Greenwood Forest LP

Forestry
Annual Report
for the Year Ended 28 February 2017

Contents *Page*

MARKHAMS WAVERLEY LIMITED
CHARTERED ACCOUNTANTS
WAVERLEY

SILKS AUDIT LTD CHARTERED ACCOUNTANTS SA

Greenwood Forest LP

Statement of Total Profit/Loss and Comprehensive Income
For the Year Ended 28 February 2017

	Feb 2017	*Feb 2016*	*Budget*
	$	$	$
Operating Revenue			
Interest Received (Net)	212	575	720
Carbon Leasing (Net)	54,437	35,490	54,418
	54,649	36,065	55,138
Forest Expenses			
Fire Control	261	318	300
Management & Supervision Fees	6,352	7,087	10,240
	6,613	7,405	10,540
Operating Expenses			
Accountancy Fees	2,695	2,675	2,695
Administration	4,320	4,150	4,320
Audit Fees	1,575	1,575	1,575
Bank Fees	85	135	90
Depreciation for Period	2,331	2,889	2,331
Emission Trading Scheme	-	240	-
Legal Expenses	23	1,519	600
Mapping	870	-	900
Meeting Costs	392	284	300
Repairs & Maintenance - Fences	1,275	2,929	3,500
Repairs & Maintenance - Tracks & Dams	-	4	5,650
Statutory Supervisor	-	-	1,250
Subscriptions - Forest Health, Research, Kyoto	63	208	90
Sundry Expenses	427	427	2,000
Valuation	375	458	290
Weed & Pest Control	-	2,893	4,850
	14,430	20,385	30,441
Standing Charges			
Insurance - Public Liability & Buildings	416	416	401
Insurance - Plantations	13,067	9,470	9,659
Rates	10,847	10,107	10,528
	24,330	19,993	20,588
Total Expenses	45,373	47,782	61,569
Profit for Tax Purposes	9,276	(11,717)	(6,431)
Plantation Revaluation Increase (Decrease)	(56,000)	224,000	-
Net Surplus/(Deficit) for Year	(46,724)	212,283	(6,431)
Comprehensive Income	-	-	-
Total Comprehensive Income	($46,724)	$212,283	($6,431)

Note: This Statement must be read in conjunction with the accompanying Notes .

SILKS AUDIT SA CHARTERED ACCOUNTANTS LTD

Greenwood Forest LP

Statement of Changes in Equity
For the Year Ended 28 February 2017

	Note	*Capital Accounts*	*Retained Earnings*	*2017 Total*
Equity as at 1 March 2016		2,653,720	(151,112)	2,502,608
Total Comprehensive Income		0	(46,724)	(46,724)
Total Contributions From Partners		0	-	0
Total Transactions with Owners		0	-	0
Equity as at 28 February 2017		2,653,720	(197,836)	2,455,884

	Capital Accounts	*Retained Earnings*	*2016 Total*
Equity as at 1 March 2015	2,653,721	(363,395)	2,290,326
Total Comprehensive Income	0	212,283	212,283
Total Contributions From Partners	0	-	0
Total Transactions with Owners	0	-	0
Equity as at 29 February 2016	2,653,721	(151,112)	2,502,609

Note: This Statement must be read in conjunction with the accompanying Notes .

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

Greenwood Forest LP

Statement of Financial Position
As at 28 February 2017

	Note	*Feb 2017* $	*Feb 2016* $
Current Assets			
Cash and Cash Equivalents	4	52,200	39,772
		52,200	39,772
Non Current Assets			
Plantations	5		
Plantation Value		896,000	672,000
Revaluation for Year		(56,000)	224,000
	6	840,000	896,000
Property, Plant and Equipment	7		
Land & Buildings		1,553,505	1,553,505
Land Improvements		16,891	19,222
		1,570,396	1,572,727
Total Assets		2,462,596	2,508,499
Less Liabilities			
Current Liabilities			
Accounts Payable		530	2,949
Goods & Services Tax		6,179	2,709
Calls in Advance		-	230
		6,709	5,888
Total Net Assets		$2,455,887	$2,502,611
Represented by:			
Equity			
Capital Contributions per Schedule		2,653,724	2,653,724
Retained Earnings		(197,837)	(151,113)
		$2,455,887	$2,502,611

