	PARENT 2015 $
Current Assets					
Cash and Cash Equivalents	6	5,452	-	189,048	-
Accounts Receivable		300,416	-	128,007	-
Feed on Hand		11,903	-	25,782	-
Provision for Taxation		1,346	-	1,855	-
Deposit on Minority's shares in Subsidiary	13	-	-	115,000	-
Cattle on Hand	7	1,387,291	-	1,691,695	-
Loan to Subsidiary			4,173,600		4,173,600
Total Current Assets		1,706,408	4,173,600	2,151,387	4,173,600
Non Current Assets					
Shares in Fonterra	16	1,858,838	-	1,534,733	-
Shares in Sundry Companies		18,495	-	28,241	-
Shares in Subsidiary		-	1	-	1
Property, Plant & Equipment	8	3,829,874	-	3,867,855	-
Total Non-Current Assets		5,707,207	1	5,430,829	1
Total Assets		7,413,615	4,173,601	7,582,216	4,173,601
Current Liabilities					
Provision for Taxation		-	-	-	-
Current Portion of Term Liabilities	9	-	-	306,369	-
GST Payable		19,167	-	7,836	-
Accounts Payable		174,909	-	207,260	-
Total Current Liabilities		194,076	-	521,465	-
Non-Current Liabilities					
Deferred Tax	4	145,812	-	237,168	-
Fonterra Support Advance	9	82,348			
Bank of New Zealand Term Loan	9	1,228,000	-	816,339	-
Total Non-Current Liabilities		1,456,160	-	1,053,507	-
Equity					
Attributable to Owners of parent company		5,763,379	4,173,601	5,686,921	4,173,601
Attributable to Minorities		-	-	320,323	-
		5,763,379	4,173,601	6,007,244	4,173,601
Total Liabilities & Equity		7,413,615	4,173,601	7,582,216	4,173,601

For and on behalf of the board

Director
17 October 2016

Director
17 October 2016

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MAY, 2016

	Notes	GROUP 2016 $	PARENT 2016 $	GROUP 2015 $	PARENT 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from Customers		1,300,690	-	2,434,745	-
Tax Refunded		-		-	
GST		875		-	
Dividends		115,619	-	50,675	225,000
Interest		245		809	
		1,417,429	-	2,486,229	225,000
Cash was applied to:					
Operating Expenses		(1,475,665)	-	(1,768,444)	-
Interest Paid		(69,645)	-	(83,082)	-
GST		-	-	(32,685)	-
Taxation Paid		(22,792)	-	(141,832)	-
		(1,568,102)	-	(2,026,043)	-
Net cash inflow (outflow) from operating activities	11	(150,673)	-	460,186	225,000
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Sale of Fixed Assets		-	-	10,000	-
Sale of Investments		-	-	-	-
		-	-	10,000	-
Cash was applied to:					
Minority's shares in Subsidiary		(200,000)	-	(115,000)	-
Loan to Subsidiary		-	-	-	-
Purchase of Fixed Assets		(20,302)	-	(87,774)	-
Purchase of Investments		(261)	-	(1,132)	-
		(220,563)	-	(203,906)	-
Net cash inflow (outflow) from investing activities		(220,563)	-	(193,906)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Share Capital Subscribed		-	-	-	-
Loan Advances		187,640	-	-	-
		187,640	-	-	-
Cash was applied to:					
Dividends Paid		-	-	(244,500)	(225,000)
Loan Repayment		-	-	(287,742)	-
		-	-	(532,242)	(225,000)
Net cash inflow (outflow) from financing activities		187,640	-	(532,242)	(225,000)
Net increase (decrease) in cash held		(183,596)	-	(265,962)	-
Balance at beginning of year		189,048	-	455,010	-
Balance at end of year 31 May 2016	6	5,452	-	189,048	-

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY, 2016

1. Summary of Significant Accounting Policies

Reporting Entity

Coldstream Downs Dairy Farm Ltd is a company registered under the Companies Act 1993.

The group consists of the Parent company Coldstream Downs Dairy Farm Ltd, which is an issuer, and its wholly owned subsidiary Coldstream Downs Ltd, and 100% subsidiary Coldstream Downs Sharemilking Ltd.

