

Chairman's Annual Report

The New Zealand Wood Council was established in 2006 and the initial membership reflected the diversity of the important sector

- Primary producers ...the forest owners (large and small) – FOA, FFA
- Secondary processors – solidwood and pulp and paper - WPA
- Tertiary manufacturers - PMA
- Service providers – FICA

Eight years on, the Wood Council continues to meet regularly as a forum reflecting the willingness of the participants to share information, views and perspectives about areas of mutual interest and concern and initiate actions to advance its members mutually shared objectives; all in an endeavor to increase the contribution which the forest sector makes to the national economy, improve financial returns to the investors in the sector, thereby supporting capital investment and future growth.

The Council will continue to evolve as members review its objectives and the most effective means of achieving them. Discussions are being held now about revising meeting format the Council follows, the participants and the timing of meetings. This is a positive response to changing areas of focus, available resources and is a mark of a healthy organization reacting to the changing environment in which it operates.

Wood Council members continue to look to the goals set in the Strategic Action Plan developed in 2012. The goals are ambitious and will only be met if forest owners, and processors grow their businesses, improve productivity, develop new products and substantially increase processing within our shores.

2014 was an important year for 2 of the Council's members with the merger of the Wood Processors' Association and the Pine Manufacturers' Association. The establishment of the Wood Processors' and Manufacturers' Association (WPMA) reflects an acknowledgement by the processors that collective alignment and effort offers an efficient and effective vehicle to tackle common challenges. I congratulate the leaders of the processing industry on the successful completion of the merger and more so on the creation of their aspirational NZ Wood Story – ReNewing New Zealand.

Also worthy of noting is that the Forest Owners Association is reviewing and updating its Science and Innovation Plan, the platform which prioritises investment in a substantial research and development programme.

The achievement of these goals is largely in the hands of those involved directly in the sector but our progress can be aided or hindered by regulators and legislators, bodies with which the Council maintains a constructive and positive relationships.

Our challenge within Woodco is to clearly and appropriately convey to these parties the benefits that the sector can offer and to inform and advise what can practicably and reasonably be done to create an environment which fosters investment and growth for growers and processors.

Our sector can create more sustainable, well-paying jobs and significantly increase export earnings and I am encouraged Wood Council executive officers' and staff commitment to achieving these worthy objectives.

Bill McCallum
Chairman

**Wood Council of New
Zealand (Woodco)
Incorporated**

Financial report
for the year ended 30 June 2014

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Approval of annual report

The Board is pleased to present the financial report, including the financial statements of Wood Council of New Zealand (Woodco) Incorporated, for the year ended 30 June 2014.

A handwritten signature in black ink, appearing to read 'Tom Boon', with a horizontal line underneath it.

Tom Boon - Board Member

Dated: 11 November 2014.

Company directory

as at 30 June 2014

Nature of business	Industry representation for promotion of New Zealand wood products, including the operation branch of NZ Wood which promotes New Zealand forests and wood resources.
Registered office/ Location of business	Level 9 93 The Terrace Wellington 6011
Accountants	Jon Holmes KPMG 10 Customhouse Quay Wellington 6011
Auditors	D M Lander 19-21 Broderick Road Johnsonville Wellington 6037
Bankers	ANZ 39 Bay Road Kilbirnie 6022
Executive	Bill McCallum (Chairman) Ian Jackson Brian Stanley Tom Boon Jon Ryder Jacob Kajavala Paul Nicholls Paul Jordan Peter Clark Peter Weir

Statement of financial performance

for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue			
Membership fees		26,250	52,500
Woodco strategic action plan		-	12,100
Interest received		878	2,241
		27,128	66,841
Expenses			
Administration	1	35,254	44,057
Net business surplus/(deficit)		(8,126)	22,784
Other income/(expenses)			
Woodscape project	2	-	-
NZ Wood trading account	3	(4,398)	(179,470)
Operating deficit before tax		(12,524)	(156,686)
Tax expense	4	75	942
Net deficit		(12,599)	(157,628)



These statements have been subject to audit and should be read in conjunction with the statement of accounting policies and the notes to the financial statements.

