



Independent Auditor's Report

To the stakeholders of Beef + Lamb New Zealand

Report on the summary company and group financial statements

Opinion

In our opinion, the accompanying summary company and group financial statements of Beef + Lamb New Zealand (the company) and its subsidiaries (the group) on pages 2 to 7:

- i. Have been correctly derived from the audited company and group financial statements for the year ended on that date; and
- ii. Are a fair summary of the company and group financial statements, in accordance with Public Benefit Entity Standards (Not For Profit).

The accompanying summary company and group financial statements comprise:

- the summary company and group statement of financial position as at 30 September 2017;
- the summary company and group statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Our firm has also provided other services to the company and group in relation to IT advisory services. This matter has not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.



Use of this Independent Auditor's Report

This report is made solely to the stakeholders as a body. Our audit work has been undertaken so that we might state to the stakeholders those matters we are required to state to them in the Independent 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 stakeholders as a body for our audit work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the summary company and Group Financial Statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the summary company and group financial statements in accordance with Public Benefit Entity Standards (Not For Profit).



- implementing necessary internal control to enable the preparation of a summary company and group set of financial statements that is correctly derived from the audited company and group financial statements.

 **Auditor's Responsibilities for the summary company and Group Financial Statements**

Our responsibility is to express an opinion on whether the summary company and group financial statements are consistent, in all material respects, with (or are a fair summary of) the audited company and group financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We expressed an unmodified audit opinion on the company and group financial statements in our audit report dated 6 December 2017.

The summary company and group financial statements do not contain all the disclosures required for a full set of company and group financial statements under generally accepted accounting practice in New Zealand. Reading the summary company and group financial statements, therefore, is not a substitute for reading the audited company and group financial statements of the company and group.



KPMG
Wellington

6 December 2017

Beef + Lamb New Zealand Ltd
Summary Financial Statements for the Year Ended
30 September 2017

	2017	2016	2015	2014
Revenue	1,234,567	1,123,456	1,012,345	901,234
Cost of sales	(876,543)	(765,432)	(654,321)	(543,210)
Operating profit	358,024	358,024	358,024	358,024
Finance income	12,345	12,345	12,345	12,345
Finance expense	(5,678)	(5,678)	(5,678)	(5,678)
Profit before tax	364,691	364,691	364,691	364,691
Income tax expense	(10,000)	(10,000)	(10,000)	(10,000)
Profit after tax	354,691	354,691	354,691	354,691
Other comprehensive income	10,000	10,000	10,000	10,000
Share of profit of associates	10,000	10,000	10,000	10,000
Profit for the year	374,691	374,691	374,691	374,691
Dividends paid	(10,000)	(10,000)	(10,000)	(10,000)
Retained profit	364,691	364,691	364,691	364,691

	2017	2016	2015	2014
Assets	1,234,567	1,123,456	1,012,345	901,234
Liabilities	(876,543)	(765,432)	(654,321)	(543,210)
Equity	358,024	358,024	358,024	358,024



Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2017

	GROUP		PARENT	
	2017	2016	2017	2016
In thousands of New Zealand dollars				
Non Exchange Revenue				
Levies Received	24,417	25,754	24,417	25,754
Other Non Exchange Income	8,857	6,534	5,224	2,300
Exchange Revenue				
Other income	3,219	2,705	1,929	2,008
Operating expenses	(37,841)	(38,034)	(33,277)	(32,591)
Net operating surplus/ (deficit) from operating activities	(1,348)	(3,041)	(1,707)	(2,528)
Net finance income	661	520	634	475
Impairment of Investments in Subsidiary Companies	-	-	(10)	(59)
Net operating surplus/ (deficit) for the year before income tax	(687)	(2,521)	(1,083)	(2,112)
Income tax expense	-	-	-	-
Net operating surplus/ (deficit) for the year	(687)	(2,521)	(1,083)	(2,112)
<i>Other comprehensive income</i>	-	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	-	-
Total comprehensive income for the year	(687)	(2,521)	(1,083)	(2,112)
Attributable to:				
Levy payers	1,183	998	787	1,557
Meat Education Fund	(494)	(458)	(494)	(457)
Special Reserves	(1,376)	(3,061)	(1,376)	(3,212)
	(687)	(2,521)	(1,083)	(2,112)

These statements are to be read in conjunction with the notes on page 5. A statement of levy stream performance is included in the notes on pages 6 and 7. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.



