

Kiwifruit New Zealand  
Performance Report  
For the year ended  
31 March 2016

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# Kiwifruit New Zealand

## Entity Information

For the year ended  
31 March 2016

Name and Legal Basis:	The New Zealand Kiwifruit Board was established by regulation 32 of the Kiwifruit Export Regulations 1999 and is known as Kiwifruit New Zealand.
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### Purpose:

The Kiwifruit Export Regulations 1999 created the "single desk" exporter "Zespri", and also established the New Zealand Kiwifruit Board, known as Kiwifruit New Zealand (KNZ).

KNZ's purpose is to authorise Zespri to export kiwifruit at FOBS, to mitigate the potential costs and risks arising from the single desk by monitoring and enforcing the non-discrimination rule, the non-diversification rule, information disclosure requirements, and to provide for collaborative marketing programmes as required by the regulations.

### Structure:

The Regulations created Kiwifruit New Zealand as a Body Corporate of five Members who serve for three year terms. Kiwifruit Producers, being owners of land in New Zealand on which kiwifruit is produced for export, elect three members to the Board, the fourth member is appointed by New Zealand Kiwifruit Growers Incorporated and the Chairman of the Board is appointed by the other four Members and is required to be fully independent of the kiwifruit industry.

Kiwifruit Producers are eligible to vote in elections to appoint the three Producer elected members, and an election is held each year to elect a member by rotation. Candidates are nominated by kiwifruit producers, and there is no restriction on who may be nominated.

### Funding:

In accordance with regulation 39 of the Kiwifruit Export Regulations 1999 the Board is funded on a cost recovery basis by charging the following:

- recharge to Zespri of the costs incurred in the administration of the export authorisation, including related monitoring and enforcement.
- recharge to collaborative marketing applicants under the collaborative marketing regime
- recharge to Zespri and collaborative marketing applicants for reasonable costs of the Boards communications with kiwifruit producers.

### Contact details

Physical Address:	25 Miro Street, Mount Maunganui, 3116
Postal Address:	PO Box 4683, Mount Maunganui South, 3149
Website:	<a href="http://www.knz.co.nz">www.knz.co.nz</a>



# Kiwifruit New Zealand

## Statement of Service Performance

For the year ended  
31 March 2016

### Outcomes:

KNZ complied with the regulations and carried out its functions in an efficient and cost-effective manner.

During the 2015/16 financial year a new Chair, Kristy McDonald QC, and a new Chief Executive, Geoff Morgan, were appointed by the board. Both individuals are totally independent of the kiwifruit industry.

The board considered 37 collaborative marketing applications (30 for kiwifruit and 7 for kiwiberry), and approved 29 programmes (22 for kiwifruit and 7 for kiwiberry) with a total volume of approximately 3 million trays.

During the year the board investigated a number of grower complaints and also responded to 8 Official Information Act requests.

The board managed the finances appropriately to ensure all matters concerned with collaborative marketing was financed by the applicants, and that overall the board did not operate to make a profit.

	Actual	Budget	Actual
Measurement of Outcomes:	This Year	This Year	Last Year
	\$	\$	\$

Income from monitoring and enforcement of regulations - general	481,592	518,529	390,309
Expenses for monitoring and enforcement of regulations - general	455,960	455,677	339,006
Income from collaborative marketing activities	311,920	308,267	252,235
Expenses from collaborative marketing activities	374,103	371,120	306,162



**Kiwifruit New Zealand**  
**Statement of Financial Performance**  
For the year ended  
31 March 2016

	Note	2016 \$	2015 \$
Revenue			
Funding from Zespri Group Ltd		481,592	390,309
Funding from Collaborative Marketing Fees		311,920	252,235
Interest Received		5,010	4,176
Other revenue		11,681	-
Total Revenue		810,203	646,720
Expenses			
Board Expenses	1	185,894	165,259
Executive Expenses	1	133,803	128,340
Collaborative Marketing Expenses	1	374,103	306,162
Other Expenses - Operations	1	109,330	20,622
Other Expenses - Overheads	1	26,933	24,785
Total Expenses		830,063	645,168
Surplus before tax		(19,860)	1,552
Income Tax Expense		(1,281)	(652)
Surplus/(Deficit) for the Year*		(21,141)	900



