

CONTENTS

1. REPORT OF THE CHAIRMAN OF TRUSTEES
2. ASSETS
3. FINANCIAL STATEMENT
4. REVIEW OF THE YEAR
5. PLANS FOR THE FUTURE

The Montfort Trimble Foundation is a charitable Trust set up by a New Zealand Act of Parliament. The purpose of the act is to perpetuate the wishes expressed in the will of Dr Montfort Trimble of Masterton. Dr Trimble died in 1940 and left money to the Masterton

County Council to promote public afforestation in the region. The Council used the money to buy 127ha of land 17km north of Masterton and planted it in Pinus Radiata. Two crops of

pinus have been harvested from the land and the Trimble Foundation is charged with administering the income from the trees to further public afforestation. The Foundation has used part of the money from the sale of trees to purchase Rewanui, a property with areas of native bush that the Foundation wishes to protect and enhance.

preamble

chairman of trustees REPORT

The affairs of the Foundation have progressed steadily over the year despite a major setback when the founding chairperson, Richard Hall, needed to resign due to ill health. Richard played a major role in guiding the Foundation from its inception and his presence is sorely missed.

Undoubtedly the major event of the year was the formal acquisition of both Rewanui and the Trimble forest at Miki Miki. While the Foundation was formed to make use of the income from trees planted in the Trimble Forest, ownership of the land remained with the Masterton District Council. After much discussion of the legal issues involved the land was transferred to the Foundation in April 2005. The purchase of Rewanui from the District Council was reported in the 2004 report but the transfer of land did not occur until July.

The 2004 local body elections held in October of that year caused quite a disruption in the activities of the Foundation because of the uncertainties inevitably associated with elections and the belated appointment of the District Council representatives following the election. The Foundation members at the end of June 2005 are:

- Ian Campbell (Chair)
- Roddy McKenzie (District Council appointee)
- Steve Blakemore (District Council appointee)
- Liz Waddington
- Judith Callaghan
- Mike Wyeth

The Guardian Trustee position held by Richard Hall is yet to be filled.

The trustees have spent considerable time and effort establishing policies and gathering ideas, particularly in respect of development on Rewanui. In February 2005 a full days brainstorming session was held that proved very useful in clarifying members ideas and establishing common visions. A field trip was held to the Wellington Regional parks at Battle Hill and Kaitoke. The Battle Hill visit was very useful in seeing how farming operations can be combined with public access. Ideas gained there have been incorporated into grazing arrangements for Rewanui. Tony Silbury from DOC, James Lambie from the Regional Council, Gareth Winter from the Wairarapa Archives and David Marsh from the QE2 trust have all spoken to meetings and their input is greatly appreciated.

Following a call for tenders the firm of Forest and Woodlot Consultants has been appointed to survey the commercial forests and oversee future development of them.

A mutually satisfactory arrangement has been reached with Mike and Lesley Hodgins of Tinui for the continued grazing of the pasture areas on Rewanui. The agreement takes the form of a grazing licence rather than a lease and makes provision for public access as long as it does not interfere with normal farming practices. The payments for the grazing licence are less than what could expected for a lease to compensate for the restrictions imposed on farming by public access.

The members of the Foundation have met monthly in the Trust Lands Trust building in Queen Street. A decision was made that members of the public are welcome to attend meetings and consequently the meetings have been advertised and people have attended as observers.



Ian Campbell

an independent
organisation
dedicated to the
growing of trees
for the educational,
economic and
aesthetic benefit
of the public.

Foundation Assets

The main Foundation assets at the end of June 2005 are:

- **The Trimble Forest at Miki Miki.**

Area 127 ha.

41 ha of mature Radiata pine forest with an estimated net market value of \$1,200,000. While these trees could be harvested at any time they will continue to gain in value for some years.

19ha of Radiata planted in 2002 and 45ha in 2003.

10ha of regenerating native bush including a stand of mature Matai and another of growing Totaras.

- **Rewanui at Blairlogie**

Area 335ha

8.5 ha of Radiata planted in 1978 and 2.0 ha of Radiata planted in 1969 with an estimated net market value of \$171,000.

130ha of mature and regenerating native bush and pasture that has been fenced off from grazing by sheep and cattle.

