

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2020

	Note	GROUP			GROUP		
		Year Ended 2020			Year Ended 2019		
		Total	Levy Stream	Non Levy Stream	Total	Levy Stream	Non Levy Stream
In thousands of New Zealand dollars							
Non Exchange Revenue							
Levies Received	4	31,242	31,242	-	29,293	29,293	-
Other Non Exchange Income	4	4,891	4,891	-	7,777	5,924	1,853
Exchange Revenue							
Other income	4	4,640	4,640	-	4,770	4,770	-
Total Income		40,773	40,773	-	41,840	39,987	1,853
Operating expenses	6	(40,794)	(39,678)	(1,116)	(41,441)	(39,424)	(2,017)
Net operating surplus/ (deficit) from operating activities		(21)	1,095	(1,116)	399	563	(164)
Net finance income	5	405	405	-	541	509	32
Net operating surplus/ (deficit) for the year before income tax		384	1,500	(1,116)	940	1,072	(132)
Income tax expense	7	-	-	-	-	-	-
Net operating surplus/ (deficit) for the year		384	1,500	(1,116)	940	1,072	(132)
<i>Other comprehensive income</i>		-	-	-	-	-	-
Total comprehensive income for the year		384	1,500	(1,116)	940	1,072	(132)
Attributable to:							
Levy payers	12	1,500	1,500	-	1,072	1,072	-
Meat Education Fund		(229)	-	(229)	(121)	-	(121)
Special Reserves		(887)	-	(887)	(11)	-	(11)
		384	1,500	(1,116)	940	1,072	(132)

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 24.

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2020

	Note	PARENT				Total
		Year Ended 2020				
		Beef	Sheepmeat	Total Levy Stream	Non Levy Stream	
In thousands of New Zealand dollars						
Non Exchange Revenue						
Levies Received	4	15,445	15,797	31,242	-	31,242
Other Non Exchange Income	4	1,748	2,470	4,218	-	4,218
Exchange Revenue						
Other income	4	1,964	2,222	4,186	-	4,186
Total Income		19,157	20,489	39,646	-	39,646
Operating expenses	6	(18,984)	(19,286)	(38,270)	(1,116)	(39,356)
Net operating surplus/ (deficit) from operating activities		173	1,203	1,376	(1,116)	260
Net finance income	5	193	206	399	-	399
Impairment of Investment in Subsidiary Companies	11	(143)	(198)	(341)	-	(341)
Net operating surplus/ (deficit) for the year before income tax		223	1,211	1,434	(1,116)	318
Income tax expense	7	-	-	-	-	-
Net operating surplus/ (deficit) for the year		223	1,211	1,434	(1,116)	318
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		223	1,211	1,434	(1,116)	318
Attributable to:						
Levy payers	12	223	1,211	1,434	-	1,434
Meat Education Fund		-	-	-	(229)	(229)
Special Reserves		-	-	-	(857)	(857)
		223	1,211	1,434	(1,116)	318
Share of Operating surplus/ (deficit) of Research Consortium and Subsidiaries as reflected in Group Financial Statements comprising:				66		
B+LNZ Investments Ltd				(257)		
Pastoral Genomics Ltd				96		
B+LNZ Emissions Company Ltd				227		
B+LNZ Genetics Ltd				-		
Group Net operating surplus/ (deficit) for the year- Levy Stream				1,500		

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 24.

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2020

	Note	PARENT				Total
		Year Ended 2019				
		Beef	Sheepmeat	Total Levy Stream	Non Levy Stream	
In thousands of New Zealand dollars						
Non Exchange Revenue						
Levies Received	4	13,699	15,594	29,293	-	29,293
Other Non Exchange Income	4	2,485	2,669	5,154	1,853	7,007
Exchange Revenue						
Other income	4	1,350	1,658	3,008	-	3,008
Total Income		17,534	19,921	37,455	1,853	39,308
Operating expenses	6	(16,418)	(19,997)	(36,414)	(2,017)	(38,431)
Net operating surplus/ (deficit) from operating activities		1,116	(76)	1,041	(164)	877
Net finance income	5	228	259	486	32	518
Impairment of Investment in Subsidiary Companies	11	-	-	-	-	-
Net operating surplus/ (deficit) for the year before income tax		1,344	183	1,527	(132)	1,395
Income tax expense	7	-	-	-	-	-
Net operating surplus/ (deficit) for the year		1,344	183	1,527	(132)	1,395
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		1,344	183	1,527	(132)	1,395
Attributable to:						
Levy payers	12	1,344	183	1,527	-	1,527
Meat Education Fund		-	-	-	(121)	(121)
Special Reserves		-	-	-	(11)	(11)
		1,344	183	1,527	(132)	1,395
Share of Operating surplus/ (deficit) of Research Consortium and Subsidiaries as reflected in Group financial Statements comprising:				(455)		
B+ LNZ Investments Ltd				24		
Pastoral Genomics Ltd				(126)		
B+ LNZ Emissions Company Ltd				(147)		
B+ LNZ Genetics Ltd				(206)		
Group Net operating surplus/ (deficit) for the year- Levy Stream				1,072		