Partner 22 June 2017

Note: This Statement must be read in conjunction with the accompanying Notes.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

Greenwood Forest LP

Cashflow Statement
For the Year Ended 28 February 2017

	Note	Feb 2017	Feb 2016
		$	$
Cash Flows from Operating Activities			
Cash was provided from:			
Interest Received		212	575
Carbon Leasing (Net)		54,437	35,490
Goods & Services Tax		3,470	4,622
		58,118	40,687
Cash was applied to:			
Operating Expenses		45,460	41,945
		45,460	41,945
Net Cash inflow (outflow) from operating activities	8	12,658	(1,258)
Cash Flows from Investing Activities			
Cash was provided from:		-	-
Cash was applied to:			
Cash Flows from Financing Activities			
Cash was provided from:			
Calls on Participatory Securities		(230)	-
Net cash inflow (outflow) from financing activities	8	(230)	-
Net increase (decrease) in cash held		12,428	(1,258)
Cash at Start of Year		39,770	41,028
Cash at End of Year	4	$52,198	$39,770

Note: This Statement must be read in conjunction with the accompanying Notes.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

Greenwood Forest LP

Notes to the Financial Statements
For the Year Ended 28 February 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Financial Statements presented here are for the entity Greenwood Forest LP, which is a Partnership registered under the Limited Partnership Act 2008.

The financial statements of Greenwood Forest LP have been prepared in accordance with the Financial Reporting Act 2013 and is applying Tier 1 reporting standards.

These financial statements were authorised for issue by the partners on the 22 June 2017.

Segmental Reporting

The entity operates in the forestry industry at locations in the North Island of New Zealand.

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, with the exception that certain assets specified below have been revalued.

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

New Zealand dollars are Greenwood Forest LP functional and presentational currency.

Specific Accounting Policies

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

i 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 carrying amount for receivables is not materially different from estimated realisable value.

ii The forest plantations are recorded at fair value less estimated point of sale costs. Any gains or losses in the fair value of the forest are recorded in the Statement of Financial Performance.

iii Greenwood Forest LP has entered the Emission Trading Scheme ("ETS") in relation to 420 ha of plantation forest. Emission units are received from, or transferred to the government in respect of carbon stock changes in respect of this land. Carbon stocks are calculated in accordance with the climate change (forestry sector) regulations 2008. Some units received will have to be returned to the government upon harvest of the forest stock. As a result, units received are held at a nominal value and the units held are disclosed in the notes to the financial statements. Unit values will not be recorded in the income statement unless it is certain that the units will not be required to meet harvest obligations.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

iv Revenue on sales of goods is recognised when they are delivered and ready for use by the customer.

v The entity is not a party to financial instruments with off balance sheet risk.

vi Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

vii Property improvements, plant and equipment is recorded at cost less accumulated depreciation. Land is recorded at cost. Depreciation has been calculated on a diminishing value basis.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in the Statement of Comprehensive Income 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 or valuation less estimated residual value, over their estimated useful lives.

Major Depreciation periods are:
Land Improvements - average 12 years

viii For the purposes of the cashflow statement, cash includes cash on hand and deposits held at call with banks.

ix All taxable profits or losses are assessed to the partners of the partnership.

x The financial statements have been prepared on a GST exclusive basis, except for receivables and payables which are presented inclusive of GST.

Changes in Accounting Policies

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

2. **AUDIT**
These financial statements have been produced subject to audit, please refer to Auditor's Report.

3. **BUSINESS**
The principal activity of Greenwood Forest LP is that of Afforestation. The partnership grows pinus radiata for the purpose of selling the harvest in 2039.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

	Feb 2017	Feb 2016
	$	$
4. CASH AND CASH EQUIVALENTS		
B N Z Current Account	52,198	39,770
	$52,198	$39,770

The B N Z Bank holds a registered first mortgage and perfected security interest over the property.