Coldstream Downs Dairy Farm Ltd is an issuer as defined by the Financial Reporting Act 1993 and these financial statements and these group financial statements have been prepared in accordance with this Act.
The Board authorise the release of these financial statements on 17 October 2016.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed by the group, with the exception that certain assets as specified below have been revalued.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and comply with New Zealand equivalents to International Financial Reporting Standards. The financial statements also comply with International Financial Reporting Standards. For this purpose the company has designated itself as profit-oriented.

The financial statements comprise the consolidated financial statements of the group and the separate financial statements of the parent company.

The information is presented in New Zealand dollars.

Specific Accounting Policies

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

(a) Basis of Consolidation

The consolidated financial statements include the parent company and its subsidiaries accounted for using the purchase method. All significant inter-company transactions are eliminated on consolidation. In the parent company's separate financial statements investments in subsidiaries are stated at cost less any impairment losses.

(b) Property, Plant and Equipment

The company has these classes of property, plant and equipment:
- Freehold Land;
- Freehold Buildings;
- Plant, equipment & Motor Vehicles;

All property plant and equipment is initially recorded at cost.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in the income statement and is calculated as the difference between the sale price and the carrying value of the item.

Depreciation is provided for on a Diminishing Value basis on all tangible property, plant and equipment other than freehold land and capital work in progress, at depreciation rates calculated to allocate the assets' cost over their estimated useful lives.

Major Depreciation Periods are:

- Land Development	25 years
- Freehold Buildings	50 years
- Plant, equipment & Motor Vehicles	5 to 15 years

(c) Impairment

At each reporting date, the carrying amount of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.
A cash generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cashflows have not been adjusted.
If a revalued asset is determined to be impaired, the impairment if firstly applied against the related component of the revaluation reserve, with any remaining impairment loss expensed in the income statement. If the impairment loss is subsequently reversed, the reversal is firstly applied to the income statement to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the revaluation reserve.
For assets which are not revalued, an impairment loss is expensed immediately to the income statement. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(d) Share Capital

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of the issue.

(e) Taxation

The income tax expense charged to the income statement includes both the current year's provision and the income tax effect of:
- Taxable temporary differences, except those arising from initial recognition of goodwill and other assets that are not depreciated; and
- Deductible temporary differences to the extent that it is probable that they will be utilised.

Temporary differences arising from transactions, other than business combinations, affecting neither accounting profit nor taxable profit are ignored

Tax effect accounting is applied on a comprehensive basis to all timing differences using the liability method. A deferred tax asset is only recognised to the extent that it is probable there will be future taxable profit to utilise the temporary differences.

(f) Financial Instruments

Financial instruments are recognised in the Statement of Financial Position when the Company becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables, investments in and loans to others, and term borrowings.

(g) Receivables and Payables

Receivables and payables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts). The resulting amount for receivables is not materially different from estimated realisable value.

(h) Investments

Investments are recorded at fair value.

(i) Borrowings

Borrowings are initially recorded at fair value net of transaction costs incurred, and subsequently at amortised cost using the effective interest method.

All borrowing costs are recognised as an expense in the period they are incurred.

(j) Revenue

Revenue on sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(k) Cashflows

For the purpose of the cash flow statement, cash includes cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts.

(l) Goods and Services Tax

These accounts have been prepared exclusive of Goods and Services Tax, except for accounts payable and accounts receivable, which are GST inclusive

(m) Biological Assets

Biological assets managed for producing into agricultural produce or for transforming into additional biological assets are measured at fair value, with unrealised gains or losses reported in the statement of financial performance as part of operating revenue. The livestock is valued at market value by an independent livestock agent at balance date.

(n) Feed on Hand

Feed on Hand has been valued at cost price

Changes in Accounting Policies

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

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY, 2016 (CONT.)

2. Issued Shares

	Group 2016	Parent 2016	Group 2015	Parent 2015
Ordinary Shares Issued	4,500,000	4,500,000	4,500,000	4,500,000
Opening Paid Up Capital	4,400,000	4,400,000	4,400,000	4,400,000
Further Capital Paid Up	-	-	-	-
Closing Paid Up Capital	4,400,000	4,400,000	4,400,000	4,400,000

All ordinary shares have been issued. There are 100,000 unpaid ordinary shares (2015: 100,000). All shares have equal voting rights and share equally in dividends and surplus on winding up. The shares have no par value.

