

**Kiwifruit New Zealand**  
**Performance Report**  
**For the year ended**  
**31 March 2017**

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# Kiwifruit New Zealand

## Entity Information

For the year ended

31 March 2017

### 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.

### 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 Board's communications with kiwifruit producers.

### Contact details

Physical Address:	81 Girven Road, 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 2017**

### **Outcomes;**

KNZ has complied with the Kiwifruit Export Regulations 1999 and has carried out its functions in an efficient and cost-effective manner.

During the 2016/17 financial year, a new executive position of Compliance Officer was created. This position reports to the Chief Executive and the successful candidate was Ms Megan Anderson, a New Zealand registered lawyer, with extensive government and regulatory experience in New Zealand and overseas.

The board considered 37 collaborative marketing applications for the 2017 season (30 for kiwifruit and 7 for kiwiberry). The same as 2016. Of these, 30 applications were approved with a total of just over 3 million trays of kiwifruit (2016 – 3.2 million trays approved).

The board received a number of enquiries from growers and industry participants during the year, but there were no formal complaints that required investigation. KNZ also responded to 3 Official Information Act requests, and is working with the Ombudsman to finalise 1 historical request. In 2016 there were 8 O.I.A requests.

The board managed finances appropriately and ensured that collaborative marketing applicants funded the board's collaborative marketing activities, and that overall the board did not make a profit or a loss.

**Kiwifruit New Zealand**  
**Statement of Financial Performance**  
For the year ended  
**31 March 2017**

	Note	2017 \$	2016 \$
<b>Revenue</b>			
Funding from Zespri Group Ltd		496,349	481,592
Funding from Collaborative Marketing Fees		362,873	311,920
Revenue from producing Goods and Services		1,289	-
Interest received		1,771	5,010
Other revenue		-	11,680
<b>Total Revenue</b>		<b>862,282</b>	<b>810,203</b>
<b>Expenses</b>			
Employee Related Costs	1	352,432	316,121
Costs Relating to Providing Goods and Services	1	246,309	227,505
Other Expenses	1	263,325	286,437
<b>Total Expenses</b>	<b>1 &amp; 2</b>	<b>862,066</b>	<b>830,063</b>
<b>Surplus before tax</b>		<b>216</b>	<b>(19,860)</b>
<b>Income Tax Expense</b>		<b>(216)</b>	<b>(1,281)</b>
<b>Surplus/(Deficit) for the Year</b>		<b>-</b>	<b>(21,141)</b>

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



**Kiwifruit New Zealand**  
**Statement of Financial Position**

As at  
31 March 2017

	Note	2017 \$	2016 \$
<b>Assets</b>			
<b>Current Assets</b>			
Bank Account - ANZ Cheque Account		33,040	11,325
Bank Account - ANZ Savings Account		250,554	396,093
Cash - Foreign Currency Held		5,432	5,605
Accounts Receivable		-	101,994
Prepayments		12,546	-
GST Refund due		5,605	-
<b>Total Current Assets</b>		<b>307,177</b>	<b>515,017</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	23,096	8,425
<b>Total Non-Current Assets</b>		<b>23,096</b>	<b>8,425</b>
<b>Total Assets</b>		<b>330,273</b>	<b>523,442</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade Creditors		17,251	87,655
Accruals		293,852	394,703
Income Tax		152	404
GST		-	4,412
PAYE		14,018	10,768
Reporting Prepayment		5,000	25,500
<b>Total Current Liabilities</b>		<b>330,273</b>	<b>523,442</b>
<b>Total Liabilities</b>		<b>330,273</b>	<b>523,442</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>-</b>	<b>-</b>
<b>Accumulated Funds</b>			
Accumulated surpluses or (deficits)		-	-
<b>Total Accumulated Funds</b>	3	<b>-</b>	<b>-</b>

Signed: 

Date: 22 June 2017

Signed: 