# Kiwifruit New Zealand

## Statement of Financial Position

As at  
31 March 2016

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current Assets</b>			
Bank Account - ANZ Cheque Account		11,325	14,130
Bank Account - ANZ Savings Account		396,093	216,987
Cash - Foreign Currency Held		5,605	6,313
Accounts Receivable		101,994	25,433
Southern Cross Clearing Account		-	1,067
Income Tax		-	142
<b>Total Current Assets</b>		<b>515,017</b>	<b>264,072</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	8,425	9,620
<b>Total Non-Current Assets</b>		<b>8,425</b>	<b>9,620</b>
<b>Total Assets</b>		<b>523,442</b>	<b>273,692</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade Creditors		87,655	22,565
Accruals		394,703	189,108
Income Tax		404	-
GST		4,412	822
PAYE		10,768	9,556
Reporting Prepayment		25,500	30,500
<b>Total Current Liabilities</b>		<b>523,442</b>	<b>252,551</b>
<b>Total Liabilities</b>		<b>523,442</b>	<b>252,551</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>-</b>	<b>21,141</b>
<b>Accumulated Funds</b>			
Accumulated surpluses or (deficits)		-	21,141
<b>Total Accumulated Funds</b>	3	<b>-</b>	<b>21,141</b>

Signed:



Date:

26/07/2016

Signed:



Date:

26/07/2016

This Performance Report must be read in conjunction with the accompanying Notes to the Performance Report and Audit Report.



# Kiwifruit New Zealand

## Statement of Cash Flows

For the year ended  
31 March 2016

	2016	2015
	\$	\$
Cash Flows from Operating Activities		
Cash was received from:		
Funding from Zespri Group Ltd	521,313	451,830
Funding from Collaborative Marketing Fees	468,513	229,907
Interest Received	5,010	4,176
Other revenue	11,681	-
Net GST	3,590	(1,159)
Cash was applied to:		
Payments to suppliers and employees	830,814	611,965
Payments of income tax	734	731
Net Cash Flows from Operating Activities	178,560	72,058
Cash flows from Investing and Financing Activities		
Cash was applied to:		
Payments to acquire property, plant and equipment	2,966	6,567
Net Cash Flows from Investing and Financing Activities*	(2,966)	(6,567)
Net Increase in Cash	175,593	65,491
Opening Cash	237,430	171,939
Closing Cash	413,023	237,430
This is represented by:		
Bank Account - ANZ Cheque Account	11,325	14,130
Bank Account - ANZ Savings Account	396,093	216,987
Cash - Foreign Currency Held	5,605	6,313
Bank Accounts and Cash	413,023	237,430



# Kiwifruit New Zealand

## Statement of Accounting Policies

For the year ended  
31 March 2016

### Basis of Preparation

Kiwifruit New Zealand has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

### Goods and Services Tax (GST)

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

### Income Tax

Kiwifruit New Zealand is liable for income tax on interest income received. No tax is payable on other income because the entity is prohibited from making a profit under Regulation 35 of the Kiwifruit Regulations 1999.

### Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

### Accounts Receivable

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

### Depreciation

Depreciation has been calculated using the rates provided for taxations purposes in the Income Tax Act 2007 as follows on a diminishing value basis:

Furniture and Fittings	15.6% - 19.2%
Office Equipment	15.6% - 48%
Computer Equipment	25% - 48%



# Kiwifruit New Zealand

## Statement of Accounting Policies

For the year ended  
31 March 2016

### Revenue

Revenue is received in the form of funding from Zespri Group Limited to the level that its expenses are met and surplus is nil. Collaborative marketing fees are received by KNZ from entities wishing to engage in such arrangements. All revenue is recognised as accrued. Reporting prepayments are received by applicants for collaborative marketing arrangements to ensure those applicants meet reporting requirements to KNZ. These amounts are not recognised as revenue as they are repayable if such commitments are met.

### Property & Plant and Equipment

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

### Retained Earnings

During the 2016 financial year the Board has realigned itself with the specific wording of Section 35 of Kiwifruit Export Regulations 1999 which states that it "must not operate to make a profit". The Board has not operated to make a profit previously but in 2016 has deemed that any retained earnings from prior surpluses should be distributed back to Zespri Group Limited to reduce retained earnings to nil. Going forward this will be done annually.