3. Retained Earnings

	Group 2016	Parent 2016	Group 2015	Parent 2015
Balance as at 1 June 2015	1,371,091	(226,399)	2,225,361	(226,399)
Operating surplus (deficit) attributable to the shareholders of the parent company	76,458	-	(573,350)	225,000
Operating surplus (deficit) attributable to minorities	2,353	-	(36,420)	-
	1,449,902	(226,399)	1,615,591	(1,399)
Dividends Paid - Shareholders of Parent	-	-	225,000	225,000
Dividends Paid - Minorities	-	-	19,500	-
Purchase of Minority Shareholding	86,523			
Balance as at 31 May 2016	1,363,379	(226,399)	1,371,091	(226,399)

4. Taxation

	Group 2016	Parent 2016	Group 2015	Parent 2015
Net profit/(Loss) for the year	(12,545)	-	(684,063)	225,000
Prima facie income tax at 28%	(3,512)	-	(191,538)	63,000
Add (subtract) taxation effect of permanent differences				
Revaluation of Investments	(87,947)	-	117,662	-
Herd Scheme Value non-taxable adjustment	-	-	-	-
Recognition of tax losses not previously recognised	-	-	-	-
Dividend Received from Subsidiary	-	-	-	(63,000)
Imputation Credits Received	103	-	(418)	-
Income Tax Expense	(91,356)	-	(74,293)	-
The income tax expense is represented by:				
Current Tax	0	-	102,052	-
Deferred Tax	(91,356)	-	(176,345)	-
Income Tax Expense	(91,356)	-	(74,293)	-

There are no unrecognised income tax losses and timing differences carried forward (2015:Nil) for set-off against future assessable income subject to Inland Revenue Department Assessment.

5. Imputation Credit Account

	Group 2016	Parent 2016	Group 2015	Parent 2015
Balance as at 1 June 2015	469,794	-	422,500	-
Tax Refunded	(1,856)	-	(5,877)	-
Tax Paid	24,648	-	147,676	-
Imputation Credits Received	369	-	578	87,500
Imputation Credits attached to Dividends Paid	-	-	(95,083)	(87,500)
Balance as at 31 May 2016	492,955	-	469,794	-

STATEMENT OF ACCOUNTING POLICIES AND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY, 2016 (CONT.)

6. Cash and Cash Equivalents

	Group 2016	Parent 2016	Group 2015	Parent 2015
Bank of New Zealand Cheque Accounts	5,452	-	189,048	-
Bank of New Zealand Call Accounts	-	-	-	-
Balance as at 31 May 2016	5,452	-	189,048	-

The Coldstream Downs Ltd overdraft is secured by a first mortgage over the farm property and perfected security interest in all present and after acquired property, including livestock, of Coldstream Downs Limited and Mortgage over Dairy Company Shares in Fonterra Co-Operative Ltd. The limit is $300,000 and the interest rate at year end is 7.45%

7. Stock on Hand

	No.	Group 2016	Parent 2016	No.	Group 2015	Parent 2015
R1 Heifers	169	114,920	-	224	152,320	-
R2 Heifers and Mixed Age Cows	815	1,272,371	-	882	1,539,375	-
						-
	984	1,387,291	-	1,106	1,691,695	-

Stock is stated at market value as at 31 May 2016 based on a valuation by Progressive Livestock Southland Ltd, Timaru, dated 31 May 2016. Progressive Livestock Southland Ltd are independent specialist dairy livestock agents.

Reconciliation of Numbers:	No.	$	No.	$
Opening Stock	1106	1,691,695	1141	1,955,350
Purchases	14	26,730	10	19,500
Sales	-794	-180,260	-703	-274,741
Increase/decrease in values of cattle		-150,874		-8,414
Natural Increase	729	0	686	0
Deaths & Missing	-71	0	-28	0
Closing Stock	984	1,387,291	1106	1,691,695

The higher than usual number of deaths has been investigated. It has become apparent that although the livestock valuer had confirmed he had performed a physical count of the stock, in fact this was not the case for at least 31 May 2015. The error was identified with the employment of the new sharemilker.

