

Special Purpose Financial Statements

New Zealand Kiwifruit Growers Incorporated
For the year ended 31 December 2017

Prepared by Sutcliffe Graham & Co

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Entity Information

New Zealand Kiwifruit Growers Incorporated For the year ended 31 December 2017

Legal Name

New Zealand Kiwifruit Growers Incorporated

Entity Type

Incorporated Society

Incorporated Societies Number

610750

Entity Purpose of Mission

To act as Kiwifruit Growers Representative Body

Main Sources of Entity's Cash

Revenue generated from levies.

Incorporation Date

16 August 1994

President

Doug Brown

Vice President

Mark Mayston

Executive

Simon Cook
Andre Hickson
Tony Leicester
Mike Smith (Retired September 2017)
Debbie Oakley (Appointed September 2017)

Auditors

Staples Rodway Audit Limited, Tauranga

Physical Address

25 Miro Street, Mount Maunganui

Postal Address

PO Box 4246, Mount Maunganui South 3149

The accompanying notes form part of these financial statements.

These financial statements must be read in conjunction with the accompanying Notes to the Accounts and Audit Report.

Approval of Financial Report

New Zealand Kiwifruit Growers Incorporated For the year ended 31 December 2017

The Executive Committee are pleased to present the approved financial report including the historical financial statements of New Zealand Kiwifruit Growers Incorporated for year ended 31 December 2017.

APPROVED



NZKGI President

Date 23 April 2018



NZKGI Vice-President

Date 23 April 2018

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Statement of Financial Performance

New Zealand Kiwifruit Growers Incorporated For the year ended 31 December 2017

	NOTES	2017	2016
Revenue			
Revenue from Provision of Services			
Commodity Levy		1,227,556	1,243,083
Kiwifruit Employment Co-ordinator Funding		131,479	141,228
Total Revenue from Provision of Services		1,359,035	1,384,310
Interest and Investment Revenue			
Interest Received		6,121	2,882
Total Interest and Investment Revenue		6,121	2,882
Total Revenue		1,365,156	1,387,193
Total Revenue		1,365,156	1,387,193
Expenses			
Executive Committee & Forum Members	6	260,718	299,025
Staff Costs	7	575,398	426,549
Employment Co-ordinator Costs		131,378	123,771
Industry Good		-	90,352
Operations		-	98,590
Communications		49,538	-
External Relations		36,147	-
Industry Stability		59,655	-
Labour / Education		36,427	-
Organisational Management		20,312	-
Performance		56,360	-
Overheads	8	134,776	124,907
Total Expenses		1,360,708	1,163,194
Net Operating Profit / (Loss) Before Tax		4,448	223,999
Provision for Tax			
Provision for Tax	14	1,434	527
Total Provision for Tax		1,434	527
Net Profit / (Loss)		3,014	223,472



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Statement of Changes in Equity

New Zealand Kiwifruit Growers Incorporated
For the year ended 31 December 2017

	2017	2016
Equity		
Opening Balance	950,149	726,677
Increases		
Net Surplus for the Period	3,014	223,472
Total Increases	3,014	223,472
Total Equity	953,163	950,149



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Statement of Financial Position

New Zealand Kiwifruit Growers Incorporated As at 31 December 2017

	NOTES	31 DEC 2017	31 DEC 2016
Assets			
Current Assets			
Bank accounts and cash	3	880,023	604,034
Debtors		182,274	183,973
Accrued Income	4	-	301,295
Total Current Assets		1,062,297	1,089,302
Non-Current Assets			
Property, Plant and Equipment		18,582	15,424
Intangibles		4,455	4,455
Total Non-Current Assets		23,037	19,879
Total Assets		1,085,334	1,109,181
Liabilities			
Current Liabilities			
Credit Cards		1,955	2,094
Creditors		35,889	43,844
Accruals and Provisions	5	54,449	77,372
Accrued Holiday Pay		28,711	9,490
Accrued Payroll		-	13,621
GST Payable		10,039	11,340
Tax Provision	14	362	676
Loans		766	595
Total Current Liabilities		132,171	159,032
Total Liabilities		132,171	159,032
Net Assets		953,163	950,149
Equity			
Retained Earnings		953,163	950,149
Total Equity		953,163	950,149



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Notes to the Financial Statements

New Zealand Kiwifruit Growers Incorporated For the year ended 31 December 2017

1. Reporting Entity

New Zealand Kiwifruit Growers Incorporated is a society registered in New Zealand under the Incorporated Societies Act 1908.

2. Statement of Accounting Policies

Basis of Preparation

These financial statements are special purpose reports prepared for the purpose of reporting to members.

The Accounting Policies that have been applied in respect to the preparation of these special purpose financial statements are set out below.

Changes in Accounting Policies

There have been no changes in Accounting Policies. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Society, and measured at the fair value of the consideration received or receivable.