Date: 22 June 2017

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 2017

	2017 \$	2016 \$
<b>Cash Flows from Operating Activities</b>		
Cash was received from:		
Funding from Zespri Group Ltd	451,027	521,313
Funding from Collaborative Marketing Fees	321,917	468,513
Interest Received	1,771	5,010
Other revenue	1,289	11,681
Net GST	(10,017)	3,590
<b>Cash was applied to:</b>		
Payments to suppliers and employees	(867,102)	(830,814)
Payments of income tax	(468)	(734)
<b>Net Cash Flows from Operating Activities</b>	<b>(101,583)</b>	<b>178,560</b>
<b>Cash flows from Investing and Financing Activities</b>		
<b>Cash was applied to:</b>		
Payments to acquire property, plant and equipment	(22,414)	(2,966)
<b>Net Cash Flows from Investing and Financing Activities</b>	<b>(22,414)</b>	<b>(2,966)</b>
<b>Net Increase in Cash</b>	<b>(123,997)</b>	<b>175,593</b>
<b>Opening Cash</b>	<b>413,023</b>	<b>237,430</b>
<b>Closing Cash</b>	<b>289,026</b>	<b>413,023</b>
<b>This is represented by:</b>		
Bank Account - ANZ Cheque Account	33,040	11,325
Bank Account - ANZ Savings Account	250,554	396,093
Cash - Foreign Currency Held	5,432	5,605
Bank Accounts and Cash	289,026	413,023

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

# Kiwifruit New Zealand

## Statement of Accounting Policies

For the year ended  
31 March 2017

### 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 Accounts Receivable and Accounts Payable 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 on a diminishing value basis over the estimated useful life of the asset. The following estimated depreciation rates/useful lives have been used:

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

### Measurement Basis

The Performance Report is presented in New Zealand dollars, and all values are rounded to the nearest New Zealand dollar unless otherwise stated.



# **Kiwifruit New Zealand**

## **Statement of Accounting Policies**

**For the year ended  
31 March 2017**

### **Revenue**

Revenue is received in the form of funding from Zespri Group Limited to the level that 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. Interest income is recorded as it is earned.

### **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.

Repairs and maintenance expenditure is recognised in the Statement of Financial Performance as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the year the asset is derecognised.

### **Changes in Accounting Policies**

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.



**Kiwifruit New Zealand**  
**Notes to the Performance Report**

For the year ended  
**31 March 2017**

**Note 1 : Analysis of Expenses**

Expense Item	Analysis	2017 \$	2016 \$
Employee Related	Chairman / C E O Recruitment	-	56,010
Costs	Employers Kiwisaver Contributions - 53%	5,164	4,553
	Employers Kiwisaver Contributions - 47%	4,580	4,037
	Executive Salaries - 53%	178,228	136,829
	Executive Salaries - 47%	158,051	114,598
	Staff / Board Recruitment	3,320	-
	Staff Training and Conferences	3,089	94
	<b>Total</b>	<b>352,432</b>	<b>316,121</b>

Expense Item	Analysis	2017 \$	2016 \$
Costs Relating to	Business Analysis	45	1,290
Providing Goods	C M Investigation	400	1,638
and Services	Domestic Travel - Accommodation and Meals	326	630
	Domestic Travel - Flights, Taxis and Car Rental	5,929	3,223
	General Expenses	2,496	20,565
	Industry Relations	53	1,837
	Insurance - D & O	1,850	8,020
	Legal Fees, Professional Fees and Research	135,632	78,268
	Media Advertising	-	2,500
	Member C M C Fees	54,304	16,751
	Overseas Travel - Per Diem 75% (Board)	-	20,740
	Overseas Travel - Flights and Accom 75% (Board)	130	35,673
	Overseas Travel - Flights and Accom 75% (Executive)	846	12,808
	Overheads - C M Share 46%	42,597	22,944
	Vehicle Mileage	1,701	618
	<b>Total</b>	<b>246,309</b>	<b>227,505</b>