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 24.

Beef + Lamb New Zealand Limited

Consolidated Statement of Changes in Equity

For the year ended 30 September 2020

	Group		Parent	
	Retained earnings	Total Equity	Retained earnings	Total Equity
In thousands of New Zealand dollars				
Balance at 1 October 2019	23,205	23,205	22,729	22,729
Total comprehensive revenue and expense				
Surplus/(Deficit) for the year	384	384	318	318
Total comprehensive income for the year	<u>384</u>	<u>384</u>	<u>318</u>	<u>318</u>
Balance at 30 September 2020	<u>23,589</u>	<u>23,589</u>	<u>23,047</u>	<u>23,047</u>

Beef + Lamb New Zealand Limited

Consolidated Statement of Changes in Equity

For the year ended 30 September 2019

	Group		Parent	
	Retained earnings	Total Equity	Retained earnings	Total Equity
In thousands of New Zealand dollars				
Balance at 1 October 2018	22,265	22,265	21,334	21,334
Total comprehensive revenue and expense				
Surplus/(Deficit) for the year	940	940	1,395	1,395
Total comprehensive income for the year	<u>940</u>	<u>940</u>	<u>1,395</u>	<u>1,395</u>
Balance at 30 September 2019	<u>23,205</u>	<u>23,205</u>	<u>22,729</u>	<u>22,729</u>

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 24

Consolidated Statement of Financial Position

As at 30 September 2020

In thousands of New Zealand dollars	Note	GROUP		PARENT	
		2020	2019	2020	2019
EQUITY EMPLOYED					
Retained earnings	12	23,589	23,205	23,047	22,729
TOTAL EQUITY EMPLOYED		23,589	23,205	23,047	22,729
Represented by:					
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		7,066	10,764	6,125	9,398
Trade and other exchange receivables	8	2,159	2,875	2,126	2,596
Non- exchange Receivables	8	2,602	2,120	2,601	1,957
Term Deposits	9	15,067	11,000	15,067	11,000
Derivative financial instruments	10	9	22	9	22
Livestock on Hand		650	328	-	-
Advance to Partner (Lanercost)		-	57	-	-
Advance to Subsidiary Company		-	-	510	360
TOTAL CURRENT ASSETS		27,553	27,166	26,438	25,333
NON-CURRENT ASSETS					
Property, plant & equipment		668	532	481	383
Intangible assets		375	236	375	236
Investments in subsidiary companies	11	-	-	391	582
Term receivables- Exchange		62	95	62	95
TOTAL NON-CURRENT ASSETS		1,105	863	1,309	1,296
TOTAL ASSETS		28,658	28,029	27,747	26,629
CURRENT LIABILITIES					
Trade and other payables		3,525	3,468	3,156	2,567
Income in Advance		632	473	632	473
Derivative financial instruments	10	18	1	18	1
Deferred Revenue		26	115	26	115
Provisions		37	-	37	-
Employee entitlements		726	621	726	598
TOTAL CURRENT LIABILITIES		4,964	4,678	4,595	3,754
NON CURRENT LIABILITIES					
Lease Liabilities		105	146	105	146
TOTAL NON-CURRENT LIABILITIES		105	146	105	146
TOTAL LIABILITIES		5,069	4,824	4,700	3,900
NET ASSETS		23,589	23,205	23,047	22,729


A Morrison
Chairman

M Coup
Chairman Audit & Risk Committee

The Board of Directors authorised these financial statements for issue on 2 December 2020.

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 24.

