

Tern Marine (NZ) Co. Limited
Financial Statements
For the Year Ended 31 March 2014

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Tern Marine (NZ) Co. Limited

Directory As at 31 March 2014

| | | |
|------------------------|--|-----------------------|
| IRD Number: | 110-583-982 | |
| Company Number: | 4165038 | |
| Date of Incorporation: | 15 January 2013 | |
| Registered Office: | 103 Mill Road Helensville AUCKLAND | |
| Nature of Business: | Wholesale trade | |
| Directors: | LI, Wei MA, Jun | |
| Shareholders: | LI, Wei | 1,000 Ordinary Shares |
| | Total Number of Shares | ===== |
| | | 1,000 Ordinary Shares |
| | | ===== |
| Accountant: | Kuan Yap & Associates Chartered Accountants AUCKLAND | |
| Solicitor: | TBA Barristers & Solicitors AUCKLAND | |
| Banker: | ANZ Banking Group (NZ) Limited AUCKLAND | |
| Auditor: | William Buck Christmas Gouwland AUCKLAND | |

These Statements are to be read in conjunction with the accompanying Notes.

Tern Marine (NZ) Co. Limited
Annual Report
For the Year Ended 31 March 2014

The directors have pleasure in submitting their Annual Report, together with the accounts of TERN MARINE (NZ) CO. LIMITED for the Year ended 31 March 2014. As requested by section 211 of the Companies Act 1993 we disclosed the following information.

Principal Activity

The principal activity of the Company for the year was Wholesale trade nec.

Review of Operations

The Directors are satisfied with the year's operation, results, and the state of the Company's affairs.

Dividend

The Directors confirmed that no dividend has been paid for the year ended 31 March 2014.

Reserves

Movements in Reserves (if any) are disclosed in the Statements of Movements in Equity or the Notes to the Accounts.

Directors Fees

The Directors recommend that no Directors fees be paid for the year.

Auditors

The Directors recommend that auditors be appointed for the year.

Directors Interest in Contracts

Since the date of last report the Directors have declared, pursuant to section 211(1) of the Companies Act 1993 as amended that they have no interest in any transaction that may be made with any entity by virtue of their directorship or membership of the other entity.

No material contracts involving Directors' interest were entered into the Interest Register after the end of the previous financial year or existed at the end of the financial year other than those transactions detailed in the financial statements.

Directors Interest in Share Transactions

There is no share transaction involving directors during the year.

Tern Marine (NZ) Co. Limited
Annual Report
For the Year Ended 31 March 2014

Directors Benefit

No Director has since the end of the financial year received or become entitled to receive a benefit other than those shown as total emoluments received or receivable in the financial statements.

Directors Remuneration

No remuneration and other benefits were paid to Directors during the year.

Use of Company Information

During the year the Board received no notices from Directors of the Company requesting to use company information received in their capacity as Directors which would not otherwise have been available to them.

Directors Who Hold Office or Have Ceased to

The names of Directors of the Company who hold office at the end of the financial year are listed in the Directory section of the financial statements.

There is no Director of the Company who ceased to hold office during the year.

Employee Remuneration

No employee of the Company was paid remuneration exceeding \$100,000 per annum.


Remuneration to Auditors

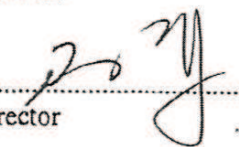
Auditor remuneration is stated in the Statement of Financial Performance.

Appreciation

The Directors would like to thank all team members for their efforts during the year.

For and on behalf of the Board


.....
Director


.....
Director

.....
Date

2015.2.11

These Statements are to be read in conjunction with the accompanying Notes.

