PUKEKAKA SHEEP & BEEF FARM LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

PUKEKAKA SHEEP & BEEF FARM LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

SILKS AUDIT
SA
CHARTERED ACCOUNTANTS LTD

Pukekaka Sheep & Beef Farm Limited

DIRECTORY

Nature of Business	Sheep and Beef Farming in the North Island of New Zealand
I R D Number	94-128-161
Date of Incorporation	18/05/2006
Company Number	1814737
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	Horsley Christie Whanganui
Auditors	Silks Audit Chartered Accountants Limited Whanganui
Bankers	Bank of New Zealand Whanganui

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Pukekaka Sheep & Beef Farm Limited

DIRECTORS REPORT

FOR THE YEAR ENDED 30 JUNE, 2019

The business of the company through its subsidiary Pukekaka Station Ltd is Sheep and Beef Farming.

	THIS YEAR	LAST YEAR
The operating surplus (deficit) of the group for the year ended 30th June 2019 was	2,949,104	692,111
Taxation charge for the year was	(170,125)	(197,625)
Dividend Paid	(252,000)	(157,500)
Retained Earnings at 1st July 2018 were	894,252	557,266
Retained Earnings at 30 June 2019	$ 3,421,231	$ 894,252

It is not proposed to make any transfer to reserves.

The state of the company's affairs at 30th June 2019 was:-

Assets totalled	$ 9,799,014	$ 8,312,620
and were financed by		
Shareholders equity of	9,621,231	7,094,252
and liabilities of	177,783	1,218,368
	$ 9,799,014	$ 8,312,620

The Board of Directors present their annual report, including the financial statements of the Company for the year ended 30 June 2019.

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 $23,823 were provided to the Group by Roger Dickie (N Z) Limited in which Roger Dickie, a director, has a controlling interest. The services were provided on normal commercial terms.

Accounting Services amounting to $14,854 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

No Directors Fees or 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
30 October 2019

Director
30 October 2019

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE, 2019

	Notes	GROUP 2019	PARENT 2019	GROUP 2018	PARENT 2018
		$	$	$	$
Operating Revenue					
Stock Proceeds		3,136,939	-	1,196,150	-
Less Stock Purchases		(37,150)	-	(53,770)	-
Change in Livestock Values		(1,857,235)	-	93,405	-
Gross Income from Livestock		1,242,554	-	1,235,785	-
Wool & Other Sales		88,686	-	79,790	-
Dividends Received		-	252,000	-	157,500
Interest Received		4,538	-	-	-
Revaluation of Investments		-		-	
Rebates		5,038	-	12,554	-
		1,340,816	252,000	1,328,129	157,500
Operating Expenses					
Rates & Insurance		33,566	-	33,584	-
Interest & Finance Charges		42,185	-	59,700	-
Animal Health		39,413	-	49,871	-
Audit Fees		13,614	-	7,995	-
Cartage		36,124	-	15,921	-
Cropping & Cultivation		35,542	-	23,948	-
Directors Fees		-	-	-	-
Hay & Silage		13,828		11,204	
Shearing Costs		86,128	-	65,716	-
Wages		185,021	-	170,538	-
Vehicle Expenses		29,326	-	24,833	-
Fertiliser		119,987	-	9,324	-
Weed & Pest Control		12,226		7,150	
Repairs & Maintenance		38,353	-	55,978	-
Other Operating Expenses		78,820	-	55,593	-
Depreciation & Depreciation Recoveries	8	96,520	-	44,663	-
		860,653	-	636,018	-
Operating Surplus (Deficit) before Tax		480,163	252,000	692,111	157,500
Gain on Disposal of Assets	8	2,468,941			
		2,949,104	252,000	692,111	157,500
Provision for Taxation	4	170,125	-	197,625	-
Operating Surplus (Deficit) after Taxation		2,778,979	252,000	494,486	157,500
Other Comprehensive Income			-	-	-
Total Comprehensive Income		2,778,979	252,000	494,486	157,500