5. PLANTATION DETAILS

The plantation is comprised of Pinus Radiata trees planted in the Gisborne District. The Net Stocked Area of approximately 419.5 hectares was planted in 2011 The forest is a consumable immature biological asset.

6. PLANTATION REVALUATIONS

Valuer

The plantation was valued as at 28 February 2017 by Jeff Schnell, Registered Forestry Consultant (NZIF), of PF Olsen Limited, forest consultants and managers. The estimated fair value of the plantation is categorised within Level 3 of the fair value hierarchy.

Valuation Methodology

The valuation uses the following procedure:

i Future Yields are forecast.
ii Log prices are attached and harvest costs deducted to arrive at projected harvest revenues.
iii Projected clearfell revenues are reduced to account for attrition.
iv Future costs are added.
v The effect of taxation is modelled from a purchaser's perspective.
vi The resulting post-tax cashflow is discounted at the nominal discount rate, This generates a Net Present Value (NPV) by stand and by forest.

If the stand has a negative NPV after the discounting as above, then the stand value is assessed as the sum of the current replacement costs.

The fair value estimate excludes the value of the land and the improvements thereon.

Also excluded are any costs and revenues associated with subsequent crops, and any value arising from the Emissions Trading Scheme.

The key inputs used in obtaining fair value are as follows, along with their sensitivity to a significant increase or decrease.

Projected Yield

The growth potential was determined for each crop type based on measurement data supplied by the forest manager. Where a crop has not been measured, the indices estimated in the original prospectus have been used. A clearfell age of 28 has been assumed for the majority of the radiata crops. Some small stands have been assigned other clearfell ages to coincide with the harvesting of larger neighbouring stands. Yields have been projected from measured starting points (where data allows) using appropriate growth models. The Atlas Forecaster modelling system has been used. A significant increase in this input would increase the fair value of the plantation.

Greenwood Forest LP

Notes to the Financial Statements
For the Year Ended 28 February 2017

Log Prices
The radiata pine log prices used in the valuation have been derived from prices paid at the Gisborne and Napier ports over the past three years. An exception to this is the radiata domestic pulp price, which has been derived from the three-year average price (averaged to February 2017) as reported by MPI. They range from $54 to $166 per m3 depending on grade. Log prices for other species are taken from recent industry publications and other sources. A significant increase in this input would increase the fair value of the plantation.

Projected Costs
All costs apart from rates have been assessed by PF Olsen, and are based on current industry standards and expressed in New Zealand dollars.

i Tending costs vary with the age of the trees and depending on the rate of growth. The projected age of the pre-harvest inventory is two years prior to clearfell at this point the harvest plan can be prepared which forms the basis of specific costings for the harvest. Prior to the pre-harvest inventory and harvest plan being prepared tending costs used in the valuation represents an average across all crop costs and may differ when a pre-harvest inventory and harvest plan is completed.

ii Annual costs for insurance, forest management and other costs have been expressed in dollars per hectare over the whole estate. Costs may vary from forest to forest depending upon a number of forest related management factors.

iii Clearfell harvest costs are defined as all costs from stump to price point defined as at wharf or mill gate. They include costs for logging and loading, road and skid formation, harvest management and cartage. Costs are based on current average contract costs. Some of these costs vary depending on the size and volume per hectare harvested.

iv Logging and loading costs are based on harvest operations in the North Island over the past year. These costs vary widely depending upon location of forest, terrain, and existing roading access. An average logging and loading cost is calculated for each crop type based on the proportion of area by terrain class. The estimate of the proportion of the area in each terrain class has been made by PF Olsen staff during the site visit carried out at the feasibility stage.