8. Property, Plant & Equipment

	Land	Buildings	Development Expenditure	Plant & Equipment	Motor Vehicles	Total
1 June 2015:						
Cost Price	2,888,612	716,317	201,022	441,787	111,251	4,358,989
Accumulated Depreciation	-	(155,224)	(58,521)	(222,047)	(55,342)	(491,134)
Net Book Value	2,888,612	561,093	142,501	219,740	55,909	3,867,855
Additions			-	14,302	6,000	20,302
Disposals	-	-	-		-	-
	2,888,612	561,093	142,501	234,042	61,909	3,888,157
Depreciation	-	8,258	8,460	34,217	7,348	58,283
Loss/(Gain) on Sale	-	-	-		-	-
Net Book Value	2,888,612	552,835	134,041	199,825	54,561	3,829,874
31 May 2016:						
Cost Price	2,888,612	716,317	201,022	456,089	117,251	4,379,291
Accumulated Depreciation	-	(163,482)	(66,981)	(256,264)	(62,690)	(549,417)
Net Book Value	2,888,612	552,835	134,041	199,825	54,561	3,829,874
1 June 2014:						
Cost Price	2,888,612	716,317	201,022	366,013	111,251	4,283,215
Accumulated Depreciation	-	(146,719)	(49,526)	(190,225)	(46,987)	(433,457)
Net Book Value	2,888,612	569,598	151,496	175,788	64,264	3,849,758
Additions	-	-	-	87,774	-	87,774
Disposals	-	-	-	(10,000)	-	(10,000)
	2,888,612	569,598	151,496	253,562	64,264	3,927,532
Depreciation	-	8,505	8,995	37,848	8,355	63,703
Loss/(Gain) on Sale	-	-	-	(4,026)	-	(4,026)
Net Book Value	2,888,612	561,093	142,501	219,740	55,909	3,867,855
31 May 2015:						
Cost Price	2,888,612	716,317	201,022	441,787	111,251	4,358,989
Accumulated Depreciation	-	(155,224)	(58,521)	(222,047)	(55,342)	(491,134)
Net Book Value	2,888,612	561,093	142,501	219,740	55,909	3,867,855

The parent company does not own any property, plant or equipment

9. Non Current Liabilities

	Group 2016	Parent 2016	Group 2015	Parent 2015
B N Z Term Loan - Current	-	-	306,369	-
B N Z Term Loan - Term	1,228,000	-	816,339	-
Fonterra Price Support Loan - Term	82,348	-	-	-
	1,310,348	-	1,122,708	-
Repayable as follows:				
Less than 1 Year	-	-	306,369	-
Between 1 - 2 Years	82,348	-	324,858	-
Between 2 - 5 Years	1,228,000	-	477,760	-
Greater than 5 years	-	-	13,721	-
	1,310,348	-	1,122,708	-

a) The bank loans and overdraft are secured by a first mortgage over the farm property and perfected security interest in all present and after acquired property, including livestock, of Coldstream Downs Limited and Mortgage over Dairy Company Shares in Fonterra Co-Operative Limited, and perfected security interest in all present and after acquired property, including Livestock, of Coldstream Downs Sharemilking Limited.

b) The bank does not currently have any financial covenants in place.

c) The bank loans are on an interest-only basis until July 2017. The current interest rate is 3.76 pa. basis

d) The Fonterra Price Support Loan is interest free until 31 May 2017, and repayments commence once the milk price reaches $6 per kilogram

10. Financial Instruments

Credit risk

To the extent that the Group entities have a receivable from another party, there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject Group entities to credit risk principally consist of bank balances, receivables, other assets.

The Issuing Group manages its exposure to credit risk

Maximum exposures to credit risk at balance date are shown on the Statement of Financial Position as current and term assets. No collateral is held on these amounts.

Concentrations of credit risk

Group accounts receivable include $229,928 (2015: $128,007) receivable from Fonterra. The group does not have any other significant concentrations of credit risk.

Currency and Interest rate risk

There is currency risk to the extent that income is dependant on the sale price achieved by Fonterra Co-Operative Group who in turn incurs currency risk. Group entities have exposure to interest rate risk to the extent that they borrow for a fixed term at fixed rates.

Fair values

The carrying values of financial instruments in the Statement of Financial Position are considered to be fair values and include interest accruals that are included in current receivables and payables.