SILKS AUDIT LTD CHARTERED ACCOUNTANTS SA

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2019

	SHARE CAPITAL $	RETAINED EARNINGS $	TOTAL EQUITY $
30 June 2019 - Group			
Total Comprehensive Income for Year	-	2,778,979	2,778,979
Less Dividend Paid	-	(252,000)	(252,000)
	-	2,526,979	2,526,979
Equity at Beginning of Year	6,200,000	894,252	7,094,252
Equity at End of Year	6,200,000	3,421,231	9,621,231
30 June 2019 - Parent			
Total Comprehensive Income for Year	-	252,000	252,000
Less Dividend Paid	-	(252,000)	(252,000)
	-	-	-
Equity at Beginning of Year	6,200,000	(260,207)	5,939,793
Equity at End of Year	6,200,000	(260,207)	5,939,793
30 June 2018 - Group			
Total Comprehensive Income for Year	-	494,486	494,486
Less Dividend Paid	-	(157,500)	(157,500)
	-	336,986	336,986
Equity at Beginning of Year	6,200,000	557,266	6,757,266
Equity at End of Year	6,200,000	894,252	7,094,252
30 June 2018 - Parent			
Total Comprehensive Income for Year	-	157,500	157,500
Less Dividend Paid	-	(157,500)	(157,500)
	-	-	-
Equity at Beginning of Year	6,200,000	(260,207)	5,939,793
Equity at End of Year	6,200,000	(260,207)	5,939,793

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE, 2019

		GROUP 2019	PARENT 2019	GROUP 2018	PARENT 2018
		$	$	$	$
Current Assets					
Cash at Bank	6	9,645,422		247,041	
Accounts Receivable		38,981		3,929	
Prepayments		4,852		-	
Assets held for resale		59,052		-	
Provision for Taxation		50,707		-	
Livestock on Hand	7	-		1,857,235	
Loan to Subsidiary			5,939,792		5,939,792
Total Current Assets		9,799,014	5,939,792	2,108,205	5,939,792
Non Current Assets					
Shares		-		51,303	
Shares in Subsidiary		-	1	-	1
Deferred Tax Asset	4	-		11,344	
Property, Plant & Equipment	8	-		6,141,768	
Total Non-Current Assets		-	1	6,204,415	1
Total Assets		9,799,014	5,939,793	8,312,620	5,939,793
Current Liabilities					
Employee Entitlements		-	-	29,513	-
Provision for Income Taxation		-	-	5,881	-
Accounts Payable		177,783	-	124,408	-
Total Current Liabilities		177,783	-	159,802	-
Non-Current Liabilities					
Bank of New Zealand Term Loan	9	-	-	1,058,566	-
Total Non-Current Liabilities		-	-	1,058,566	-
Equity		9,621,231	5,939,793	7,094,252	5,939,793
Total Liabilities & Equity		9,799,014	5,939,793	8,312,620	5,939,793

For and on behalf of the board

Director
30 October 2019

Director
30 October 2019

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

CASHFLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE, 2019

	Notes	GROUP 2019 $	PARENT 2019 $	GROUP 2018 $	PARENT 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from Customers		3,187,405	-	1,279,010	-
Interest & Dividends		4,538	251,676	-	163,938
Income Tax					
GST		9,918	-	42,452	-
		3,201,861	251,676	1,321,462	163,938
Cash was applied to:					
Operating Expenses		(747,396)	-	(591,741)	-
Interest Paid		(42,185)	-	(59,700)	-
Taxation Paid		(210,096)	-	(273,574)	-
GST		-		-	
		(999,677)	-	(925,015)	-
Net cash inflow (outflow) from operating activities	11	2,202,184	251,676	396,447	163,938
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash receipts					
Sale of Fixed Assets		8,513,805	-	-	-
Sale of Investments		16,751	-	-	-
		8,530,556	-	-	-
Cash was applied to:					
Loan to Subsidiary			-		-
Purchase of Fixed Assets		(24,117)	-	(61,365)	-
Purchase of Investments			-		-
Preliminary Expenses			-		-
		(24,117)	-	(61,365)	-
Net cash inflow (outflow) from investing activities		8,506,439	-	(61,365)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Loans drawn down		300,000	-	-	-
Tractor Loan		-	-	-	-
Share Capital Subscribed		-	-	-	-
		300,000	-	-	-
Cash was applied to:					
Dividend Payment		(251,676)	(251,676)	(163,938)	(163,938)
Loan Repayment		(1,358,566)	-	(300,000)	-
		(1,610,242)	(251,676)	(463,938)	(163,938)
Net cash inflow (outflow) from financing activities		(1,310,242)	(251,676)	(463,938)	(163,938)
Net increase (decrease) in cash held		9,398,381	-	(128,856)	-
Balance at beginning of year		247,041	-	375,897	-
Balance at end of year 30 June 2019	6	9,645,422	-	247,041	-