195ha of pasture currently under a grazing license. This land is valuable to the Foundation in that it provides a regular source of income to meet costs like rates, insurance and administration.

Homestead built in 1929 and in very good condition.

Four stand woolshed and yards.

- **Approximately \$280,000 in cash reserves.**

This reserve is important because it means development can continue while waiting for the optimum time to harvest trees.

Matai Stand at Trimble Forest





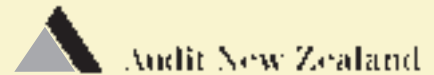
promoting public
afforestation in
our region.



FINANCIAL statements

2004:2005

Audit report



To the readers of montford trimble foundation's financial statements and performance information
For the year ending 30th June 2005

The Auditor-General is the auditor of Montford Trimble Foundation (the Foundation). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Foundation, on his behalf, for the year ended 30 June 2005.

QUALIFIED OPINION-OMISSION OF PERFORMANCE INFORMATION

As stated in note 13 on page 17, the Annual Plan for the period commencing 1 July 2004 did not contain performance targets and other measures by which the performance of the Foundation could be measured. Because the Annual Plan for the period commencing 1 July 2004 did not contain performance targets and other measures by which the Foundation could be measured, the Foundation has been unable to prepare performance information that fairly reflects its service achievements.

In our opinion, except for the matter outlined above:

- The financial statements of the Foundation on pages 1 to 9:
- Comply with generally accepted accounting practice in New Zealand;
- and fairly reflect:
 - the Foundation's financial position as at 30 June 2005; and
 - the results of its operations and cash flows for the year ended on that date

The audit was completed on 3 February 2006, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. We found a material misstatement in relation to the omission of performance information because the Foundation did not produce an Annual Plan, which contained performance targets and other measures against which the Foundations performance targets and other measures would have been measured.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data
- reviewing significant estimates and judgements made by the board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements. We did not obtain all the information and explanations we required to support the opinion, as explained above.

RESPONSIBILITIES OF THE BOARD AND THE AUDITOR

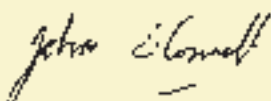
The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect of the financial position of the Foundation as at 30 June 2005. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The Board is also responsible for preparing performance information that fairly reflects service performance achievements for the year ended 30 June 2005. The Board's responsibilities arise from the Masterton District Council (Montford Trimble Foundation) Act 2003.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 26 of the Masterton District Council (Montford Trimble Foundation) Act 2003.

INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Foundation.



John O'Connell
Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

Statement of accounting policies

For the year ending 30th June 2005

REPORTING ENTITY

Montfort Trimble Foundation ("the Foundation") is a body corporate with perpetual succession, governed by the Masterton District Council (Montfort Trimble Foundation) Act 2003. The Act was given royal assent on 10th December 2003 and the Foundation was formally constituted at its initial meeting of Trustees of 29th April 2004.

At that date, the funds previously held in trust by the Masterton District Council, became the assets of the Foundation, along with the forest asset known as Trimble forest.

The financial statements have been prepared in accordance with generally accepted accounting practices as recognised by the Institute of Chartered Accountants of New Zealand.

MEASUREMENT BASE

The measurement base adopted is that of historical cost, modified by the revaluation of certain fixed assets.

ACCOUNTING POLICIES

The following accounting policies which significantly affect the measurement of operating results and financial position have been applied:

- Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

- Revenue recognition

Revenue is recognised as income when levied.

- Equity

Equity is the community's interest in the Foundation and is measured as the difference between total assets and total liabilities.

- Accounts Receivable

Accounts receivable are stated at expected net realisable value after providing for doubtful and uncollectable debts.

- Investments

Invested funds are shown at the initial sum invested. No accrual of interest has been done. Plant, Property and Equipment and other Non-current assets. These assets consist of:

Forestry assets - These include only the value of the standing timber within Trimble Forest, as assessed by independent valuation.

Buildings – Shown at cost less depreciation calculated at 4% of the diminishing value.

Other assets – Shown at cost less depreciation calculated on cost (House contents 28.8%,

Woolshed contents 18.6%, Water tanks 12%)

- Valuation

The valuation has been carried out by an independent qualified forestry valuer.

