

Chairman's report to the Annual General Meeting of the Wood Council of New Zealand

14 September 2011

As the only body in New Zealand representative of the full wood value chain, from forest growing through to sawn and treated lumber or pulp and paper, the Wood Council is an integral part of the industry in New Zealand.

The last twelve months have been eventful for Woodco. We have produced an industry study, "Building a stronger future for wood". The study is available on the Woodco website, and gives an invaluable window into where we stand as an industry in 2011. One of the key objectives of the study was to gauge the level of support across the industry for developing a forest industry strategy, and following the success of the study we have set in place a framework for developing an industry strategy.

The promotional arm of Woodco, NZ Wood, has undergone a significant restructuring during this time, after a successful negotiation with the Ministry of Agriculture and Forestry to secure a final one-off contribution of \$600,000 to transition the programme to entirely industry-funded. The programme is being moved in-house with a full time Chief Executive, who will report to the newly-formed NZ Wood board (who in turn report to Woodco). Jane Arnott has been appointed CEO of the programme, and Lees Seymour chairs the NZ Wood board.

NZ Wood also emerged victorious from a 48-hour Christchurch redesign competition held earlier this year. The team, led by NZ Wood, included seven prominent architects, engineers and designers, beat fourteen other teams with their damage avoidance designed wooden structures.

October 2010 saw the second Forestwood conference, jointly hosted by Woodco and our member organisations. Feedback we have received on the conference made it clear how valuable this was to the industry, both for the conference itself and the networking opportunities with other industry members. Forestwood 2012 is in the planning stages at

present, and it is anticipated that we will use this venue to launch the forest industry strategy currently in development.

October also saw the timber design awards take place. This year we continued the trend of improvement, with record attendance and record entries to the competition. Profiles of the entrants and winners are available on the NZ Wood website, as well as information on the upcoming 2011 awards.

Drawing the name from the joint conference, several of our member organisations have relocated to the newly-named Forestwood centre in Wellington. The offices are shared by the Wood Processors' Association, Forest Owners Association, Farm Forestry Association, NZ Wood, and the NZ Institute of Forestry, as well as being the registered office of Woodco.

As well as these achievements, Woodco has continued to be both a voice for the whole industry, releasing several media statements over the year as well as being interviewed on several occasions. Furthermore, we have continued to provide a venue for the value chain to come together and discuss issues that impact us all, and work towards our future benefit and a stronger future for wood.

I thank my fellow councillors for their contribution, and I have every confidence that the coming year will see us build further on these successes.

A handwritten signature in blue ink, appearing to read 'Doug Ducker', with a stylized, sweeping flourish extending to the right.

Doug Ducker
Chairman
Wood Council of New Zealand

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

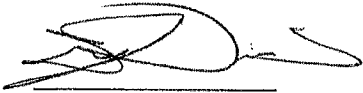
Financial report
for the year ended 30 June 2011

Report contents

	Page
Approval of annual report	2
Directory	3
Financial statements	
Statement of financial performance	4
Statement of movements in equity	5
Balance sheet	6
Statement of accounting policies	7
Notes to the financial statements	9
Supplementary schedules	
Auditor's report	12

Approval of financial 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 2011.



Chairman

Chief Executive Officer

Dated:

15 December 2011

Directory

as at 30 June 2011

Nature of business	Industry representation for promotion of New Zealand wood products.
Registered office/ Location of business	Level 9 90 The Terrace Wellington
Accountants	Jon Holmes KPMG 10 Customhouse Quay Wellington 6011
Auditors	D M Lander 19-21 Broderick Rd Johnsonville Wellington 6037
Bankers	The National Bank of New Zealand Kilbirnie
Executive	Doug Ducker (Chairman) Tim Rigter Jacob Kajavala Lees Seymour John Dermer Owen Griffiths Peter Berg Bill McCallum Mark Hansen Brice Landman

Wood Council of New Zealand (WoodCo) Incorporated

Financial report for the year ended 30 June 2011

Statement of financial performance

for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue			
Membership fees		52,500	45,500
Joint conference income		76,844	-
Interest received		3,360	2,750
		132,704	48,250
Expenses			
Administration	2	117,265	64,938
Interest		167	-
Depreciation		-	294
Loss on disposal of fixed assets		1,872	-
		119,304	65,232
Net business deficit		13,400	(16,982)
Other income			
SFF greenhouse gas footprint	3	-	-
NZ Wood trading account	4	326,686	104,666
Operating surplus before tax		340,086	87,684
Tax expense	5	708	525
Net surplus		339,378	87,159

These statements are to be read in conjunction with the notes to the financial statements