v Road and skid formation costs have been re-assessed this year using a consistent basis across all forests. PF Olsen carried out detailed assessment of road formation costs for a representative sample of four forests. This assessment used topographic maps, together with information collected during the field inspections. The modelling uses an average per hectare cost however the actual costs could differ when a pre-harvest inventory and harvest plan is carried out.

vi Harvest management costs are set at an average price for all crop types. This is based on current industry efficient costs for management of similar sized operations.

vii Cartage costs are based on a cost model which has been derived from current actual contract rates. Cartage distances are taken from the original feasibility reports. Until a pre-harvest inventory and harvest plan is completed, including where the logs will be sold, this cost could vary. Any significant change in costings or forest yield would affect the fair value of the plantation.

Discount Rate

The discount rate used in the estimate of the tree crop market value is important. The value estimate of young immature forests in particular is very sensitive to the choice of discount rate. The discount rate used represents a real rate of return, which is over and above inflation. Rates quoted by financial institutions are generally nominal rates, which include inflation. The discount rate selected of 6.5% (the equivalent pre-tax discount rate is 8.84%) is based on rates derived from actual transactions in the last three years applied to post-tax cash flows. A significant increase in this input would decrease the fair value of the plantation.

Impact of the Emissions Trading Scheme

In respect of the pre-1990 forest land the carbon credits allocation, in the valuer's opinion, does not impact on the tree crop market value estimate. In respect of the post-1989 forest land premiums may have been paid for this carbon trading opportunity, but carbon credit prices have since declined significantly. It has not as yet been possible to quantify this premium or conclude that such premium still applies to any or all post-1989 forests. This valuation therefore does not include any value in respect of this carbon trading opportunity. A significant increase in this input would increase the fair value of the plantation.

7. PROPERTY, PLANT AND EQUIPMENT

	Opening Value	Additions/ Deletions	Closing Value
Land and Improvements - 2016 Year			
Cost	1,596,288	-	1,596,288
Accumulated Depreciation	(20,672)	(2,889)	(23,561)
Net Book Value	1,575,616	(2,889)	1,572,727
	Opening Value	Additions/ Deletions	Closing Value
Land and Improvements - 2017 Year			
Cost	1,596,288	-	1,596,288
Accumulated Depreciation	(23,561)	(2,331)	(25,892)
Net Book Value	1,572,727	(2,331)	1,570,396

The latest capital value set by Quotable Value for rating purposes in July 2014 was $1,780,000

Greenwood Forest LP

Notes to the Financial Statements
For the Year Ended 28 February 2017

	Feb 2017	Feb 2016
	$	$
8. CASH FLOW RECONCILIATION		
Reconciliation of Cash Flows from Operating Activities.		
Reported Surplus for Year	(46,724)	212,283
Non Cash Item - Depreciation	2,331	2,889
Non Cash Item - Forest Revaluation	56,000	(224,000)
	11,607	(8,828)
Movements in Working Capital:		
Increase/(Decrease) in Accounts Payable	(2,418)	2,948
(Increase)/Decrease in GST	3,470	4,622
	1,052	7,571
Net Cash Flow from Operating Activities	$12,658	($1,258)
Reconciliation of Cash Flows from Financing Activities		
Increase/(Decrease) in Calls in Advance	(230)	-
Net Cash Flow from Financing Activities	($230)	-

9. **FINANCIAL INSTRUMENTS**

Interest Rate Risk

The partnership has exposure to interest rate risk to the extent that it borrows on call at call rates. The partnership manages its cost of borrowing by a scheduled repayment of all borrowing within the next two years.

Credit Risk

Financial Instruments which potentially subject the partnership to credit risk principally consist of bank balances, deposits and accounts receivable as set out in the Balance Sheet. The amounts set out are the maximum exposures and are net of any recognised provision for losses on these financial instruments. The bank holds a first mortgage over the partnership property.

Concentration of Credit Risk

The partnership is not exposed to any concentration of credit risk.

Liquidity Risk

Liquidity risk represents the Partnership's ability to meet its financial obligations on time. For the most part the partnership generates sufficient cash flows from its operating activities to make timely payments.