- Taxation

The Foundation has been granted charitable status. Income tax has not been accounted for in these financial statements.

CHANGES IN ACCOUNTING POLICIES

There has been no change in the accounting policies adopted to prepare these financial statements from 2004.

Statement of financial performance

For the period ending 30th June 2005

	REFERENCE	THIS YEAR	LAST YEAR
INCOME			
Note 1	Forestry Revenue	0.00	551.07
Note 2	Other Revenue	64,242.42	99,775.47
Total Income		64242.42	100,326.54
EXPENDITURE			
Note 3	Conservation Afforestation	21,997.21	
Note 4	Productive Afforestation	47,813.25	88,579.55
Note 5	Farming Expenses	2,051.62	
Note 6	Administration	49,044.77	15,297.88
Note 7	Depreciation	17,642.47	
Total Expenses		138,549.32	103877.43
OPERATING SURPLUS/(DEFICIT)		-74306.90	-3550.89

These financial statements must be read in conjunction with the accompanying notes.

Statement of financial position

As at 30th June 2005

	REFERENCE	THIS YEAR	LAST YEAR
CURRENT ASSETS			
Funds held by Masterton District Council			1,800,499
Bank Accounts	Note 8	283,706	
Other Current Assets	Note 9	6,527	
Total Current Assets		290,233	
CURRENT LIABILITIES			
Accounts Payable	Note 10	72,408	
Total Current Liabilities		72,408	
WORKING CAPITAL		217,825	1,800,499
NON CURRENT ASSETS			
Forestry at Valuation	Note 11	1,499,028	789,994
Fixed Assets	Note 7	1,336,205	
Farmlands Trading Society shares		522	2,835,755
EQUITY		3,053,579	1,800,499

Statement of movements in equity

For the period ending 30th June 2005

	THIS YEAR	LAST YEAR
Opening Equity	2,590,493.39	0.00
Balance of funds held by Masterton District Council		1,804,050.00
Operating Deficit	-64,291.00	-3,551.00
Closing Value of forest crop	1,499,028.00	789,994.00
less Opening Value	-789,994.00	
less Acquisitions	-171,641.00	
Increase in Value during year	537,393.00	
Closing Equity	3,063,595.00	2,590,493.00

Statement of assets & depreciation

As at 30th June 2005

Note 7.

Item	Acquisition Date	Acquisition Price	Opening Book Value	Rate	Depreciation Method	Sum	Closing Book Value
Land - Rewanui	8/25/04	967,559.00					967,559.00
Rewanui Homestead	8/25/04	280,000.00		4.0%	DV	9,481.64	270,518.36
Rewanui Woolshed	8/25/04	69,000.00		4.0%	DV	2,336.55	66,663.45
Rewanui Whare	8/25/04	2,800.00		4.0%	DV	94.82	2,705.18
Rewanui House Contents	8/25/04	8,400.00		28.8%	SL	2,048.04	6,351.96
Rewanui Woolshed Contents	8/25/04	21,000.00		18.6%	SL	3,306.72	17,693.28
Water Tanks	11/18/04	5,088.00		12.0%	SL	374.70	4,713.30
		1,353,847.00				17,642.47	1,336,204.53

Notes to the financial statements

	THIS YEAR	LAST YEAR
1 Forestry Revenue		
Wind-throw recovery	0.00	551.07
2 Other Income		
Interest	18,646.62	99,775.47
Rewanui Farm Rental	39,145.80	
Rewanui House Rental	6,450.00	
	64,242.42	99,775.47
3 Conservation Afforestation		
Advisary	796.88	
Fencing	19,944.46	
Membership	207.11	
Pest Control	3.88	
Plant & Tree Purchase	400.00	
Tracking	382.77	
Weed Control	262.11	
	21,997.21	
4 Productive Afforestation		
Consultancy	11,252.82	
Fencing	1,051.38	
Management	17,470.20	21,996.00
Planting - blanking	1,787.85	
Planting - new	66,583.55	
River Control	5,206.34	
Valuation	2,550.00	
Weed Control	8,494.66	
	47,813.25	88,579.55
5 Farming Expenses		
Fencing	644.50	
Rewanui House R&M	734.01	
Tracking	553.11	
Water Supply	120.00	
	2,051.62	