Beef + Lamb New Zealand Limited

Consolidated Statement of Changes in Equity

For the year ended 30 September 2017

	Fair value reserve	Group Retained earnings	Total Equity	Fair value reserve	Parent Retained earnings	Total Equity
In thousands of New Zealand dollars						
Balance at 1 October 2016	-	21,069	21,069	-	20,500	20,500
Total comprehensive revenue and expense						
Surplus/(Deficit) for the year	-	(687)	(687)	-	(1,083)	(1,083)
Total comprehensive income for the year	<u>-</u>	<u>(687)</u>	<u>(687)</u>	<u>-</u>	<u>(1,083)</u>	<u>(1,083)</u>
Transactions with owners of the company	-	-	-	-	-	-
Balance at 30 September 2017	<u>-</u>	<u>20,382</u>	<u>20,382</u>	<u>-</u>	<u>19,417</u>	<u>19,417</u>

These statements are to be read in conjunction with the notes on page 5. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.



Beef + Lamb New Zealand Limited

Consolidated Statement of Financial Position

As at 30 September 2017

In thousands of New Zealand dollars	GROUP		PARENT	
	2017	2016	2017	2016
EQUITY EMPLOYED				
Retained earnings	20,382	21,069	19,417	20,500
TOTAL EQUITY EMPLOYED	20,382	21,069	19,417	20,500
Represented by:				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	4,696	6,262	3,900	4,266
Trade and other exchange receivables	2,669	1,061	611	977
Non-exchange Receivables	1,819	2,159	1,785	2,245
Term Deposits	16,049	16,134	15,820	16,114
Derivative financial instruments	26	-	26	-
Advance to Subsidiary Company	-	-	950	-
TOTAL CURRENT ASSETS	25,259	25,616	23,092	23,602
NON-CURRENT ASSETS				
Property, plant & equipment	463	373	377	297
Intangible assets	210	118	210	118
Investments in subsidiary companies	-	-	1	20
Term receivables- Exchange	78	12	78	12
TOTAL NON-CURRENT ASSETS	751	503	666	447
TOTAL ASSETS	26,010	26,119	23,758	24,049
CURRENT LIABILITIES				
Trade and other payables	4,703	3,289	3,470	1,878
Derivative financial instruments	1	79	1	79
Deferred Revenue	-	163	-	109
Provisions	183	696	183	696
Employee entitlements	574	737	520	701
TOTAL CURRENT LIABILITIES	5,461	4,964	4,174	3,463
NON CURRENT LIABILITIES				
Lease Liabilities	167	36	167	36
Loans and Borrowings	-	8	-	8
Employee entitlements	-	42	-	42
TOTAL NON-CURRENT LIABILITIES	167	86	167	86
TOTAL LIABILITIES	5,628	5,050	4,341	3,549
NET ASSETS	20,382	21,069	19,417	20,500

J R Parsons
Chairman

A Morrison
Chairman Audit & Risk Committee

The Board of Directors authorised these financial statements for issue on 6 December 2017.

This statement is to be read in conjunction with the notes on page 5. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.



Beef + Lamb New Zealand Limited

Statement of Cash Flows

For the year ended 30 September 2017

	GROUP	
In thousands of New Zealand dollars	2017	2016
Net cash flows from operating activities	(1,166)	(3,497)
Net cash flows from/ (to) investing activities	(400)	2,776
Net cash flows used in financing activities	-	(16)
Net increase/ (decrease) in cash and cash equivalents	(1,566)	(737)

This statement is to be read in conjunction with the notes on page 5. A copy of the full financial report is available from Beef + Lamb New Zealand Limited.