Consolidated Statement of Cash Flows

For the year ended 30 September 2020

In thousands of New Zealand dollars	GROUP		PARENT	
	Year 2020	Year ended 2019	Year 2020	Year 2019
OPERATING ACTIVITIES				
Cash was received from:				
Levy receipts	29,612	29,037	29,612	29,037
Receipts from customers including rental income	5,452	4,221	4,929	2,370
Government Grants	4,226	3,063	3,552	2,177
Interest received	395	583	389	560
Grant funding from New Zealand Meat Board	1,961	4,032	1,961	4,032
Realised Gain/ (Loss) on matured Foreign Exchange Contracts	20	20	20	11
Net GST Received/ (Paid)	93	(86)	80	(136)
	<u>41,759</u>	<u>40,870</u>	<u>40,543</u>	<u>38,151</u>
Cash was applied to:				
Payments to suppliers and employees	38,343	38,532	35,807	30,256
Payments to Subsidiary Company	-	-	-	3,987
Payments to Consortia	-	167	1,320	1,225
Payments to Industry Partner/Participant	1,401	3,215	1,401	3,215
Foreign currency translation adjustment	-	1	-	1
	<u>39,744</u>	<u>41,915</u>	<u>38,528</u>	<u>38,684</u>
Net cash flows from operating activities	2,015	(1,045)	2,015	(533)
INVESTING ACTIVITIES				
Cash was received from:				
Maturity of investments	30,000	19,975	30,000	19,975
Capital Redeemed NCF	-	-	450	-
Dividend Received	-	-	40	-
	<u>30,000</u>	<u>19,975</u>	<u>30,490</u>	<u>19,975</u>
Cash was applied to:				
Purchase of property, plant & equipment	291	140	291	96
Purchase of intangible assets	310	66	310	66
Shareholder Advance to Subsidiary company	-	-	-	360
Purchase of NCF Investment	600	-	-	-
Loan North Canterbury Future Farm	-	-	510	-
Purchase of investments	35,112	17,430	35,112	17,430
	<u>35,713</u>	<u>17,636</u>	<u>36,223</u>	<u>17,592</u>
Net cash flows from/ (to) investing activities	(5,713)	2,339	(5,733)	2,383
FINANCING ACTIVITIES				
Cash was received from:				
	-	-	-	-
Cash was applied to:				
	-	-	-	-
Net cash flows used in financing activities	-	-	-	-
Net increase/ (decrease) in cash and cash equivalents	(3,698)	1,294	(3,718)	1,490
Add: Opening cash and cash equivalents	10,764	9,470	9,843	7,908
Closing cash and cash equivalents	7,066	10,764	6,125	9,398
CASH AND CASH EQUIVALENTS COMPRISE				
Cash at Bank	3,924	5,536	2,983	4,171
Short Term Deposits	3,142	5,056	3,142	5,055
Meat Education Fund Deposit	-	172	-	172
	<u>7,066</u>	<u>10,764</u>	<u>6,125</u>	<u>9,398</u>

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 24

Notes to the Financial Statements

For the year ended 30 September 2020

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Notes to the Financial Statements

For the year ended 30 September 2020

1. Reporting Entity

The financial statements are for Beef + Lamb New Zealand Limited (the Parent), as a separate entity and the consolidated financial statements are for the Beef + Lamb New Zealand Limited Group (the Group), which includes all its subsidiaries and associated entities as disclosed in note 11.

The Parent and the Group are designated as public benefit entities for financial reporting purposes.

Beef + Lamb New Zealand Limited is a company incorporated in New Zealand, with its registered office in Wellington. The Group operates in the red meat industry in New Zealand.

2. Basis of Preparation

(a) Statutory base

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Companies Act 1993, and the Commodity Levies Act 1990.

(b) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the PBE Accounting Standards as appropriate for Tier 1 not-for profit public benefit entities.

(c) Basis of measurement

The accounting policies set out in the relevant notes to the financial statements have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on an historical cost basis. Accrual accounting is used in the recognition of expenses and revenues. The accounting policies have been applied consistently by the Group entities. Certain comparative information has been updated to conform with the current year presentation.

(d) Going concern

These statements have been prepared on a going concern basis. The Commodities Levies (Meat) Order 2015 was made by Order in Council in December 2015. This order came into force on 22 February 2016 and expires no later than 21 February 2022.

No later than September 2021, the company will be holding a referendum in accordance with the Commodity Levies Act 1990. The referendum will allow the organisation's eligible levy payers to vote on the future activities and funding of Beef + Lamb New Zealand Limited and, if successful, will renew the company's mandate for up to another six years. The directors of the company are confident the levy payers will renew the levy mandate and that the going concern assumption continues to be valid.