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

FOR THE YEAR ENDED 30 JUNE, 2019

1. Summary of Significant Accounting Policies

Reporting Entity

Pukekaka Sheep & Beef Farm Ltd is a company registered under the Companies Act 1993.

The group consists of the Parent company Pukekaka Sheep & Beef Farm Ltd, which is an issuer, and its wholly owned subsidiary Pukekaka Station Ltd.

These financial statements are for a scheme registered under the Financial Markets Conduct Act 2013, and the have been prepared in accordance with the Financial Markets Conduct Act 2013
The Board authorise the release of these financial statements on 30 October 2019.

Measurement Base

The company had previously reported on an historical cost basis as a going concern, however business of the company was sold in June 2019, and the company is in the process of winding up. Therefore the company is now recording assets and liabilities on a realisation basis as the going concern presumption is no longer applicable.

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 which is the functional and presentation currency.

All figures in the Financial Statements have been rounded to the nearest dollar.

Basis of Preparation

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2018 or later periods, but the group has not early adopted them:

NZ IFRS 16 - Leases (Effective from 1 January 2019)
NZ IFRS 16 Leases will replace NZ IAS 17 leases. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for all leases, with the optional exception of short-term leases and leases of low-value assets. The standard is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted, if IFRS 15 Revenue from Contracts with Customers has also been adopted. This is not expected to have a material impact on the Company's financial statements.

Specific Accounting Policies

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

(a) *New and amended standards adopted by the Company*

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 June 2018. The Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.
The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 June 2018.

- NZ IFRS 9 Financial Instruments
- NZ IFRS 15 Revenue from Contracts with Customers

The Company had to change its accounting policies following the adoption of NZ IFRS 9 and NZ IFRS 15. These are disclosed in Note 1(h) and Note 1(k). The adoption of the standards and amendments listed above did not have any impact on the amounts recognised in prior periods.

(b) 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.

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(c) Property, Plant and Equipment & Motor Vehicles

The company has these classes of property, plant and equipment:
- Freehold Land;
- Freehold Buildings;
- Plant and 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 and equipment	5 to 15 years
- Motor Vehicles	5 to 15 years

(d) 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.

(e) Share Capital

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

(f) 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.

Livestock on hand are valued at Market Value less cost of sale.

(g) 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.

(h) Financial Instruments

(i) Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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(ii) Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging *instruments are classified into the following categories upon initial recognition:*

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

(iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an activeinstruments. market. After initial recognition, these are measured at amortised cost using the effective interest method, less an allowance for credit losses. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and accounts receivable fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(iv) Financial assets at FVTPL
Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are *designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category.*

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this *category are determined by reference to active market transactions or using a valuation technique where no active market exists.*

(v) Classification and subsequent measurement of financial liabilities
The Company's financial liabilities include borrowings and accounts payable.
Financial liabilities are measured subsequently at amortised cost using the effective interest method.

(i) 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.

(j) Investments

Investments are recorded at market value.

(k) 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.

(l) Revenue

Operating Revenue
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, gross of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(m) 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.

(n) Employee Entitlements

Liabilities for annual leave, sick leave and long-service leave are accrued and recognised in the balance sheet.

Annual leave and sick leave are recorded at the undiscounted amount expected to be paid for the entitlement earned. For sick leave this is based on the unused entitlement accumulated at balance date and expected to be utilised in the future.

For long-service leave the liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

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(o) 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.

(p) Wool on Hand

Wool on Hand is accounted for at fair value less cost of sale.

(q) Goodwill

Pukekaka Sheep & Beef Farm Ltd contracted to purchase the subsidiary before trading commenced at a notional cost of $1.
Net tangible assets were nil

(r) Assets held for Resale

Assets held for resale are recorded at the lesser of net realisable value or cost price less accumulated depreciation.