### Changes in Accounting Policies

Other than a revision of the retained earnings as stated above no changes in accounting policies have been made during the financial year. This is the first year of applying PBE SFR-A. Full comparatives have been prepared and other than presentation and disclosure format, there have been no significant changes from the prior year.



**Kiwifruit New Zealand**  
**Notes to the Performance Report**  
For the year ended  
31 March 2016

**Note 1 : Analysis of Expenses**

Expense Item	Analysis	2016 \$	2015 \$
Board Expenses	Chairmans Honorarium 67%	46,927	52,930
	Members Honorarium 62%	74,400	74,790
	Elections	1,295	4,357
	General Expenses	12,460	1,364
	Insurance - D & O	9,183	9,158
	Memberships	-	609
	Overseas Travel - Flights & Accommodation 25%	13,964	8,215
	Overseas Travel - Per Diem 25%	19,380	2,109
	Special Meetings, Conferences & Seminars	94	122
	Domestic Travel - Accommodation & Meals	1,675	2,764
	Domestic Travel - Flights, Taxis & Car Rental	5,272	4,939
	Vehicle Mileage	1,244	3,902
	<b>Total</b>	<b>185,894</b>	<b>165,259</b>

Expense Item	Analysis	2016 \$	2015 \$
Executive Expenses	Executive Salaries - 47%	114,598	116,213
	Employers Kiwisaver Contributions - 47%	4,037	2,921
	General Expenses	2,614	1,807
	Industry Relations	1,837	200
	Insurance - D & O	8,020	1,832
	Staff training & Conferences	94	-
	Domestic Travel - Accommodation & Meals	630	19
	Domestic Travel - Flights, Taxis & Car Rental	1,355	585
	Overseas Travel - Flights & Accommodation 25%	-	3,439
	Temporary Staff Wages	-	943
	Vehicle Mileage	618	381
	<b>Total</b>	<b>133,803</b>	<b>128,340</b>



**Kiwifruit New Zealand**  
**Notes to the Performance Report**  
For the year ended  
31 March 2016

**Note 1 : Analysis of Expenses**

Expense Item	Analysis	2016 \$	2015 \$
Collaborative Marketing Expenses	Legal Fees	29,845	26,070
	Business Analyst	1,290	-
	Chairman's Honorarium - 33%	23,113	-
	Members' Honorarium - 38%	45,600	45,839
	Executive Salaries - 53%	136,829	131,049
	Employers Kiwisaver Contributions - 53%	4,553	3,294
	C M Investigation	1,638	12,807
	General Expenses	17,951	906
	Media Advertising	2,500	2,500
	Member C M C fees	16,751	19,465
	Overseas Travel - Per Diem 75% (Board)	20,740	7,500
	Overseas Travel - Flights & Accom 75% (Board)	35,673	25,145
	Overseas Travel - Flights & Accom 75% (Executive)	12,808	9,817
	Overheads - C M Share 46%	22,944	21,021
	Domestic Travel - Accommodation & Meals	-	148
	Domestic Travel - Flights, Taxis & Car Rental	1,868	601
	<b>Total</b>	<b>374,103</b>	<b>306,162</b>

Expense Item	Analysis	2016 \$	2015 \$
Other Expenses - Operations	O I A Investigation Costs	-	670
	Chairman / C E O Recruitment	56,010	9,029
	Consultancy	-	1,667
	Legal, Professional Fees & Research	48,423	1,340
	Communications	4,897	7,916
	<b>Total</b>	<b>109,330</b>	<b>20,622</b>



**Kiwifruit New Zealand**  
**Notes to the Performance Report**  
For the year ended  
31 March 2016

**Note 1 : Analysis of Expenses**

Expense Item	Analysis	2016 \$	2015 \$
Other Expenses - Overheads	General Expenses	50	282
	Insurance - Other (Non D & O)	1,078	904
	ACC Levies	623	650
	Accountancy	2,280	280
	Bank Service Charges	477	453
	Depreciation	4,151	2,745
	External Audit Fees	3,550	3,000
	Information Systems	14,905	15,440
	Material Damage Insurance	149	99
	Postage & Courier	628	596
	Printing & Stationery	4,912	6,006
	Rent & Outgoings	13,826	12,244
	Share of General Overheads	(22,943)	(21,022)
	Telephone & Fax	3,247	3,108
	<b>Total</b>	<b>26,933</b>	<b>24,785</b>