(e) Critical accounting estimates

The preparation of financial statements in conformity with PBE Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount

Beef + Lamb New Zealand Limited
Notes to the Financial Statements
For the year ended 30 September 2020

recognised in the financial statements are described in note 11 Investments in Subsidiaries, associates and joint ventures.

(f) Foreign currency

(i) Functional and presentation currency

The consolidated and Parent financial statements are presented in New Zealand dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(g) GST

The financial statements are prepared exclusive of GST with the exception of receivables and payables, which are stated inclusive of GST.

(h) Expenditure of an intangible nature

Intellectual property

Intellectual property includes patent costs, trade secrets, brands (Taste Pure Nature) and scientific knowledge acquired. All costs are expensed, unless there is sufficient certainty that the intellectual property will directly generate sufficient income flows for the Group to support the carrying value.

Software

Internally generated software and purchased software that is not integral to the operating system of hardware, is capitalised as an intangible asset, subject to it generating service potential to the entity. Software is measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation of intellectual property and software is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Software 2.5 years

(i) Livestock

Livestock includes sheep and cattle held on the North Canterbury Future Farm Limited subsidiary and is valued using the national average market values as issued by the Inland Revenue Department as a proxy for the market value of the livestock.

Beef + Lamb New Zealand Limited
Notes to the Financial Statements
For the year ended 30 September 2020

3. Levy and Non- Levy Stream Performance

The Statement of Comprehensive Revenue and Expense for Beef + Lamb New Zealand Ltd has been prepared by individual levy stream (beef and sheepmeat). This provides more specific detail than is required by the Commodity Levies Act 1990 and the constitution, which require, as a minimum, a summary of activities of the meat levy streams.

Non- Levy Stream expenditure is financed from Special Reserves and the Meat Education Fund.

The special reserve comprises funds originating from Non-Levy sources, primarily the gain on sale of an associated company shareholding in March 2008. During 2020 and 2019 this expenditure was to provide research grants to the Red Meat Profit Partnership (RMPP).

The Meat Education fund was established with funds remaining from the wind-up of the Meat Industry Research Trust in 1991. The funds, and interest generated from this reserve, are applied to sector capability projects. This fund has now been fully utilised. Beef + Lamb New Zealand Limited continues to fund sector capability programmes from levy income.

4. Revenue and Other Income

Revenue recognition

Revenue comprises the fair value for the sale of goods and services, excluding goods and services tax (GST), rebates and discounts. Revenue is recognised as follows:

Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

(i) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange.

(i) Levy income

Levy income is recognised at time of slaughter for beef and sheep meat.

(ii) Research Service Revenue from Government

The recognition of non-exchange revenue from grants depends on whether the grant comes with any stipulations imposed on the use of a transferred asset. Stipulations that are 'conditions' specifically require the Group to return the inflow of resources received if they are not used in the way stipulated, resulting in the recognition of a liability that is

Notes to the Financial Statements

For the year ended 30 September 2020

subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

The Group receives research revenue from the Ministry of Business Innovation and Employment (MBIE). The contract services agreement provides for a fixed income amount per annum from each partner and from MBIE in line with research expenditure. The income is billed and recognised by the Group as mutually agreed with partners and MBIE, to meet the Group's funding commitments including those required to satisfy expenditure obligations with outsourced research service providers.

Depending on the stipulations of each grant the Group may or may not have to return unspent funds. If there are conditions attached, revenue in relation to that particular grant is not recognised until the conditions have been fulfilled. For grants with restrictions, the revenue is recognised when it is received by the Group.

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in income on a systematic basis in the same periods in which the expenses are recognised.

Beef + Lamb New Zealand Limited
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5. Finance Income and Expense

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in the Consolidated Statement of Comprehensive Revenue and Expense. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), losses on the disposal of available-for-sale financial assets, and losses on hedging instruments that are recognised in profit or loss.

In thousands of New Zealand dollars	Group		Parent	
	2020	2019	2020	2019
Interest income on term deposits	305	361	305	361
Interest income on cash and cash equivalents	110	173	104	150
Foreign exchange gain/(loss) on derivatives	(10)	7	(10)	7
Net finance income	405	541	399	518

6. Other Operating Expenses

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Comprehensive Revenue and Expenditure when incurred.