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

2. Issued Shares

	Group 2019	Parent 2019	Group 2018	Parent 2018
Ordinary Shares Issued	6,300,000	6,300,000	6,300,000	6,300,000
Opening Paid Up Capital	6,200,000	6,200,000	6,200,000	6,200,000
Further Capital Paid Up			-	-
Closing Paid Up Capital	6,200,000	6,200,000	6,200,000	6,200,000

All ordinary shares have been issued. There are 100,000 unpaid ordinary shares (2018: 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 2019	Parent 2019	Group 2018	Parent 2018
Balance as at 1 July 2018	894,252	(260,207)	557,266	(260,207)
Operating surplus (deficit) attributable to the shareholders of the parent company.	2,778,979	252,000	494,486	157,500
	3,673,231	(8,207)	1,051,752	(102,707)
Less Dividend Paid	252,000	252,000	157,500	157,500
Balance as at 30 June 2019	3,421,231	(260,207)	894,252	(260,207)

4. Taxation

	Group 2019	Parent 2019	Group 2018	Parent 2018
Net profit/(Loss) for the year	480,163	252,000	692,111	157,500
	-		-	
Prima facie income tax at 28%	825,749	44,100	193,791	44,100
Add (subtract) taxation effect of permanent & timing differences	65	(44,100)	3,834	(44,100)
Non-taxable Capital Gains	(691,303)	-		-
Non-Dedeuctible Loss on Sale	35,614		-	
Income Tax Expenses	170,125	-	197,625	0

	Group 2019	Parent 2019	Group 2018	Parent 2018
The income tax expense is represented by:				
Current Tax	158,781	-	198,757	-
Deferred Tax	11,344	-	(1,132)	-
Income Tax Expenses	170,125	-	197,625	-

There are tax losses and unrecognised timing differences to be carried forward of $nil (2018: $nil) for set-off against future assessable income subject to Inland Revenue Department Assessment.

5. Imputation Credit Account

	Group 2019	Parent 2019	Group 2018	Parent 2018
Balance as at 1 July 2018	431,958	-	219,634	-
Tax Refunded	-		-	
Credits attached to Dividend	(98,000)	(98,000)	(61,250)	(61,250)
Tax Paid	210,095	98,000	273,574	61,250
Balance as at 30 June 2019	544,053	-	431,958	-

6. Cash and Cash Equivalents

	Group 2019	Parent 2019	Group 2018	Parent 2018
Bank of New Zealand Cheque Account	6,645,422	-	247,041	-
Bank of New Zealand Deposit Accounts	3,000,000	-	-	-
Balance as at 30 June 2019	9,645,422	-	247,041	-

7. Stock on Hand

	No.	Group 2019	Parent 2019	No.	Group 2018	Parent 2018
Ewe Hoggets	-	-	-	1635	261,600	-
2th Ewes	-	-	-	1467	315,405	-
MA Ewes	-	-	-	3485	695,800	-
Ram & Wether Hoggets	-	-	-	58	8,080	
Breeding Rams	-	-	-	58	9,200	-
R1 Steers	-	-	-	115	105,225	-
R1 Heifers	-	-	-	101	78,780	-
R 2 Steers	-	-	-	3	2,570	
R2 Heifers	-	-	-	60	75,450	-
MA Cows	-	-	-	199	266,625	-
Bulls	-	-	-	11	38,500	-
		-	-		1,857,235	-

Reconciliation of Numbers - Sheep	2019	2018
Opening Stock	6703	6482
Purchases	15	49
Sales	-15477	-7904
Natural Increase	9260	8590
Deaths & Missing	-501	-514
Closing Stock	0	6703

Reconciliation of Numbers - Cattle	2019	2018
Opening Stock	489	483
Purchases	2	4
Sales	-699	-192
Natural Increase	235	223
Deaths & Missing	-27	-29
Closing Stock	0	489

SILKS AUDIT CHARTERED ACCOUNTANTS LTD

STATEMENT OF ACCOUNTING POLICIES AND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2019 (CONT.)