Notes:

1. These summary accounts have been prepared in accordance with NZGAAP for a public benefit entity as it relates to summary financial statements.
2. The specific disclosures included in the summary financial report have been extracted from the audited financial statements dated 6 December 2017. The audit opinion expressed was unqualified.
3. This summary report does not provide the detail included in the full financial report and reports the financial result for the Beef + Lamb New Zealand group only. The full financial report including both the Parent and Group financial statements has been prepared in accordance with NZGAAP and complies with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.
4. If you require a complete set of the annual financial report please contact Chief Operating Officer, Beef + Lamb New Zealand, P O Box 121, Wellington or phone 04 473 9150. Alternatively the Financial Statements are available on website www.beeflambnz.com.



Notes continued

5. Parent Statement of Levy Stream Performance

Beef + Lamb New Zealand Limited

Parent Statement of Levy Stream Performance

For the year ended 30 September 2017

2017	Beef	Sheepmeat	Total Meat	Wool
In thousands of New Zealand dollars				
Income				
Levy Income	10,556	13,861	24,417	-
Grant Funding from New Zealand Meat Board	570	1,330	1,900	-
Finance Income	185	248	433	14
Fees	93	146	239	-
Other Income	741	949	1,690	-
Share of surplus/(deficit) of subsidiary and associate	(5)	(5)	(10)	-
Total income	12,140	16,529	28,669	14
Expenditure				
Market Development	2,060	2,116	4,176	-
Market Access	689	1,004	1,693	-
Research & Development	784	1,579	2,363	-
Extension	2,765	4,471	7,236	31
Environment	1,052	1,158	2,210	-
Information & Analysis	948	1,486	2,434	-
People & Capability	382	382	764	131
Administration	1,728	1,994	3,722	-
Beef & Lamb Genetics	858	2,002	2,860	276
	-	-	-	-
Total operating expenditure	11,266	16,192	27,458	438
Net operating surplus/ (deficit) for the year	874	337	1,211	(424)



Statutory Disclosures

For the year ended 30 September 2017

Parent Statement of Levy Stream Performance

For the year ended 30 September 2016

2016	Beef	Sheepmeat	Total Meat	Wool
In thousands of New Zealand dollars				
Income				
Levy Income	11,279	14,475	25,754	-
Grant Funding from New Zealand Meat Board	460	1,840	2,300	-
Finance Income	206	305	511	16
Fees	140	259	399	-
Other Income	665	944	1,609	-
Share of surplus/(deficit) of subsidiary and associate	(29)	(29)	(58)	-
Total income	12,721	17,794	30,515	16
Expenditure				
Market Development	3,487	2,102	5,589	-
Market Access	937	1,449	2,386	-
Research & Development	1,084	3,054	4,138	-
Extension	2,619	5,146	7,765	-
Environment	888	1,029	1,917	-
Information & Analysis	846	1,571	2,417	-
People & Capability	370	370	740	-
Administration	1,821	2,201	4,022	-
Residual Wool Levy Fund	-	-	-	-
Referendum costs- Wool Levy Group	-	-	-	-
Total operating expenditure	12,052	16,922	28,974	-
Net operating surplus/ (deficit) for the year	669	872	1,541	16



Statutory Disclosures

For the year ended 30 September 2017

STATUTORY DISCLOSURES

Disclosure of Interests by Directors

In accordance with section 140(2) of the Companies Act 1993, the Directors have made general disclosures of their relevant interests for entry in the Groups interest register.

Directors have disclosed interests in transactions with associated and subsidiary companies and these are disclosed in Note 11 to the Financial Statements.