Liquidity Risks

Liquidity risk represents the Issuing Groups ability to meet its financial obligations on time. For the most part the Company generates sufficient cash flows from its operating activities to make timely payments. It does however maintain committed credit lines to cover any shortfalls. The Issuing Group has a total bank overdraft facilities of $300,000. At balance date none (2015: Nil) of this has been borrowed by the Company.

Liquidity Forecasts

Management supervises liquidity by monitoring short-term and long-term cash flows for up to 5 years.

Interest Rate Risk

The Issuing Group has exposure to interest rate risk to the extent that it borrows for at floating interest rates.

11. Reconciliation of Operating Surplus to Net Operating Cash Inflow/(Outflow)

	Group 2016	Parent 2016	Group 2015	Parent 2015
Net Surplus/(Deficit) after tax for the year	78,811	-	(609,770)	225,000
Add (less) non cash items:-				
- Revaluation of Investments	(314,098)	-	420,222	-
- Depreciation	58,283		63,703	
- (Gain)/Loss on Sale of Fixed Assets	-	-	(4,026)	-
	(177,004)	-	(129,871)	225,000
Add (less) movement in other working capital items:				
Increase (decrease) in accounts payable	(40,027)	-	(254,704)	-
(Increase) decrease in livestock on hand	304,404	-	263,655	-
(Increase) decrease in accounts receivable	(172,409)	-	869,649	-
(Increase) decrease in feed on hand	13,879	-	(18,382)	-
Increase (decrease) in GST payable	11,331	-	(59,542)	-
Increase (decrease) in Taxation Payable	509	-	(34,274)	-
Increase (decrease) in Deferred Tax payable	(91,356)	-	(176,345)	-
Net cash inflow (outflow) from operating activities	(150,673)	-	460,186	225,000

12. Contingent Liabilities & Contingent Assets

At 31 May 2016 the Company has no significant contingent assets or contingent liabilities. (2015: $Nil)

13. Capital Commitments & Non-Cancellable Operating Leases

At 31 May 2016 there were no capital commitments and no non-cancellable operating leases. (2015: $322,676 re purcahse of minority share of Coldstream Downs Sharemiliking Limited.)

14. Events After Balance Date

The company has been effected by the general downturn in the dairy industry. The budget for the 2016/17 season shows a modest cash surplus position. Should the industry downturn worsen in the coming months, the company has bank facilities in place to meet working capital requirements

15. Investment in Subsidiaries

	2016	2015	Business
Coldstream Downs Limited	100%	100%	Dairy Farming
Coldstream Downs Sharemilking Limited	100%	80%	Non Trading

The Company owns 100 ordinary shares in Coldstream Downs Limited (unpaid), and Coldstream Downs Limited owns 100% (2015: 80%) of Coldstream Downs Sharemilking Limited. The 20% of the shares owned by the minority were repurchased by Coldstream Downs Limited during the year.

16. Investment in Fonterra Co-operative Group Limited

	2016 No.	2016 $	2015 No.	2015 $
Shares held at 1 June 2015	317,750	1,534,733	317,750	1,944,630
Shares Purchased	-		-	
Revaluation of Shares	-	324,105	-	(409,897)
Shares held at 31 May 2016	317,750	1,858,838	317,750	1,534,733

17. Related Party Transactions

a) The subsidiary paid administration fees of $77,734 (2015: $33,206) to Roger Dickie (NZ) Ltd, in which Roger Dickie, a director, has a controlling interest. The comparative amount includes reimbursement payments to S J Barr, a director. The amount owing at balance date was $47,995 (2015: $3,488)

b) Accounting Services amounting to $14,220 (2015 $14,305) were provided to the Group by Markhams Waverley Ltd in which Jeff Whitlock, a director, is also a director. The amount owing at balance date was $7,000 (2015: nil)

c) The subsidiary paid Steve Barr directors fees of $1,380. In the previous year this was part of the administration fee in Note 17a above.

d) Coldstream Downs Limited has an advance from the parent of $4,173,600 (2014: $4,173,600). No interest has been charged on this advance

e) No related party debts have been written off or forgiven during the year.

18. Significant Judgements & Uncertainties

The preparation of financial statements of necessity involves judgement and estimation. The only significant estimation required for the year is the valuation of livestock. There is a ready market for diary livestock in the area, and the livestock is counted and valued annually by an independent expert, Progressive Livestock Limited