Industry Levy

The Society has the power to raise a levy from kiwifruit growers on kiwifruit grown in New Zealand that is exported to any place other than Australia under the Commodity Levies (Kiwifruit) Order 2012. Revenue from the industry levy is recognised in the statement of financial performance when the levy becomes receivable.

For levy receipting purposes an assessment of the annual levy revenue is based on Zespri's regular production forecasts. The levy is invoiced monthly from April to November and then a final invoice is raised upon availability of the December/January quantities for the prior season.

Historical Cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Bank Accounts and Cash

Bank accounts and cash comprise cash balances and bank balances with original maturities of 90 days or less.

Investments

Investments are stated at cost.

Debtors and Accrued Income

Accounts Receivable are stated at estimated realisable value. Bad debts are written off during the year as they are identified with appropriate adjustment being made as at balance date for any doubtful debts that may exist.

Levies are accounted for on an accrual basis.



Creditors and Accrued Expenditure

Creditors and accrued expenditure includes amounts owing to suppliers and employees. Expenditure is accrued at the amount invoiced.

Income Tax

Income tax is accounted for using the taxes payable method. Levy Income received from members is not assessable for income tax, and expenses relating to providing benefits to members are not deductible. Tax is payable on interest revenue.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Property, Plant and Equipment and Investment Property

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets.

Depreciation

Account	Method	Rate
Office Equipment	Diminishing Value (100%)	10% - 67%
Building Fit-out	Diminishing Value (100%)	10%

Depreciation has been calculated using the rates provided for taxation purposes in the Income Tax Act.

	2017	2016
3. Cash and Bank		
ANZ - Cheque Account	115,993	20,615
ANZ - Savings Account	59,096	583,420
ANZ - Retained Earnings	704,933	-
Total Cash and Bank	880,023	604,034

	2017	2016
4. Accrued Income		
Debtor Accrual	-	650
Commodity Levy Accrual	-	300,645
Total Accrued Income	-	301,295

	2017	2016
5. Accruals and Provisions		
Creditor Accruals	27,110	71,502
G14 Fund	27,340	5,870
Total Accruals and Provisions	54,449	77,372



During 2016, G14 growers sought legal advice with regards to dealing with Zespri around the future of the G14 cultivar. A number of G14 growers made donations to cover the legal costs and NZKGI provided an administration service to collect these donations. Zespri has agreed to cover the costs of the legal advice that was sought by G14 growers. Zespri have now reimbursed NZKGI for these costs and NZKGI are currently working through the refunding the G14 deposits from the G14 Fund outlined above.

	2017	2016
6. Executive Committee & Forum Members		
Members Fees	93,294	67,845
President & Vice-President Honorarium	89,333	81,000
Other Meeting Fees	16,473	26,248
IAC/ISG Fees	-	27,970
Communications with Constituents	-	9,019
Local Travel & Accommodation	41,018	66,408
Overseas Travel & Accommodation	20,359	12,151
Per Diem for Overseas Travel	-	6,975
Telecommunications	240	210
Training	-	1,200
Total Executive Committee & Forum Members	260,718	299,025

	2017	2016
7. Staff Costs		
Administration Support	25,000	30,000
Contractors	-	25,200
Health Insurance	1,537	783
International Travel	12,611	12,928
Local Travel & Accommodation	-	27,349
Salaries	534,798	328,971
Training	1,452	1,319
Total Staff Costs	575,398	426,549

	2017	2016
8. Overheads		
ACC Levies	858	672
Accountancy	21,929	23,457
Audit	5,750	3,650
Bank Fees	921	1,030
Consultancy	-	13,935
Depreciation	11,502	6,048
Events	1,888	-
Fringe Benefit Tax	1,100	559
General	5,843	-
Information Systems	12,092	20,002
Insurance	6,326	-
Interest	-	9
Lease Vehicle	7,538	3,311



	2017	2016
Legal Fees	6,113	-
Payroll	698	580
Petrol	2,008	-
Postage & Courier	3,137	1,926
Printing & Stationary	5,866	3,785
Rent	28,522	36,254
Subscriptions/Publications	2,707	-
Telephone & Tolls	9,977	9,688
Total Overheads	134,776	124,907

9. Re-classification of Cost Centres

During the 2017 financial year a re-classification of cost centers was completed, however there has been no re-classification of comparative figures.

10. Capital Expenditure Commitments

There were no commitments for capital expenditure as at balance date (2016: NIL).

11. Contingent Liabilities

There were no known contingent liabilities outstanding as at balance date (2016: NIL).

12. Lease Obligations

Non-cancellable operating lease rentals relating to premises and a vehicle lease are payable as follows:

	2017	2016
Operating Leases		
Less than one year	39,045	43,274
Later than one year	4,020	43,065
Lease payments recognised as an expense	35,542	39,565

13. Related Parties

Simon Cook is a member of the Executive Committee of the Society and a Director of Kiwifruit Vine Health Board (KVH). Total expenditure with KVH for the year was \$59,258. Total income from KVH for the year was \$1,221.