Statement of movements in equity

for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Net deficit for the year		(12,599)	(157,628)
Equity at beginning of year		136,044	293,672
Equity at end of year		123,445	136,044

These statements have been subject to audit and should be read in conjunction with the statement of accounting policies and the notes to the financial statements.



Balance sheet

as at 30 June 2014

	Note	2014 \$	2013 \$
Equity		123,445	136,044
Current assets			
Cash and bank balances	5	112,634	133,551
Accounts receivable		13,033	28,750
Interest receivable		252	947
GST refund due		16,355	23,906
Total assets		142,274	187,154
Current liabilities			
Accounts payable		18,756	50,168
Income tax payable	4	75	942
Total liabilities		18,831	51,110
Net assets		123,445	136,044

These statements have been subject to audit and should be read in conjunction with the statement of accounting policies and the notes to the financial statements.



Statement of accounting policies

for the year ended 30 June 2014

Basis of preparation

The Wood Council of New Zealand (Woodco) Incorporated, including the branch of NZ Wood, is an association incorporated under the Incorporated Societies Act of 1908. The financial statements have been prepared using generally accepted accounting practice.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and balance sheet on a historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Differential reporting

In terms of the framework for differential reporting an entity is exempt from certain financial reporting standards if it satisfies the criteria laid down in the framework; such an entity is called a qualifying entity. Wood Council of New Zealand (Woodco) Incorporated is an entity qualifying for differential reporting exemptions as it has no public accountability and is not large in terms of the criteria set out in the Differential Reporting Framework.

All differential reporting exemptions have been adopted.

Receivables

Receivables are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Taxation

As an incorporated society the Wood Council of New Zealand Incorporated is only required to return income arising from transactions with non-members. All income other than interest income has been derived from Wood Council of New Zealand (Woodco) Incorporated members. Only the interest income is assessable for tax purposes.

In addition, non-profit bodies are allowed a tax exemption of up to \$1,000 against net income.

Goods and services tax

All amounts are shown exclusive of Goods & Services Tax (GST), except for receivables and payables which are shown inclusive of GST.

Audit

These financial statements have been subject to audit, please refer to Independent Auditor's report.

Contingent Liabilities

The Wood Council of New Zealand (Woodco) Incorporated does not have any capital commitments or contingent liabilities unrecorded in the balance sheet as at balance date (2013: nil).

Subsequent events

There have been no subsequent events that would effect the financial statements post balance date.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.



Notes to the financial statements

1 Administration	2014	2013
	\$	\$
Accounting	5,130	5,426
Audit fees	2,280	2,290
Bank charges	65	61
Contractors	2,166	-
General expenses	174	120
Subscriptions	3,500	3,500
Secretarial fees	15,000	15,000
Catering and venue hire	1,680	-
Forestwood conference	1,711	2,017
Telecommunications	1,813	1,662
Travelling & accommodation	860	933
Woodco strategic action plan	-	12,520
Website	875	528
	35,254	44,057
2 Woodscape project	2014	2013
	\$	\$
Income		
Woodscape project income	-	300,000
Less expenses		
Woodscape project expenses	-	300,000
Net Woodscape project surplus	-	-



Notes to the financial statements

3 Sundry trading	2014 \$	2013 \$
NZ Wood fees		
Income		
NZ Wood fees	100,000	335,000
Interest received	389	2,123
TDA Entries/Sponsorship	64,475	47,684
Woodsmart Seminar	19,673	12,797
	<u>184,537</u>	<u>397,604</u>
Less expenses		
Accounting	3,164	7,800
Administration	7,500	4,041
Advertising	2,445	141,599
Audit fees	1,520	2,290
Bank fees	601	663
Woodsmart seminars	24,659	1,543
Electricity	56	-
Entertainment	-	1,311
General expenses	1,343	620
Help Line Support	5,306	-
Industry Partnerships	18,442	-
IT/Computer expenses	1,157	3,285
Legal	1,257	5,087
Public relations	-	5,061
Rent and Rates	576	8,852
Sponsorship	-	40,175
Staff costs	337	183,065
Subcontractors/consultants	6,522	25,788
Telephone	576	6,277
Timber Design Awards	75,414	60,361
Timber Design Society WoodSmart	1,738	-
Trade Magazines/Specialist Speakers	17,549	-
Travel	2,035	20,325
Website	16,738	58,931
	<u>188,935</u>	<u>577,074</u>
Net NZ Wood trading account deficit	(4,398)	(179,470)