Statement of movements in equity

for the year ended 30 June 2011

	Note	2011	2010
		\$	\$
Net surplus for the year		339,378	87,159
Equity at beginning of year		80,800	(6,359)
Equity at end of year		420,178	80,800

These statements are to be read in conjunction with the notes to the financial statements

Balance sheet

as at 30 June 2011

	Note	2011 \$	2010 \$
Equity		420,178	80,800
Current assets			
Cash and bank balances	6	21,423	197,725
Accounts receivable		567,889	3,609
GST refund due		-	23,711
Income tax refund	5	321	488
		589,633	225,533
Non current assets			
Property, plant and equipment	7	-	1,872
Total assets		589,633	227,405
Current liabilities			
Accounts payable		121,927	146,605
Income in advance		27,964	-
GST payable		19,564	-
Total liabilities		169,455	146,605
Net assets		420,178	80,800

These statements are to be read in conjunction with the notes to the financial statements

Statement of accounting policies

for the year ended 30 June 2011

Basis of preparation

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

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.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property, plant or equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying amount of the asset.

Depreciation

Depreciation is charged to the statement of financial performance at the same rate as allowed by the Income Tax Act 2007.

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 (WoodCo) Incorporated is only required to return income arising from transactions with non-members.

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

Statement of accounting policies

for the year ended 30 June 2011

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 (2010: nil).

Changes in accounting policies

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

Subsequent events

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

Notes to the financial statements

1	Total revenue	2011	2010
		\$	\$
	NZ Wood fees	1,178,878	1,306,435
	Membership fees	52,500	45,500
	SFF greenhouse gas footprint	35,467	111,416
	Joint conference income	76,844	-
	Interest received	3,360	2,750
	Total revenue	1,347,049	1,466,101
2	Administration expenses	2011	2010
		\$	\$
	Accounting	8,228	6,900
	Audit fees	2,930	3,515
	Bank charges	142	28
	Communication	-	933
	Council meetings	-	4,220
	General expenses	26,709	20,312
	Media	-	530
	Professional fees	-	18,500
	Joint conference expenses	58,798	10,000
	Telecommunications	2,508	-
	Travel & accomodation	17,950	-
		117,265	64,938
3	SFF greenhouse gas footprint account	2011	2010
		\$	\$
	Income		
	SFF greenhouse gas footprint income	35,467	111,416
	Less expenses		
	SFF greenhouse gas footprint expenses	35,467	111,416
	Net SFF greenhouse gas footprint surplus	-	-

Notes to the financial statements

4	NZ Wood trading account	2011	2010
		\$	\$
	Income		
	NZ Wood fees	1,178,878	1,306,435
	Less expenses		
	Advertising	432,086	499,187
	Communication/publications	31,847	114,358
	Depreciation	-	167,506
	Design	172,872	36,721
	Legal	-	4,120
	Management fees	70,991	174,678
	Printing, postage & stationery	-	278
	Research	51,024	7,500
	Resource materials	1,377	1,815
	Sponsorship	-	6,500
	Website	91,995	189,106
		852,192	1,201,769
	Net NZ Wood fees surplus	326,686	104,666
5	Tax	2011	2010
		\$	\$
	Operating surplus before tax	340,086	87,684
	Adjustments for differences		
	Permanent differences		
	Non-assessable member net income	(339,726)	(84,934)
	Current year accounting and audit accrual	6,000	3,000
	Prior year audit accrual	(3,000)	(3,000)
	Incorporated societies tax exemption	(1,000)	(1,000)
		(337,726)	(85,934)
	Taxable income	2,360	1,750
	Tax expense	708	525
	Resident withholding tax paid	(1,029)	(1,013)
	Income tax refund	(321)	(488)

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.

Notes to the financial statements

6	Cash and bank balances	2011 \$	2010 \$
	Current account	21,402	34,842
	Call account	21	162,883
		21,423	197,725

7 Property, plant and equipment

	Cost \$	Depn charge \$	Acc depn \$	Carrying value \$
Website	492,670	-	492,670	-
Balance as at 30 June 2011	492,670	-	492,670	-

	Cost \$	Depn charge \$	Acc depn \$	Carrying value \$
Office equipment	3,960	294	2,088	1,872
Website	492,670	167,506	492,670	-
Balance as at 30 June 2010	496,630	167,800	494,758	1,872

8 Related parties

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

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 Financial Position as at 30 June 2011 and the Statement of Financial Performance for the year 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:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with New Zealand auditing standards. Those standards require that we 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.

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 I have no relationship, or interest in the Wood Council of New Zealand (Woodco) Incorporated.

Opinion

In our 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 2011 and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we required. In our 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

6 December 2011