

Special Purpose Financial Statements

New Zealand Kiwifruit Growers Incorporated
For the year ended 31 December 2018

Prepared by Sutcliffe Graham + Co

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Entity Information

New Zealand Kiwifruit Growers Incorporated For the year ended 31 December 2018

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

Chairman

Doug Brown

Vice-Chairman

Mark Mayston

Executive

Tony Leicester
Debbie Oakley
Sally Gardiner
Whetu Rolleston

Auditors

Baker Tilly 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 2018

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 2018.

APPROVED



NZKGI Chairman

Date 5/6/19



NZKGI Vice-Chairman

Date 5/6/19

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.

Statement of Financial Performance

New Zealand Kiwifruit Growers Incorporated For the year ended 31 December 2018

	NOTES	2018	2017
Revenue			
Revenue from Provision of Services			
Commodity Levy		1,499,775	1,227,556
Pioneer Book Funding		66,189	-
Kiwifruit Employment Co-ordinator Funding		46,667	131,479
Total Revenue from Provision of Services		1,612,630	1,359,035
Interest and Investment Revenue			
Interest Received		10,279	6,121
Total Interest and Investment Revenue		10,279	6,121
Total Revenue		1,622,909	1,365,156
Total Revenue		1,622,909	1,365,156
Expenses			
Executive Committee & Forum Members	6	273,313	260,718
Staff Costs / Benefits	7	593,284	575,398
Employment Co-ordinator Costs		50,000	131,378
Communications		52,840	49,538
External Relations		33,713	36,147
Industry Stability		6,068	59,655
Labour / Education		85,819	36,427
Organisational Management		21,674	20,312
Performance and Supply		52,428	56,360
Pioneer Book Expenses		66,189	-
Overheads	8	132,176	134,776
Total Expenses		1,367,504	1,360,708
Net Operating Profit / (Loss) Before Tax		255,405	4,448
Provision for Tax			
Provision for Tax	13	2,598	1,434
Total Provision for Tax		2,598	1,434
Net Profit / (Loss)		252,807	3,014

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.

Statement of Changes in Equity

New Zealand Kiwifruit Growers Incorporated For the year ended 31 December 2018

	2018	2017
Equity		
Opening Balance	953,163	950,149
Increases		
Net Surplus for the Period	252,807	3,014
Total Increases	252,807	3,014
Total Equity	1,205,971	953,163

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.



Statement of Financial Position

New Zealand Kiwifruit Growers Incorporated As at 31 December 2018

	NOTES	31 DEC 2018	31 DEC 2017
Assets			
Current Assets			
Bank Accounts and Cash	3	1,207,962	880,023
Debtors		135,844	182,274
Total Current Assets		1,343,806	1,062,297
Non-Current Assets			
Fixed Assets		13,574	18,582
Intangibles		4,455	4,455
Total Non-Current Assets		18,029	23,037
Total Assets		1,361,835	1,085,334
Liabilities			
Current Liabilities			
Accruals and Provisions	4	44,016	54,449
Accrued Holiday Pay		20,185	28,711
Credit Cards		3,575	1,955
Creditors		60,783	35,889
GST Payable		20,386	10,039
Income in Advance	5	5,066	-
Loans		1,053	766
Tax Provision	13	799	362
Total Current Liabilities		155,864	132,171
Total Liabilities		155,864	132,171
Net Assets		1,205,971	953,163
Equity			
Retained Earnings		1,205,971	953,163
Total Equity		1,205,971	953,163

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

New Zealand Kiwifruit Growers Incorporated For the year ended 31 December 2018

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 2017. 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.

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.

	2018	2017
3. Cash and Bank		
ANZ - Cheque Account	260,438	115,993
ANZ - Savings Account	4,102	59,096
ANZ - Retained Earnings	943,422	704,933
Total Cash and Bank	1,207,962	880,023
	2018	2017

4. Accruals and Provisions

Creditor Accruals	43,577	27,110
Green14 Fund	440	27,340
Total Accruals and Provisions	44,017	54,449

During 2016, Green14 growers sought legal advice with regards to dealing with Zespri around the future of the Green14 cultivar. A number of Green14 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 Green14 growers. Zespri have now reimbursed NZKGI for these costs and NZKGI are currently working through the refunding the Green14 deposits from the Green14 Fund outlined above.