8. Property, Plant & Equipment

	Land	Buildings	Plant & Equipment	Motor Vehicles	Total
1 July 2018:					
Cost Price	5,354,484	823,266	136,817	179,933	6,494,500
Accumulated Depreciation/Impairment	-	(182,412)	(97,788)	(72,533)	(352,733)
Net Book Value	5,354,484	640,854	39,029	107,400	6,141,767
Additions		-	24,117	-	24,117
Transfer to Assets held for Resale				(24,500)	(24,500)
Disposals	(7,814,891)	(531,733)	(79,464)	(87,717)	(8,513,805)
	(2,460,407)	109,121	(16,318)	(4,817)	(2,372,421)
Depreciation		2,901	-	10,500	13,401
Loss on Disposal		127,193	11,612	2,896	141,701
Capital Gain on Sale	(2,460,407)	(5,798)	(2,736)		(2,468,941)
Depreciation Recoveries		(15,175)	(25,194)	(18,213)	(58,582)
Net Book Value	-	-	-	-	-
30 June 2019:					
Cost Price	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
Net Book Value	-	-	-	-	-

The parent company, Pukekaka Station Limited, does not own any property, plant and equipment

	Land	Buildings	Plant & Equipment	Motor Vehicles	Total
1 July 2017:					
Cost Price	5,354,484	806,861	135,042	172,015	6,468,402
Accumulated Depreciation/Impairment		(164,157)	(92,115)	(87,065)	(343,337)
Net Book Value	5,354,484	642,704	42,927	84,950	6,125,065
Additions	-	16,405	1,775	63,185	81,365
Disposals	-	-	-	(20,000)	(20,000)
	5,354,484	659,109	44,702	128,135	6,186,430
Depreciation		18,255	5,673	21,241	45,169
Impairment Loss Recovered					-
Loss/(Gain) on Sale			-	(506)	(506)
Net Book Value	5,354,484	640,854	39,029	107,400	6,141,767
30 June 2018:					
Cost Price	5,354,484	823,266	136,817	179,933	6,494,500
Accumulated Depreciation	-	(182,412)	(97,788)	(72,533)	(352,733)
Net Book Value	5,354,484	640,854	39,029	107,400	6,141,767

9. Non Current Liabilities

	Group 2019	Parent 2019	Group 2018	Parent 2018
B N Z Term Loan - Current	-	-	-	-
Tractor Hire Purchase - Current	-	-	-	-
	-	-	-	-
B N Z Term Loan - Term	-	-	1,058,566	-
Tractor Hire Purchase - Term	-	-	-	-
	-	-	1,058,566	-
Total	-	-	1,058,566	-
Repayable as follows:				
Less than 1 Year	-	-	-	-
Between 1 - 2 Years	-	-	1,058,566	-
Between 2 - 5 Years	-	-	-	-
Greater than 5 years	-	-	-	-
	-	-	1,058,566	-

a) The bank loans and overdraft were secured by a first mortgage over the farm property and perfected security interest in all present and after acquired property, including livestock, of Pukekaka Station Limited.

b) The loan has been fully repaid

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

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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

The group does not have any significant concentrations of credit risk.

Currency and Interest rate risk

Group entities have exposure to interest rate risk to the extent that they borrow at floating interest 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.

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 a fixed term at floating. The Issuing Group manages its cost of borrowing by regularly reviewing the proportion of borrowings at floating rate, and the proportion of fixed rate borrowing that is repriced in any year.

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

	Group 2019	Parent 2019	Group 2018	Parent 2018
Net Surplus/(Deficit) after tax for the year	2,778,979	252,000	494,486	157,500
Add (less) non cash items:-				
- Rebates transferred to shares	-	-	(6,294)	-
- Capital Gain on Sale of Fixed Assets	(2,468,941)			
- Loss on Sale of Fixed Assets	141,701			
- Gain on Sale of Fixed Assets	(58,582)	-	(506)	-
- Depreciation	13,401	-	45,169	-
	406,558	252,000	532,855	157,500
Add (less) movement in other working capital items:				
Increase (decrease) in accounts payable	53,052	-	53,789	-
Increase (decrease) in employee entitlements	(29,513)		4,043	
(Increase) decrease in livestock on hand	1,857,235	-	(93,405)	-
(Increase) decrease in accounts receivable	(35,052)	(324)	20,054	6,438
(Increase) decrease in prepayments	(4,852)			
Increase (decrease) in Deferred Tax Asset	11,344		(1,132)	
Increase (decrease) in Taxation Provision	(56,588)	-	(119,757)	-
(Increase) decrease in Wool on Hand	-		-	
Net cash inflow (outflow) from operating activities	2,202,184	251,676	396,447	163,938
	-			