Price Rate Risk

Price risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may re-price at a different time and/or by a different amount than financial liabilities. The partnership considers that such risk is minimal given that there will be no funds owed to other financial institutions at the end of a two year perio.

Currency Risk

The partnership has no currency risk given that any financial instruments it deals with is all in New Zealand dollars.

Financial Risk Strategey

The Partnership risk management strategy is to use 100% equity finance from the partners.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

	Feb 2017	Feb 2016
	$	$

10. EVENTS AFTER BALANCE DATE

There have been no significant events after balance date.

11. EMISSIONS TRADING SCHEME

Greenwood Forest LP holds 0 NZUs (2016 - 0) on the New Zealand Emission Unit Register. The Partnership elects to record these at their Nominal Amount ($0). The Fair Value of these NZUs based on prices offered by brokers as at 28 February 2017 is Nil

12. CAPITAL COMMITMENTS & OPERATING LEASES

There are no capital commitments, biological asset commitments nor operating leases as at balance date (2016 nil).

13. CONTINGENT ASSETS & CONTINGENT LIABILITIES

There were no contingent assets nor contingent liabilities as at balance date (2016 nil).

14. RELATED PARTIES

The partnership paid administration fees of $4,320 (2016 - $4,150) and management fees and forest expenses of $10,072 (2016 - $15,490) to companies in which R R Dickie, a partner, has a controlling interest. These amounts were charged on normal commercial terms and conditions. The amount outstanding at balance date was $530 (2016 - $2,915). No related party debts have been written off or forgiven during the year.

15. JUDGEMENT AND ESTIMATE UNCERTAINTY

The preparation of financial statements of necessity involves judgement and estimation. The only significant estimation required for the year is the plantation valuation referred to above.

Forest Plantation

Greenwood Forest LP is one of approximately 90 forests administered by Roger Dickie (NZ) Limited using a common forest manager, Forest Management New Zealand (FMNZ) and a common valuer PF Olsen Limited. With a forestry estate of this size PF Olsen is able to carry out rotational checks on selected forests to validate the accuracy of forest data that FMNZ provides for the purposes of the forest valuation.

Due to the nature of a growing forest it is not practical or economic to be physically counted each year. The treecrop valuation is how the underlying growing forest is represented in financial terms.

FMNZ has been providing forest management services to the company since inception and has been producing the required data for the forest valuer (PF Olsen). PF Olsen is, a forestry consultant in its own right and qualifies as an expert for financial reporting purposes.

PF Olsen in order to rely upon the physical data provided by FMNZ validates this information on a rotational basis in the following manner:

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

PF Olsen prepared the initial feasibility study that takes into account significant factors such as plantable area, topography and soils, climate, growth potential, forest development programme, planting and tending, and forecast yields.

Has knowledge of the geographic estate that the forest is growing in.

Inspects a subset of forests each year.

Carries out a ground-check map (to validate net stocked area, access).

Checks tending status, and uniformity of stocking, on a selection of stands (to validate measurement data provided).

Visual checks of stand condition (crop health, growth to date).

Checks for protection measures (e.g. water points, evidence pest control).

Seek explanations for any changes observed in net stocked area, crop typing.

Have relied on a systems audit of FMNZ carried out in the late 90's and the intention from PF Olsen is to conduct another systems audit during 2017.

16. PARTNERSHIP STRUCTURE

Partners have subscribed for Partnership Shares in the Partnership. The number of Partnership Shares has been fixed at 375,000 and they have no nominal value. The partners are required to contribute capital, and to share partnership profits and losses, pro rata in accordance with the number of Partnership Shares held by them in the Partnership. Capital contributions are in accordance with an annually approved budget.