Independent Auditor's Report To the Shareholders of Tern Marine (NZ) Co. Limited

Report on the Financial Statements

We have audited the financial statements of Tern Marine (NZ) Co. Limited on pages 1 and 6 to 13, which comprise the Statement of Financial Position as at 31 March 2014, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

The directors of the company are responsible for the preparation of these financial statements that give a true and fair view of the matters to which they relate and in accordance with generally accepted accounting practice in New Zealand and New Zealand equivalents to International Financial Reporting Standards and for such internal control as the directors 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 International Standards on Auditing (New Zealand). 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 to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 audit opinion. Other than in our capacity as auditor, we have no relationship with, or interests in, Tern Marine (NZ) Co. Limited.

CHARTERED ACCOUNTANTS & ADVISORS

Level 4, 21 Queen Street
Auckland 1010, New Zealand
PO Box 106 090
Auckland 1143, New Zealand
Telephone: +64 9 366 5000
wbccg.co.nz

Auditor's Opinion

In our opinion, the financial statements on pages 1 and 6 to 13:

- comply with generally accepted accounting practice in New Zealand;
- comply with New Zealand equivalents to International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Tern Marine (NZ) Co. Limited as at 31 March 2014 and its financial performance for the year then ended.

Emphasis of Matter

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to the statement of Changes in Equity in the financial statements which indicates that the company incurred a net loss of \$160,806 during the year ended 31 March 2014 and, as of that date the company's current liabilities exceeded its current assets by \$180,964. These conditions, along with other matters as set forth in Note 9, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in this respect.

Other Matters

The financial statements of Tern Marine (NZ) Co. Limited for the period ended 31 March 2013 have not been audited.

Report on Other Legal & Regulatory Requirements

The Board has failed to comply with Section 208(2) of the Companies Act 1993 and Section 19(2) of the Financial Reporting Act 1993 in that the directors did not report by the date fixed by when the company was required to have sent their financial statements to the Companies Office.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by Tern Marine (NZ) Co. Limited as far as appears from an examination of those records.

Restriction on Distribution or use

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholder those matters which 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 and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in blue ink that reads 'William Buck Christmas Gouwland'.

**William Buck Christmas Gouwland
Auckland**

12 February 2015

Tern Marine (NZ) Co. Limited

Statement of Financial Performance For the Year Ended 31 March 2014

| | <u>2014</u> \$ | <u>2013</u> \$ |
|-----------------------------------|-------------------|-------------------|
| <u>Revenue</u> | | |
| Sales | 5,838 | - |
| <u>Costs of Goods Sold</u> | | |
| Purchases - Overseas | 58,194 | - |
| Clearance Fees | 2,432 | - |
| Freight & Cartage -Overseas | 1,708 | - |
| Freight & Cartage -Local | 317 | - |
| Closing Stocks | (60,744) | - |
| Total Costs of Goods Sold | 1,907 | - |
| Gross Profit | 3,931 | - |
| <u>Operating Expenses</u> | | |
| Accounting Fees | 7,422 | 840 |
| Advertising & Promotion | 28,869 | 1,809 |
| Audit Fees | 2,800 | - |
| Bank Fees | 647 | (1) |
| Car & Travelling | 10,734 | 1,112 |
| Depreciation | 8,839 | 257 |
| Exchange (Gain)/Loss | (3,695) | - |
| Insurance | 2,850 | - |
| Interest -OD etc | 184 | - |
| Light & Power | 1,489 | 197 |
| Printing & Stationery | 626 | 97 |
| Rent Paid | 7,429 | - |
| Repairs & Maintenance | 268 | - |
| Replaceable Tools | 1,441 | 567 |
| Salaries & Wages -Employees | 80,296 | 14,000 |
| Staff Amenities | 259 | - |
| Subscriptions | 7 | - |
| Telecommunications | 5,855 | - |
| Travelling & Accommodation | 7,090 | 557 |
| Total Operating Expenses | 163,410 | 19,435 |
| Operating Deficit | (159,479) | (19,435) |
| <u>Other Income</u> | | |
| Interest Income | 8 | - |
| Total Other Income | 8 | - |
| Taxable Income | (159,471) | (19,435) |

These Statements are to be read in conjunction with the accompanying Notes.