	2018	2017
5. Income in Advance		
Kiwifruit Pioneer Book Advance	5,066	-
Total Income in Advance	5,066	-

	2018	2017
6. Executive Committee & Forum Members		
Members Fees	86,788	93,294
Chairman & Vice-Chairman Honorarium	93,042	89,333
Other Meeting Fees	11,500	16,473
Domestic Travel & Accommodation	45,029	41,018
International Travel & Accommodation	36,955	20,359
Telecommunications	-	240
Total Executive Committee & Forum Members	273,313	260,718

	2018	2017
7. Staff Costs / Benefits		
Administration Support	25,000	25,000
Benefits	1,246	1,537
International Travel	10,596	12,611
Salaries	545,034	534,798
Training	11,407	1,452
Total Staff Costs / Benefits	593,284	575,398

	2018	2017
8. Overheads		
ACC Levies	1,308	858
Accountancy	17,836	21,929
Audit	5,780	5,750
Bank Fees	891	921
Depreciation	9,133	11,502
Events	142	1,888
Fringe Benefit Tax	720	1,100
General	5,890	5,843
Information Systems	12,239	12,092
Insurance	5,791	6,326
Lease Vehicle	7,958	7,538
Legal Fees	9,598	6,113
Payroll	662	698
Petrol	3,374	2,008
Postage & Courier	3,571	3,137
Printing & Stationary	6,682	5,866
Rent	27,432	28,522
Subscriptions/Publications	2,235	2,707
Telephone & Tolls	10,935	9,977
Total Overheads	132,176	134,776

9. Capital Expenditure Commitments

There were no commitments for capital expenditure as at balance date (2017: NIL).

10. Contingent Liabilities

There were no known contingent liabilities outstanding as at balance date (2017: NIL).

11. Lease Obligations

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

	2018	2017
Operating Leases		
Less than one year	4,020	39,045
Later than one year	-	4,020
Lease payments recognised as an expense	39,045	35,542

12. Related Parties

Simon Cook was a member of the Executive Committee of the Society and a Director of Kiwifruit Vine Health Board (KVH). Simon resigned in July 2018. Total expenditure with KVH for this period was \$17,647.

Mark Mayston is a member of the Executive Committee of the Society and a Director of Apata. Apata were invoiced during the year for supply agreement training and sponsorship of the pioneers book. The total for the period was \$4,750, of which \$2,588 was receivable at balance date.

Sally Gardiner is a member of the Executive Committee of the Society and a Director of Start Afresh. Start Afresh provided supply agreement training. NZKGI was invoiced \$446 during the year.

Tony Leicester is a member of the Executive Committee of the Society and a Director of DMS Pro growers. Pro growers were invoiced \$2,500 during the year for sponsorship of the pioneers book.

During the year all forum members agreed to donate their individual forum fees for one meetings attendance (\$9,450), to assist with funding of the Pioneer Book.

	2018	2017
13. Income Tax Expense		
Net Operating Profit / (Loss) Before Tax		
Current Year Surplus	255,405	4,448
Total Net Operating Profit / (Loss) Before Tax	255,405	4,448
Adjustments		
Non Taxable Income	(1,612,630)	(1,359,035)
Non Deductible Expenses	1,367,504	1,360,708
Deduction for Non-Profit Organisations	(1,000)	(1,000)
Total Adjustments	(246,126)	673
Taxable Profit (Loss)	9,279	5,121
Tax Payable at 28%	2,598	1,434
Tax Liability		
Opening Tax Balance	362	676
RWT	(1,798)	(1,071)
Tax Paid	(363)	(677)
Total Tax Liability	(1,799)	(1,072)
Total Tax to Pay	799	362