17. ADOPTION OF NEW AND REVISED STANDARDS - (Early adoption of Standards, Interpretations and Modifications)

The partnership believes there will be no effects from accounting standards which have been issued but not yet effective.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

Greenwood Forest LP

IRD No 107-196-781

Statement of Changes in Equity

For the Year Ended 28 February 2017

	EQUITY ACCOUNTS					TAX RETURN
	Balance 2016	Calls for Year	Sales Entries	Profit or Loss	Balance 2017	Share of Tax Profit
5B Holdings Limited	106,149	-	-	-	106,149	371
Aharon, S & C as Trustees	106,149	-	-	-	106,149	371
Bald Hill Investments Limited	53,074	-	-	-	53,074	186
Braun, M G	106,149	-	-	-	106,149	371
Brazier, D J & E J as Trustees	64,588	-	-	-	64,588	226
Cook, M R	106,149	-	-	-	106,149	371
de Leeuw, R G & C E as Trustees	106,149	-	-	-	106,149	371
Denton, R	53,074	-	-	-	53,074	186
Edwards, A W	26,538	-	-	-	26,538	93
Esan Property Limited	27,953	-	-	-	27,953	98
Gingold, Y I	106,149	-	-	-	106,149	371
Gingold, C O	106,149	-	-	-	106,149	371
Gingold, N H L	106,150	-	-	-	106,150	371
Graham, S J	55,282	-	-	-	55,282	193
Hicks, G D & H M	55,282	-	-	-	55,282	193
KAB Limited	26,538	-	-	-	26,538	93
Kent, R H A & D J	53,074	-	-	-	53,074	186
Kent, S C I	55,282	-	-	-	55,282	193
Lambie, B J	106,149	-	-	-	106,149	371
Loveday, W as Trustee	55,282	-	-	-	55,282	193
Oratia Pines Limited	106,149	-	-	-	106,149	371
Paddison, A & S	106,149	-	-	-	106,149	371
Prendergast, L	26,538	-	-	-	26,538	93
Roger Dickie (No 32) Limited	106,149	-	-	-	106,149	371
Scotlink Limited	26,538	-	-	-	26,538	93
Steinhauser, M	53,074	-	-	-	53,074	186
Stephen-Smith, E	26,538	-	-	-	26,538	93
Stephenson, N J	74,170	-	-	-	74,170	259
Tipping, A M	106,149	-	-	-	106,149	371
Turnbull, M K	106,149	-	-	-	106,149	371
Tuten, J C III	106,149	-	-	-	106,149	371
Wells, R M & S T	53,074	-	-	-	53,074	186
West, J & L and Delugar, J as Trustees	53,074	-	-	-	53,074	186
White, P D & J C as Trustees	110,621	-	-	-	110,621	387
Wilkinson, D C	58,820	-	-	-	58,820	206
Zoll, L G & Z M	53,074	-	-	-	53,074	186
	2,653,721	-	-	-	2,653,721	9,276
Retained Earnings	(151,113)	-	-	(46,724)	(197,837)	
Total Equity	2,502,608	-	-	(46,724)	2,455,884	

2017 FINANCIAL YEAR

IS A PROFIT FOR

TAX PURPOSES

Note: This Statement must be read in conjunction with the accompanying Notes.

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INDEPENDENT AUDITORS REPORT

To the Partners of Greenwood Forest Limited Partnership

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Greenwood Forest Limited Partnership (the Limited Partnership) on pages 1 to 14, which comprise the statement of financial position as at 28 February 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Limited Partnership as at 28 February 2017, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Limited Partnership in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Administrator's Responsibilities for the Financial Statements

The administrators are responsible on behalf of the Limited Partnership for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, and for such internal control as the administrators determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the administrators are responsible on behalf of the Limited Partnership for assessing the Limited Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the administrators either intend to liquidate the Limited Partnership or to cease operations, or have no realistic alternative but to do so.

Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A detailed description of the auditors' responsibilities including those related to assessment of risk of material misstatement, evaluation of appropriateness of going concern assumptions and determining key audit matters are available on the external reporting board website:
https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx

Silks Audit

Cameron Town
Silks Audit Chartered Accountants Limited
Whanganui, New Zealand

Date: 22 June 2017