Tern Marine (NZ) Co. Limited

Statement of Financial Performance For the Year Ended 31 March 2014

| | <u>2014</u> \$ | | <u>2013</u> \$ |
|---------------------------------------|-------------------|-------------------------|------------------------|
| <hr/> | | | |
| <u>Non-Deductible Expenses</u> | | | |
| ND General (Income)/Expenses | 362 | | 621 |
| ND Late/Shortfall Penalties | <u>973</u> | | <u>102</u> |
| Total Non-Deductible items | | 1,335 | 723 |
| Tax for the Year | | <u>-</u> | <u>-</u> |
| Net Deficit for the year | | <u><u>(160,806)</u></u> | <u><u>(20,158)</u></u> |

These Statements are to be read in conjunction with the accompanying Notes.

Tern Marine (NZ) Co. Limited
Statement of Changes in Equity
For the Year Ended 31 March 2014

| | <u>Share Capital</u> \$ | <u>Reserves - Accumulated Losses</u> \$ | <u>Total Equity</u> \$ |
|--|--------------------------------|--|-------------------------------|
| Opening equity at 1 January 2013 | - | - | - |
| Comprehensive loss for the period to 31 March 2013 | - | (20,158) | (20,158) |
| Closing equity at 31 March 2013 | - | (20,158) | (20,158) |
| Comprehensive loss for the year to 31 March 2014 | - | (160,806) | (160,806) |
| Closing equity at 31 March 2014 | - | (180,964) | (180,964) |

These Statements are to be read in conjunction with the accompanying Notes.

Tern Marine (NZ) Co. Limited

Statement of Financial Position

As at 31 March 2014

| | | <u>2014</u> | <u>2013</u> |
|-------------------------------------|------|-----------------------|----------------------|
| | | \$ | \$ |
| | Note | | |
| <u>Equity</u> | | | |
| Retained Earnings | | (20,158) | - |
| Net Recognised Deficit for the year | | <u>(160,806)</u> | <u>(20,158)</u> |
| Total Equity | | (180,964) | (20,158) |
| <u>Current Liabilities</u> | | | |
| Trade Creditors | | 8,310 | 266 |
| Sundry Creditors | | 2,416 | - |
| Related Party payables | 5 | 54,499 | - |
| PAYE Payable | | 1,190 | 2,463 |
| Shareholders' Advances | | <u>251,892</u> | <u>45,482</u> |
| Total Current Liabilities | | <u>318,307</u> | <u>48,211</u> |
| Total Equity & Liabilities | | <u><u>137,343</u></u> | <u><u>28,053</u></u> |

These Statements are to be read in conjunction with the accompanying Notes.

Tern Marine (NZ) Co. Limited

Statement of Financial Position As at 31 March 2014

| | <u>2014</u> \$ | <u>2013</u> \$ |
|----------------------------------|-------------------|-------------------|
| <u>Non-Current Assets</u> | | |
| Building | 4,415 | - |
| | 4,415 | - |
| Land & Building | | 4,415 |
| Motor Vehicle | 26,350 | 10,260 |
| Less: ProvN for DepN -MV | (6,074) | (257) |
| | 20,276 | 10,003 |
| Furniture & Fittings | 1,365 | - |
| Less: ProvN for DepN -FF | (227) | - |
| | 1,138 | - |
| Office Equipment | 1,825 | - |
| Less: ProvN for DepN -OE | (573) | - |
| | 1,252 | - |
| Total Non-Current Assets | 27,081 | 10,003 |
| <u>Intangible Assets</u> | | |
| Trademark | 16,568 | - |
| <u>Current Assets</u> | | |
| ANZ 00 Account | 4,991 | 91 |
| Sundry Debtors | 24,978 | 15,708 |
| Prepayments | 825 | - |
| GST Receivable | 2,156 | 2,251 |
| Stocks on Hand | 60,744 | - |
| Total Current Assets | 93,694 | 18,050 |
| Total Assets | 137,343 | 28,053 |

Director: 

Director: 

Date: 2015.2.11

These Statements are to be read in conjunction with the accompanying Notes.