	THIS YEAR	LAST YEAR
6 Administration		
Administration	4,987.98	2508
Advertising	489.40	
Bank Fees	13.00	
Communications	1,505.99	
Election Costs	6,469.00	
Interest	15.05	
Insurance	1,744.40	
Legal Fees	6,517.97	10150.81
Public Relations	177.78	
Rates	3,501.42	2639.07
Rentals	282.10	
Signage	7,133.60	
Trustee Remuneration	16,207.08	
	49,044.77	15,297.88
8 Bank Accounts		
National Bank '00 A/c	4,507.30	
National Bank '01 A/c	9,198.95	
National Bank Term Deposits	270,000.00	
	283,706.25	
9 Other Current Assets		
Accounts Receivable	971.12	
GST Control A/c	4,918.13	
Resident Withholding Tax	637.38	
	6,526.63	
10 Current Liabilities		
Accounts Payable	72,407.92	
	72,407.92	

11 Forestry Valuation & policy

Forestry assets are valued by an independent, qualified forestry valuer, at their discounted market value (also known as "crop expectation value"). Changes in value are accounted for through the revaluation reserve. Sales of forestry assets are accounted for by netting the proceeds, book value and share of the revaluation reserve through the Statement of Financial performance. All forestry expenditure is expenses as incurred. No forestry tree crops are included in other asset valuations.

Forestry assets were revalued as at 30 June 2005 by David Elliott, a NZIF registered Forestry Consultant of Forest and Woodlot Consultants (NZ) Ltd.

Mt Bruce

Stand	Area	Age	Value/ha	Total Value	
1.4	7	30	27,807	194,649	182,924
1.5	11.7	28	29,938	350,275	370,264
1.6	7.2	28	22,435	161,532	199,213
1.7	12.2	27	29,824	363,853	368,770
1.8	2.9	32	38,608	111,963	68,010
1.1	19.1	3	2,506	47,865	19,284
1.2 & 1.3	45.7	2	2,128	97,250	22,368

1,327,387 **1,230,833**

Land Diff **-440,839**

Rewanui

10.5 27 16,347 171,641

116.3 **1,499,028** **789,994**

Reconciliation

Opening value Mt Bruce forest	\$789,994
Closing value Mt Bruce forest	\$1,327,387
Increase in value for period	\$537,393

12 Contingencies and Commitments

The Board is unaware of any Contingencies at balance date and has not entered into any material Commitments.

13 Annual Plan

Clause 5 of the 1st schedule of the Masterton District Council (Montfort Trimble Foundation) Act 2003 requires the Foundation to prepare and adopt an Annual Plan for each financial year. The performance targets and other measures included in the Annual Plan must be reported on in the Annual Report.

The Annual Report prepared for 2004/2005 financial year, being the year of establishment, did not contain performance targets and other measures. Accordingly the Annual Report for the year ended 30 June 2005 does not include any information on the performance targets and other measures.

These financial statements must be read in conjunction with the accompanying notes.

Achievements

The Foundation has mainly focused on development of Rewanui as the Trimble Forest is in stable situation with about two thirds in new plantings of radiata and most of the remainder in mature forest awaiting harvest. Good progress has been made in a number of areas during the year, these are some of the things achieved :

The largest area of bush on Rewanui has been fenced off from the rest of the farm and will not be grazed again.

A fence has been constructed down the Eastern side of the deep gorge on Rewanui to further separate the farming and conservation areas.

Two 20,000 lt water tanks have been installed to supplement the water supply for stock and the homestead.

Signs for Rewanui and Trimble Forest have been designed, built and installed.