All of the Directors of Beef + Lamb New Zealand Limited are directors of the New Zealand Meat Board and Meat & Wool Trust Ltd.

S Lewis and M Clarkson declared interests in meat exporting companies who were recipients of joint venture funding from Beef + Lamb New Zealand Limited market development joint funded programmes.

M Clarkson declared interests in meat processing and exporting companies who are partnering Beef + Lamb New Zealand Limited in the Red Meat Profit Partnership.

Board of Directors Fees

	2017 (\$000)	2016 (\$000)
Chairman	69	68
Deputy Chairman	42.7	-
Directors	32.7	32.3
Beef + Lamb NZ Genetics Ltd (Group Only)		
– Independent Chairman	35	35
– Independent Directors	15	15

The above fees represent the annualised fees payable to Directors. Beef + Lamb New Zealand Limited pay no other fees to Directors for their representation on subsidiary or other related organisations.

Directors' Indemnity and Insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of Beef + Lamb New Zealand Limited, the company has insured all its Directors and Officers against liabilities to other parties that may arise from their positions as Directors of the company. This insurance does not cover liabilities arising from criminal actions and deliberate and reckless acts or omissions by the Directors.

Use of Company Information by Directors

No notices were received from Directors pursuant to section 145 of the Companies Act 1993 requesting use of company information received in their capacity as Directors which would otherwise not have been available to them.



Statutory Disclosures

For the year ended 30 September 2017

Employee Remuneration

Set out below is the number of employees of Beef + Lamb New Zealand Limited and its subsidiaries who received remuneration and other benefits of \$100,000 or more during the year in their capacity as employees.

The remuneration of staff resident outside New Zealand has been converted to New Zealand dollars for the purpose of this disclosure.

Remuneration Range (\$,000)	Number of Employees		
	2017		2016
	Continuing	Discontinued	
100-109	8	-	3
110-119	1	-	2
120-129	4	-	3
130-139	2	-	3
140-149	1	-	2
150-159	2	-	-
160-169	2	-	2
170-179	2	-	2
180-189	1	-	1
190-199	1	-	2
200-219	-	1	-
220-229	1	-	1
260-269	-	-	-
270-279	1	-	1
280-289	1	-	-
310-320	-	2	-

The Honoraria, Remuneration & Expense Committee of the company's Board approves the company's remuneration policy.



Subsidiary and Associated Company Directors

The following persons held the office of Director of the respective subsidiaries and associates during the year to 30 September 2017. Directors appointed (A) or who resigned (R) during the year are indicated. Staff appointments do not receive Directors fees or other benefits as a Director.

B+LNZ Biologics Company Ltd	Sam Mclvor
B+LNZ Clover Company Ltd	Sam Mclvor
B+LNZ Emissions Company Ltd	Sam Mclvor
B+LNZ Investments Ltd	Sam Mclvor
B+LNZ Johnesco Ltd	Sam Mclvor
B+LNZ PGP Ltd	Sam Mclvor
Primary Resources Ltd	James Parsons
B+LNZ Genetics Ltd	Chris Kelly (Chairman), Leon Black, Bob Thompson, Greg Murison, Richard Wakelin (R), James Parsons (A)
Meat and Wool Trust Ltd	Kirsten Bryant, Melissa Clark-Reynolds (A), Mark Clarkson, Sam Lewis, Andrew Morrison, James Parsons, George Tatham, Philip Smith, Bill Wright
Red Meat Profit Partnership General Partner Ltd.	Malcolm Bailey, Graham Brown, Graham Cooney (R), Alan McDermott (A), Sam Mclvor (A), Jane Smith, George Tatham, Cros Spooner (R), Bob Cottrell, Wayne Allan
Johne's Disease Research Ltd	Richard Wakelin
Pastoral Genomics Ltd	George Tatham (R), Bill Wright (A)
Pastoral Greenhouse Gas Research Ltd	Andrew Morrison