Notes to the financial statements

4 Tax	2014 \$	2013 \$
Operating deficit before tax	(12,524)	(156,686)
Adjustments for differences		
Timing differences		
Current year accounting and audit accrual	7,300	7,050
Prior year accounting and audit accrual	(7,050)	(6,000)
Holiday pay accrual movement	-	(5,699)
63 day adjustment	-	2,493
Bonus accrual movement	-	(12,000)
	250	(14,156)
Permanent differences		
Non-assessable member income	13,541	175,207
Incorporated society tax exemption	(1,000)	(1,000)
	12,541	174,207
Total adjustments	12,791	160,051
Taxable income	267	3,365
Tax expense	75	942
Income tax payable	75	942
5 Cash and bank balances	2014 \$	2013 \$
Current account - Woodco	97,719	113,305
Savings account - Woodco	-	9,455
Call account - Woodco	1,566	21
Current account - NZ Wood	12,241	10,465
Call account - NZ Wood	1,108	305
	112,634	133,551
Total cash and bank balances classified as follows:		
Current assets	112,634	133,551
	112,634	133,551

6 Related parties

There were no transactions involving related parties during the year, other than those already disclosed elsewhere in these financial statements.



Notes to the financial statements

7 NZ Wood assets and liabilities

The following items included within the balance sheet of Wood Council of New Zealand (Woodco) Incorporated relate to NZ Wood:

	2014 \$	2013 \$
Opening Equity	9,473	188,943
Prior year GST adjustment	13,612	-
NZ Wood operating deficit	(4,398)	(179,470)
Closing Equity	18,687	9,473
Current assets		
Cash and bank balances	13,349	10,770
Accounts receivable	13,033	-
GST refund	452	3,403
Total assets	26,834	14,173
Current liabilities		
Accounts payable	8,147	4,700
Total liabilities	8,147	4,700
Net assets	18,687	9,473

During the 2012 year the Wood Council of New Zealand (Woodco) recorded GST payments and refunds from NZ Wood in the wrong ledger account. There was adjustment in the Woodco GST reconciliation for the year ended 30 June 2013. This adjustment was moved to the correct GST account at 30 June 2014.

8 Operating lease commitments

The lease commitment is as follows:

	2014 \$	2013 \$
Current portion	-	6,922
Non-current portion	-	34,611
	-	41,533

As at 30 June 2014, Wood Council of New Zealand (Woodco) Incorporated is no longer committed to the rental of office space in the Forestwood Centre from New Zealand Forest Owners' Association.



INDEPENDENT AUDITOR'S REPORT

To the Members of the Wood Council of New Zealand (Woodco) Incorporated.

I have audited the financial statements of Wood Council of New Zealand (Woodco) Incorporated on pages 4 to 11 which comprise the Balance Sheet as at 30 June 2014 and the Statement of Financial Performance and the Statement of Movements in Equity for the year then ended, and summary of significant accounting policies and other explanatory information.

Council Responsibilities of the Financial Statements:

The Council is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities:

My responsibility is to express an opinion on these financial statements based on our audit. I have conducted my audit in accordance with International Standards on Auditing (New Zealand). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

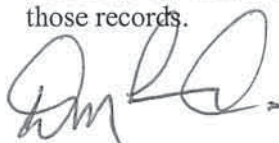
Other than in my capacity as auditor I have no relationship, or interest in the Wood Council of New Zealand (Woodco) Incorporated.

Opinion

In my opinion, the financial statements on pages 4 to 11 present fairly, in all material respects the financial position of Wood Council of New Zealand (Woodco) Incorporated as at 30 June 2014 and its financial performance and movements in equity for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Report on Other Legal and Regulatory Requirements

I have obtained all the information and explanations that I required. In my opinion proper accounting records have been kept by Wood Council of New Zealand (Woodco) Incorporated as far as appears from those examinations of those records.



Denis Lander

Auditor

11 November 2014