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

# Kiwifruit New Zealand

## Notes to the Performance Report

For the year ended  
31 March 2017

### Note 1 : Analysis of Expenses

Expense Item	Analysis	2017 \$	2016 \$
Other Expenses	ACC	1,200	623
	Accountancy	4,537	2,280
	Bank Service Charges	571	477
	Chairman's Honorarium	70,000	70,040
	Communications	6,140	4,897
	Depreciation	7,743	4,151
	Domestic Travel - Accommodation and Meals	1,359	1,675
	Domestic Travel - Flights, Taxis and Car Rental	6,234	5,272
	Elections	1,370	1,295
	Equipment Rental	2,617	-
	External Audit Fees	3,331	3,550
	General Expenses	7,801	12,510
	Information Systems	18,821	1,078
	Insurance - D & O	9,169	9,183
	Insurance - Other (Non D & O)	1,171	14,905
	Material Damage Insurance	497	149
	Member's Honorarium	120,000	120,000
	Overseas Travel - Flights and Accommodation 25%	43	13,964
	Overseas Travel - Per Diem 25%	-	19,380
	Postage and Courier	1,226	628
	Printing and Stationery	3,825	4,912
	Rent and Outgoings	36,575	13,826
	Share of General Overheads	(42,596)	(22,943)
	Special Meeting, Conferences and Seminars	-	94
	Telephone and Fax	1,691	3,247
	Vehicle Mileage	-	1,244
	<b>Total</b>	<b>263,325</b>	<b>286,437</b>

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

**Kiwifruit New Zealand**  
**Notes to the Performance Report**

For the year ended  
**31 March 2017**

**Note 2 : Analysis of Expenses**

Expense Item	Analysis	2017 \$	2016 \$
Board Expenses	Chairmans Honorarium 67%	46,900	46,927
	Members Honorarium 62%	74,400	74,400
	Elections	1,370	1,295
	General Expenses	3,871	12,460
	Insurance - D & O	9,169	9,183
	Overseas Travel - Flights & Accommodation 25%	43	13,964
	Overseas Travel - Per Diem 25%	-	19,380
	Special Meetings, Conferences & Seminars	-	94
	Domestic Travel - Accommodation & Meals	1,359	1,675
	Domestic Travel - Flights, Taxis & Car Rental	6,234	5,272
	Vehicle Mileage	-	1,244
	<b>Total</b>	<b>143,346</b>	<b>185,894</b>

Expense Item	Analysis	2017 \$	2016 \$
Executive Expenses	Executive Salaries - 47%	158,051	114,598
	Employers Kiwisaver Contributions - 47%	4,580	4,037
	General Expenses	621	2,614
	Industry Relations	53	1,837
	Insurance - D & O	1,850	8,020
	Staff training & Conferences	3,089	94
	Domestic Travel - Accommodation & Meals	326	630
	Domestic Travel - Flights, Taxis & Car Rental	3,021	1,355
	Vehicle Mileage	770	618
	<b>Total</b>	<b>172,361</b>	<b>133,803</b>

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

**Kiwifruit New Zealand**  
**Notes to the Performance Report**  
For the year ended  
**31 March 2017**

**Note 2 : Analysis of Expenses**

<b>Expense Item</b>	<b>Analysis</b>	<b>2017</b>	<b>2016</b>
		\$	\$
Collaborative	Legal Fees	54,329	29,845
Marketing	Business Analyst	45	1,290
Expenses	Chairman's Honorarium - 33%	23,100	23,113
	Members' Honorarium - 38%	45,600	45,600
	Executive Salaries - 53%	178,228	136,829
	Employers Kiwisaver Contributions - 53%	5,164	4,553
	C M Investigation	400	1,638
	General Expenses	1,875	17,951
	Media Advertising	-	2,500
	Member C M C fees	54,304	16,751
	Overseas Travel - Per Diem 75% (Board)	-	20,740
	Overseas Travel - Flights & Accom 75% (Board)	130	35,673
	Overseas Travel - Flights & Accom 75% (Executive)	846	12,808
	Overheads - C M Share 46%	42,597	22,944
	Domestic Travel - Flights, Taxis & Car Rental	2,908	1,868
	Vehicle Mileage	931	-
	<b>Total</b>	<b>410,457</b>	<b>374,103</b>

<b>Expense Item</b>	<b>Analysis</b>	<b>2017</b>	<b>2016</b>
		\$	\$
Other Expenses -	Chairman / C E O Recruitment	-	56,010
Operations	Consultancy	-	-
	Legal, Professional Fees & Research	81,303	48,423
	Staff / Board Recruitment	3,320	-
	Communications	6,140	4,897
	<b>Total</b>	<b>90,763</b>	<b>109,330</b>