**Kiwifruit New Zealand**  
**Notes to the Performance Report**  
For the year ended  
31 March 2016

**Note 2 : Property, Plant and Equipment**

This Year					
Asset Class	Opening Carrying Amount	Purchases	Sales/Disposals	Current Year Depreciation and Impairment	Closing Carrying Amount
Furniture and Fixtures	1,922	1,268	-	369	2,821
Office Equipment	1,980	-	-	497	1,483
Computers (including software)	5,718	1,688	-	3,285	4,121
<b>Total</b>	<b>9,620</b>	<b>2,956</b>	<b>-</b>	<b>4,151</b>	<b>8,425</b>

Last Year					
Asset Class	Opening Carrying Amount	Purchases	Sales/Disposals	Current Year Depreciation and Impairment	Closing Carrying Amount
Furniture and Fixtures	2,319	-	-	397	1,922
Office Equipment	466	1,968	-	454	1,980
Computers (including software)	3,613	3,999	-	1,894	5,718
<b>Total</b>	<b>6,398</b>	<b>5,967</b>	<b>-</b>	<b>2,745</b>	<b>9,620</b>

**Note 3: Accumulated Funds**

	2016	2015
Accumulated Surpluses of Deficits	\$	\$
Opening Balance	21,141	20,241
Surplus/(Deficit)	(21,141)	900
<b>Closing Balance</b>	<b>-</b>	<b>21,141</b>



# Kiwifruit New Zealand

## Notes to the Performance Report

For the year ended  
31 March 2016

### Note 4: Related Party Transactions

		This Year	Last Year	This Year	Last Year
		\$	\$	\$	\$
Description of Related Party Relationship	Description of the Transaction (whether in cash or amount in	Value of Transactions	Value of Transactions	Amount Outstanding	Amount Outstanding
Zespri Group Limited	funding advances	481,592	390,309	95,694	42,759

Amounts outstanding at the year end represent funding advances in excess of expenditure for the year. These amounts are therefore to be repaid to Zespri.

### Note 5: Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report. (Last Year: Nil)

### Note 6: Ability to Continue Operating

The Board considers that the entity has sufficient financial resource to enable it to continue operating for the foreseeable future.





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## INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF KIWIFRUIT NEW ZEALAND

### Report on the Performance Report

We have audited the accompanying performance report of Kiwifruit New Zealand on pages 1 to 12 which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 March 2016, the statement of financial position as at 31 March 2016, and the statement of accounting policies and other explanatory information.

### The Responsibility of the Board for the Performance Report

The Board is responsible on behalf of the entity for:

- (a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report which comprises:
  - the entity information;
  - the statement of service performance; and
  - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance reportin accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and;
- (c) for such internal control as the Board determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the performance report based on our audit. We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the performance report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report, including performing procedures to obtain evidence about and evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the performance report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the performance report 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 made by management, as well as evaluating the overall presentation of the performance report.

**PARTNERS:** Fraser Lellman CA Paul Hodson CA Kenneth Brown CA Janine Hellyer CA Jenny Lee CA  
Paul Manning CA **CONSULTANT:** Jeff Roberts

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the entity information, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report and our qualified audit opinion on financial performance.

Other than in our capacity as auditor we have no relationship with, or interests in, Kiwifruit New Zealand.

**Other Matter**

The financial statements of Kiwifruit New Zealand for the year ended 31 March 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 22 June 2015.

**Opinion**

In our opinion,

- (a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- (b) the performance report on pages 1 to 12 presents fairly, in all material respects:
  - the entity information for the year then ended;
  - the service performance for the year then ended; and
  - the financial position of Kiwifruit New Zealand as at 31 March 2016, and its financial performance, and cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit).

**BDO Tauranga**

**26 July 2016**

A handwritten signature in blue ink that reads "BDO Tauranga". The signature is written in a cursive, flowing style.

**525 Cameron Road  
Tauranga  
New Zealand**