Tern Marine (NZ) Co. Limited
Notes to the Accounts
For the Year Ended 31 March 2014

Statement of Accounting Policies

1. **Reporting Entity**

TERN MARINE (NZ) CO. LIMITED is a company incorporated under the Companies Act 1993. It is a Reporting Entity for the purposes of Financial Reporting Act 1993. The Financial Statements of the entity have been prepared in accordance with the Financial Reporting Act 1993.

2. **Differential Reporting**

It qualifies for differential reporting because it is not publicly accountable, and it is not considered to be a large entity. The entity has taken advantage of all available differential reporting exemptions.

3. **Measurement Base**

The accounting principles recognised as appropriate for measurement and reporting of earnings and financial position on a historical cost basis are followed by the entity. The reporting currency is New Zealand dollars.

4. **Specific Accounting Policies**

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

(a) **Accounts Receivable**

Accounts receivable are stated at expected realisable value. Bad debts are written off in the period during which they are identified.

(b) **Fixed Assets**

Fixed assets are included at cost less accumulated depreciation. Depreciation are calculated using the rates permitted under the Income Tax Act 1994.

Depreciation rates are as follows:

| | |
|-----------------------|---------------|
| Buildings: | 0% per annum |
| Motor vehicle: | 30% per annum |
| Furniture & fittings: | 25% per annum |
| Office equipment: | 50% per annum |

(c) **Foreign Currency**

Transactions arising in foreign currencies during the year are converted at exchange rate ruling at transaction dates. Amounts payable by the company in foreign currencies have been translated at rates ruling at the period end. All exchange differences are dealt with in the Statement of Financial Performance.

Tern Marine (NZ) Co. Limited
Notes to the Accounts
For the Year Ended 31 March 2014

(d) **Goods and Services Tax (GST)**

Items of income and expenditure are stated exclusive of Goods and Services Tax (GST) with the exception of receivables and payables which are recorded inclusive of GST.

(e) **Inventories**

Inventories are stated at the lower of cost, using the first-in-first-out basis, and net realisable value. In arriving at net realisable value, provision is made for deterioration and obsolescence. The cost of work in progress and finished goods includes the cost of direct materials, direct labour, and a proportion of manufacturing overhead used in putting the inventories in their present location and condition based on the normal capacity of the facilities.

5. **Related Company - Receivables/Payables**

Material balances at year end are separately disclosed in the Statement of Financial Position.

Outstanding balances:

| | 2014 | 2013 |
|-----------------------|--------|------|
| | \$ | \$ |
| Owing to: | | |
| Tern Marine Hong Kong | 54,499 | - |

Trade amounts owing between related parties are payable under normal commercial terms. No related party debts have been written off or forgiven during the year.

6. **Inventories**

Material inventory categories are separately disclosed in the Statement of Financial Position. No inventories are specifically and separately pledged as security for liabilities.

7. **Subsequent Events**

No significant event has occurred since balance date that would require a change to the financial statements.

8. **Contingencies**

There were no contingent liabilities at balance date. (2013: \$Nil)

Tern Marine (NZ) Co. Limited
Notes to the Accounts
For the Year Ended 31 March 2014

9. **Going Concern**

These financial statements have been prepared on a going concern basis. The financial statements show negative equity, which indicates there is a material uncertainty about the entity to continue as a going concern. The shareholder and directors of the Company consider it appropriate to adopt the going concern assumption. The shareholder is committed to the ongoing support of the Company. Therefore, Directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

10. **Capital Commitments**

There were no capital commitments at balance date. (2013: \$NIL)

11. **Comparative Figures**

The comparative figures relate to a period of 3 months and have not been audited.

12. **Identifiable Intangibles**

Patents and trademarks are amortised over a period of 5 and 10 years, respectively.

13. **Changes in Accounting Policies**

There have been no changes in accounting policies during the year.