12. Contingent Assets and Contingent Liabilities

The company has a deferred tax asset arising from timing differences amounting to $nil (2018: $11,344). The asset has been recognised in the financial statements as the farm is trading profitably.

At 30 June 2019 the Company has no other significant contingent assets or contingent liabilities. (2018: $Nil)

13. Capital Commitments & Non-Cancellable Operating Leases

At 30 June 2019 there were no significant capital commitments or non-cancellable operating leases entered into. (2018: $Nil)

14. Events After Balance Date

The directors resolved on 28 May 2019 to commence winding up of the company. Since balance date an interim payment of $1 per share has been made, with the balance to be paid in October or November 2019.

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15. Investment in Subsidiary

	2019	2018	Business
Pukekaka Station Limited	100%	100%	Sheep and Beef Farming

The Company owns 100 ordinary shares in Pukekaka Station Limited

16. Related Party Transactions

a) The subsidiary paid administration fees of $18,971 (2018: $14,771) to Roger Dickie (NZ) Ltd, in which Roger Dickie, a director, has a controlling interest. The amount owing at balance date was $nil (2018: $1,395)

b) Accounting Services amounting to $14,854 (2018: $6,985) were provided to the Group by Markhams Waverley Limited in which Jeff Whitlock, a director, is also a director. The amount owing at balance date was $11,642 (2018: $5,000)

c) The subsidiary paid Steve Barr directors fees of $nil (2018: $nil) and $nil to Roger Dickie (2018: $nil).

d) The subsidiary company has an advance from the parent of $5,939,793 (2017: $5,939,793). No interest has been charged on this advance

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

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INDEPENDENT AUDITORS REPORT

To the Shareholders of Pukekaka Sheep & Beef Farm Limited

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Pukekaka Sheep & Beef Farm Limited and its subsidiaries (the Group) on pages 3 to 14, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2019, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Company or any of its subsidiaries.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were address in the context of our audit of the financial statements as a whole, and in forming our opinion. We do not provide a separate opinion on these matters.

Livestock Revenue

Why Significant	How our audit addressed the key audit matter
The livestock represents a significant amount of the company's total revenue received – 96.96%.	To address the key audit matter, we: • Assessed the internal controls and systems relating to livestock stock management. • Obtained an independent confirmation from livestock agents of stock sales and compare these sales to the general ledger. • Reconciled stock movements for the year to ensure completeness of revenue received.

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Principals: Cameron Town, Talia Anderson-Town.

Whanganui Taranaki Manawatu Central Plateau Auckland

- Reconciled the sales of the livestock sold as part of the asset sale of the company to sale and purchase agreement.
- Ensured livestock proceeds have been reported in accordance with the accounting policy and appropriate reporting disclosures.

Property, Plant & Equipment

Why Significant	How our audit addressed the key audit matter
The Property, Plant & Equipment represented a significant portion of the company's asset. During the year the company resolved to dispose of the assets of the company.	To address the key audit matter, we: • Agreed the sale and purchase of land and buildings to the agreement. • Ensure the profit or loss on the sale of the land and buildings was reported in accordance with the accounting policy and appropriate reporting disclosures.

Basis of Accounting
Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared on a realisation basis due to the company's decision to dispose of the assets of the company and distribute the residual funds to shareholders. Therefore, the going concern assumption no longer applies.

Other information
The directors are responsible on behalf of the Group for the other information. The other information comprises the Directors Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based, on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group'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 directors either intend to liquidate the Group 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 consolidated 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 consolidated 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: http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-5/

Restriction on Distribution or Use
This report is made solely to the Shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company Shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independents auditor's report is Talia Anderson-Town.

Silks Audit

Silks Audit Chartered Accountants Limited
Whanganui, New Zealand

Date: 30 October 2019