	2017	2016
14. Income Tax Expense		
Net Operating Profit / (Loss) Before Tax		
Current Year Surplus	4,448	223,999
Total Net Operating Profit / (Loss) Before Tax	4,448	223,999
Adjustments		
Non Taxable Income	(1,359,035)	(1,384,310)
Non Deductible Expenses	1,360,708	1,163,194
Deduction for Non-Profit Organisations	(1,000)	(1,000)
Total Adjustments	673	(222,116)
Taxable Profit (Loss)	5,121	1,883
Tax Payable at 28%	1,434	527



	2017	2016
Tax Liability		
Opening Tax Balance	676	1,280
RWT	(1,071)	(504)
Tax Paid	(677)	(627)
Total Tax Liability	(1,072)	149
Total Tax to Pay	362	676



Depreciation Schedule

New Zealand Kiwifruit Growers Incorporated For the year ended 31 December 2017

NAME	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING VALUE
Building Fit-out						
Office Renovation	3,360	-	3,360	-	280	3,080
Total Building Fit-out	3,360	-	3,360	-	280	3,080
Office Equipment						
2 Tilt Drawer Cabinets	276	33	-	33	-	-
Black Cab & Bookcases	1,210	227	-	-	33	194
Board Table, 14 Chairs & Small Table	2,209	262	-	-	47	215
Building Signage	1,290	1,236	-	-	124	1,113
Conference Phone	330	2	-	-	1	1
Electronic Whiteboard	693	3	-	-	1	2
Eurotilt Filing Cabinet	599	122	-	122	-	-
HP Elite Laptop (NJ)	2,650	414	-	-	207	207
HP Laptop (RF)	2,403	102	-	-	49	53
Iphone 6s 32GB (LM)	869	-	869	-	326	543
Mobile Filing Cabinet	465	70	-	-	13	57
Office Furniture	1,179	133	-	-	24	109
Samsung Galaxy S7 (MM)	1,043	-	1,043	-	640	402
Samsung Note 5 (KL)	1,129	373	-	373	-	-
Samsung S7 Edge (NJ)	-	-	-	-	-	-
Samsung S7 Edge (NJ)	1,043	-	1,043	-	291	752
Server	2,984	1,243	-	-	621	621
Shadow Protect Server Software	697	34	-	-	16	18
Smartphone (KM)	652	-	652	-	255	397
Surface Pro 3 Computer (KL)	2,820	617	-	-	309	309
Synology 1TB Hard Drive	1,396	-	1,396	-	349	1,047
Toshiba Portege Z30T Notebook (LM)	3,729	-	3,729	-	1,554	2,175
Toshiba Portege Z30T Notebook (MM)	3,545	-	3,545	-	1,773	1,773
Varidesk	779	703	-	-	91	612
Website Design & Build	10,700	9,808	-	-	4,904	4,904
Wireless Modem	693	43	-	43	-	-
Total Office Equipment	45,382	15,424	12,275	570	11,627	15,502
Total	48,742	15,424	15,635	570	11,907	18,582



The accompanying notes form part of these financial statements. These financial statements must be read in conjunction with the accompanying Notes to the Accounts and Audit Report.

INDEPENDENT AUDITOR'S REPORT

To the Members of New Zealand Kiwifruit Growers Incorporated

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New Zealand Kiwifruit Growers Incorporated ('the Society') on pages 5 to 13, which comprise the statement of financial position as at 31 December 2017, and the statement of financial performance and statement of changes in equity for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2017, and its financial performance for the year then ended in accordance with Special Purpose Financial Reporting Framework for use by For-Profit Entities published by Chartered Accountants Australia and New Zealand

Our report is made solely to the Members of New Zealand Kiwifruit Growers Incorporated. Our audit work has been undertaken so that we might state 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 New Zealand Kiwifruit Growers Incorporated and the Members of New Zealand Kiwifruit Growers Incorporated, for our audit work, for this report or for the opinions we have formed.

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 Financial Statements* section of our report. We are independent of the Society 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 the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, New Zealand Kiwifruit Growers Incorporated.

Emphasis of Matter

We draw attention to Note 2 of the financial statements, which describes the Basis of preparation, being that these financial statements have been prepared in accordance with Special Purpose for the reporting to members. Our opinion is not modified in respect of this matter.

Responsibilities of the Executive Committee for the Financial Statements

The Executive Committee is responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with Special Purpose, and for such internal control as the Executive Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible on behalf of the Society for assessing the Society'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 Executive Committee either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

Staples Rodway Audit Ltd

STAPLES RODWAY AUDIT LIMITED

Tauranga, New Zealand

3 May 2018