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



**Kiwifruit New Zealand**  
**Notes to the Performance Report**  
For the year ended  
**31 March 2017**

**Note 2 : Analysis of Expenses**

<b>Expense Item</b>	<b>Analysis</b>	<b>2017</b> \$	<b>2016</b> \$
<b>Other Expenses - Overheads</b>	General Expenses	3,930	50
	Insurance - Other (Non D & O)	1,171	1,078
	ACC Levies	1,200	623
	Accountancy	4,537	2,280
	Bank Service Charges	571	477
	Depreciation	7,743	4,151
	Equipment Rental	2,617	-
	External Audit Fees	3,331	3,550
	Information Systems	18,821	14,905
	Material Damage Insurance	497	149
	Postage & Courier	1,226	628
	Printing & Stationery	3,825	4,912
	Rent & Outgoings	36,575	13,826
	Share of General Overheads	(42,596)	(22,943)
	Telephone & Fax	1,691	3,247
	<b>Total</b>	<b>45,139</b>	<b>26,933</b>
<b>Total</b>		<b>862,066</b>	<b>830,063</b>

**Kiwifruit New Zealand**  
**Notes to the Performance Report**  
For the year ended  
31 March 2017

**Note 3 : 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	2,821	4,977	-	1,107	6,691
Office Equipment	1,483	10,544	-	2,440	9,587
Computers (including software)	4,121	6,893	-	4,196	6,818
<b>Total</b>	<b>8,425</b>	<b>22,414</b>	<b>-</b>	<b>7,743</b>	<b>23,096</b>

**Last 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>

**Note 4 : Accumulated Funds**

Accumulated Surpluses of Deficits	2017 \$	2016 \$
Opening Balance	-	21,141
Surplus/(Deficit)	-	(21,141)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

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

**Kiwifruit New Zealand**  
**Notes to the Performance Report**  
**For the year ended**  
**31 March 2017**

**Note 5 : Related Party Transactions**

Description of Related Party Relationship	Description of the Transaction (whether in cash or amount in kind)	This Year \$	Last Year \$	This Year \$	Last Year \$
		Value of Transactions	Value of Transactions	Amount Outstanding	Amount Outstanding
Zespri Group Limited	funding advances	489,448	481,592	60,147	95,694

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 6 : 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 7 : Ability to Continue Operating**

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



Tel: +64 7 571 6280  
Fax: +64 7 571 6281  
tauranga@bdo.co.nz  
www.bdo.co.nz

BDO TAURANGA  
Level 1 The Hub, 525 Cameron Road,  
Tauranga 3110  
PO Box 15660, Tauranga 3144  
New Zealand

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

### Report on the Performance Report

#### Opinion

We have audited the performance report of Kiwifruit New Zealand ("the entity"), 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 2017, the statement of financial position as at 31 March 2017, and the statement of accounting policies and other explanatory information.

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 accompanying performance report presents fairly, in all material respects:
  - the entity information for the year ended 31 March 2017;
  - the service performance for the year then ended; and
  - the financial position of the entity as at 31 March 2017, and its financial performance, and cash flows for the year then endedin accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

#### Basis for Opinion

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) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE (NZ) 3000 (Revised)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the entity 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, the entity.

#### Responsibilities of the Directors for the Performance Report

The directors are responsible 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 on behalf of the entity 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 by the New Zealand Accounting Standards Board; and
- c) for such internal control as the directors determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the directors are responsible on behalf of the entity for assessing the entity'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 directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

**PARTNERS:** Fraser Lellman CA    Kenneth Brown CA    Janine Hellyer CA    Jenny Lee CA  
Donna Kemp CA    Paul Manning CA

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### **Auditor's Responsibilities for the Audit of the Performance Report**

Our objectives are to obtain reasonable assurance about whether the performance report is 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) and ISAE (NZ) 3000 (Revised) 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 this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Who we Report to**

This report is made solely to the entity's directors as a body. 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 the entity and the entity's directors, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Tauranga  
Tauranga  
New Zealand  
22 June 2017