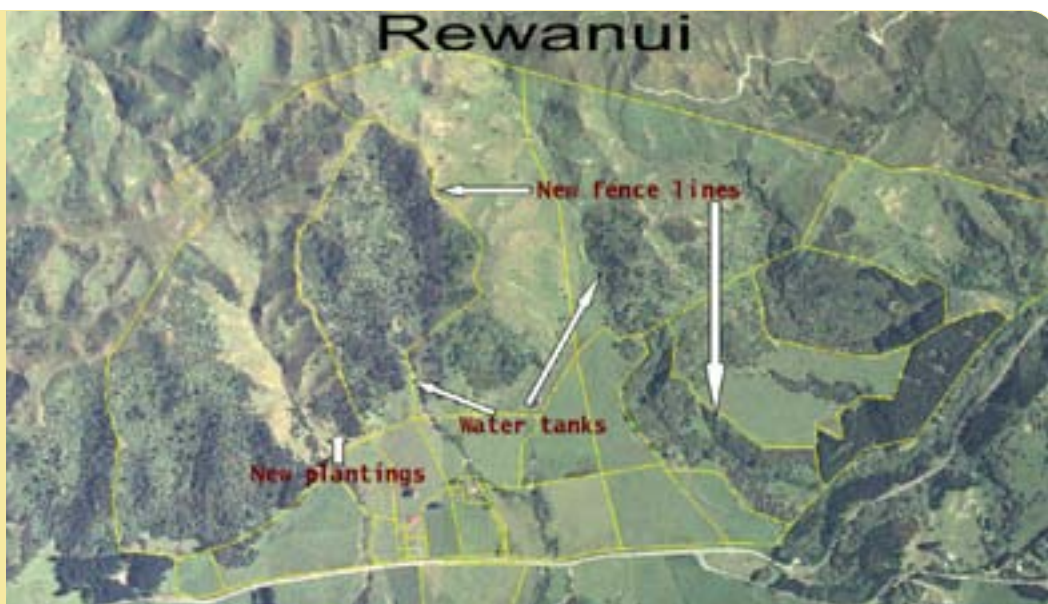
Photographs have been taken at various sites to establish reference points for future regeneration. The reference points have been identified and recorded with GPS coordinates.

Flax and cabbage trees have been planted in a wet area at the foot of the Mt Clyde valley.

In June 2005 an open day was held at Rewanui to give the public an opportunity to inspect the native bush areas and get input about development. About 80 people attended and much enthusiasm was expressed about the potential of the property, 100 flax and cabbage trees were planted to symbolise the beginning of restoration.

A web site has been established. The address is trimblefoundation.org.nz and it is intended to be the main vehicle for communicating with the public. Information about the Foundation and its activities is updated regularly.

Developments on Rewanui



Plans for 2005/06

A formal planning paper outlining policies and actions has been produced, these are some the things we hope to achieve during the year:

Develop public access to bush areas on Rewanui. This will include a parking area with separate road entrance, clearing and marking tracks, producing suitable signs and eventually shelter and toilet facilities. Safety is of paramount importance particularly in regard to the *Urtica Ferox* (Onga Onga) bushes proliferating around the edges of the bush.

Obtain plans and concept drawings for signage and landscaping the flatter areas of Rewanui. To this end landscape architects will be engaged to give a unique and unified style to all signs, buildings etc.

Plant 27ha at the Eastern end of Rewanui in mixed species oriented to the production of timber. *Radiata* will be planted on the more exposed sites and other species such as Redwood and Cyprus in areas that are best suited to them.

Initiate a pest control program at Rewanui. The bush there is rated highly by the Greater Wellington Regional Council and they are willing to carry out pest control operations.

Engage the services of a suitably qualified forest manager to organise planting, maintenance and harvesting of the commercial forests on both properties.

Carry out limited planting of natives in suitable areas. This will probably be in the Mt Clyde valley.

Establish an area where people can plant memorial trees. This will probably be in the open areas at the foot of the Mt Clyde bush and will be limited to natives only. The area is sheltered and fertile and should lend itself to a wide range of trees given adequate care.

Carry out more release spraying of the young trees in the Trimble forest.

Harvest several windfall Rewarewa at Rewanui. The timber from these trees will be stored and made available to the public.

Although there are mature stands of *Radiata* in the the Trimble forest and at Rewanui the Foundation has no plans for harvesting in the immediate future but does intend to review the situation annually and may develop some access roads in the coming summer. The value of the trees continues to grow and timing of harvest will depend on log prices and the cashflow position of the Foundation.

Contacts

Trimble Foundation
PO Box 528
Masterton
Phone: 06 378 2565
info@trimblefoundation.org.nz