Depreciation Schedule

New Zealand Kiwifruit Growers Incorporated

For the year ended 31 December 2018

NAME	RATE	METHOD	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING VALUE
Building Fit-out									
Office Renovation	10.00%	DV	18 Mar 2017	3,360	3,080	-	-	308	2,772
Total Building Fit-out				3,360	3,080	-	-	308	2,772
Office Equipment									
Office Furniture	18.00%	DV	1 Jun 2005	1,179	109	-	-	20	89
Black Cab & Bookcases	14.40%	DV	1 Sep 2005	1,210	194	-	-	28	166
Board Table, 14 Chairs & Small Table	18.00%	DV	1 Sep 2005	2,209	215	-	-	39	176
Conference Phone	39.60%	DV	1 Sep 2005	330	1	-	-	-	1
Electronic Whiteboard	39.60%	DV	1 Sep 2005	693	2	-	-	1	1
Mobile Filing Cabinet	18.00%	DV	1 Nov 2006	465	57	-	-	10	47
HP Laptop (RF)	48.00%	DV	1 Jun 2011	2,403	53	-	-	26	28
Shadow Protect Server Software	48.00%	DV	1 Apr 2012	697	18	-	-	8	9
HP Elite Laptop (Contractor)	50.00%	DV	1 Apr 2014	2,650	207	-	-	104	104
Surface Pro 3 Computer (KL)	50.00%	DV	1 Oct 2014	2,820	309	-	-	154	154
Server	50.00%	DV	1 Sep 2015	2,984	621	-	-	311	311
Variadesk	13.00%	DV	7 Apr 2016	779	612	-	-	80	532
Building Signage	10.00%	DV	9 Aug 2016	1,290	1,113	-	-	111	1,001
Website Design & Build	50.00%	DV	18 Nov 2016	10,700	4,904	-	-	2,452	2,452
Toshiba Portege Z30T Notebook (GS)	50.00%	DV	31 Jan 2017	3,545	1,773	-	-	886	886
Samsung Galaxy S7 (MM)	67.00%	DV	3 Feb 2017	1,043	402	-	-	270	133
Toshiba Portege Z30T Notebook (LM)	50.00%	DV	13 Mar 2017	3,729	2,175	-	-	1,088	1,088
Iphone 6s 32GB (LM)	50.00%	DV	3 Apr 2017	869	543	-	-	271	271
Smartphone (KM)	67.00%	DV	1 Jun 2017	652	397	-	-	266	131
Synology 1TB Hard Drive	50.00%	DV	31 Jul 2017	1,396	1,047	-	-	524	524

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.

Depreciation Schedule

NAME	RATE	METHOD	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING VALUE
Samsung S7 Edge (NJ)	67.00%	DV	24 Aug 2017	1,043	752	-	-	504	248
Microsoft Surface Laptop 13.5" i5-7200 (SC)	50.00%	DV	22 Jan 2018	3,126	-	3,126	-	1,563	1,563
Samsung Galaxy S8 (SC)	67.00%	DV	3 Nov 2018	999	-	999	-	112	888
Total Office Equipment				46,810	15,502	4,125	-	8,825	10,802
Total				50,170	18,582	4,125	-	9,133	13,574

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 2018, 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 2018, and its financial performance for the year then ended in accordance with Basis of Preparation per Note 2.

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 are special purpose reports for the purpose of 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 Basis of Preparation per Note 2, 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/>

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of New Zealand Kiwifruit Growers Incorporated for the year ended 31 December 2018 included on New Zealand Kiwifruit Growers Incorporated's website. The Executive Committee of New Zealand Kiwifruit Growers Incorporated is responsible for the maintenance and integrity of New Zealand Kiwifruit Growers Incorporated's website. We have not been engaged to report on the integrity of New Zealand Kiwifruit Growers Incorporated's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to

the published hard copy of the audited financial statements and related audit report dated 5 June 2019 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUDIT LIMITED

Tauranga, New Zealand

5 June 2019