Intellectual property spend in the period includes the development of the Taste Pure Nature brand of \$136,000 (2019: \$2.459 million)

The following items of expenditure are included in operating expenses:

In thousands of New Zealand dollars	Group		Parent	
	2020	2019	2020	2019
<i>Audit fees</i>				
Auditor's remuneration to KPMG comprises:				
- audit of financial statements	58	43	55	39
- market development contract work	-	153	-	153
- Conduct Phishing tests	-	3	-	3
- Review Subsidiary processes	-	15	-	15
Total auditor's remuneration	<u>58</u>	<u>214</u>	<u>55</u>	<u>210</u>
Depreciation	215	216	192	173
Software amortisation	201	239	201	239
Rental expense relating to operating leases	747	808	659	696
Directors fees	374	438	344	343
Research and development expenditure	8,845	10,968	8,068	8,200
Total employee benefits	12,099	10,073	12,099	9,417

Notes to the Financial Statements

For the year ended 30 September 2020

7. Income Tax Expense

The income tax expense charged to the consolidated and Parent income statement includes both the current year's expense and the income tax effects of temporary differences.

In accordance with section 85 of the Meat Board Act 2004, the New Zealand Meat Board and Beef + Lamb New Zealand Limited and its subsidiaries form a consolidated tax group for income tax purposes.

In thousands of New Zealand dollars	Group		Parent	
	2020	2019	2020	2019
Surplus before tax	384	940	318	1,395
Prima facie tax @28%	107	263	89	391
Taxation effect of adjustments				
Adjustments for future tax benefits – recovery not probable	(355)	60	(86)	935
Utilised against unrecognised tax losses	248	203	(3)	(244)
Current taxation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Unrecognised tax losses of \$69.9 million (2019: \$71.4 million) are available to the consolidated tax group (which includes the New Zealand Meat Board and Beef + Lamb New Zealand Limited), subject to assessment of the current year losses by the Inland Revenue Department. Deferred tax assets are not recognised as it is not likely they will be realised.

Beef + Lamb New Zealand Limited
Notes to the Financial Statements
For the year ended 30 September 2020

8. Receivables— Exchange Transactions

Trade receivables are recognised at the receivable amount less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. When it is considered doubtful that debtors will pay the amounts due, a provision for doubtful debts is recognised.

In thousands of New Zealand dollars	Group		Parent	
	2020	2019	2020	2019
Trade Receivables due from Related parties	-	-	-	68
Other Trade Receivables	1,728	2,693	1,695	2,348
Prepayments	320	91	320	89
Accrued interest	111	91	111	91
	<u>2,159</u>	<u>2,875</u>	<u>2,126</u>	<u>2,596</u>

Receivables— Non Exchange Transactions

In thousands of New Zealand dollars	Group		Parent	
	2020	2019	2020	2019
Levies Receivable	1,985	1,386	1,985	1,386
NZMB Grant Funding Receivable	617	533	616	533
Research Revenue Receivable	-	115	-	-
GST	-	86	-	38
	<u>2,602</u>	<u>2,120</u>	<u>2,601</u>	<u>1,957</u>

9. Term Deposits

Term Deposits are classified as held to maturity because the Group has the intention to hold them to maturity.

In thousands of New Zealand dollars	2020		2019	
	Current Investments	15,067	11,000	15,067

Beef + Lamb New Zealand Limited
Notes to the Financial Statements
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10. Financial Instruments

Classification and fair values

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, term receivables and other investments, and trade and other payables.

(ii) *Derivative financial instruments*

Changes in the fair value of any derivative instruments are recognised immediately in the statement of comprehensive revenue and expense.

Fair Value Hierarchy

Level 1: fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Beef + Lamb's financial assets and liabilities that are measured at fair value by the significance of inputs used in making the measurement are categorised as level 2, as prescribed by IPSAS 30.

Interest rates used for determining fair value

The Group uses market interest rates based on the readily available market index interest rates for bank debt.

Quantitative disclosures

Foreign currency risk

Nature of the risk

Currency risk is the risk that eventual New Zealand dollar net cashflows from transactions undertaken by the Group will be adversely affected by changes in foreign currency exchange rates.

Exposure and risk management

Currency risk from operational expenditure in foreign currencies (and related trade payables) has been substantially hedged by entering into forward exchange contracts which typically have a twelve month term.

Management is responsible for managing exposures in each foreign currency in accordance with the company's Treasury Policy approved by the Board of Directors. This

Beef + Lamb New Zealand Limited
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 For the year ended 30 September 2020

sets minimum and maximum hedging exposures for each currency within defined time frames.

Credit risk

Nature of the risk

Credit risk arises in the normal course of the Group's business on cash, receivables and derivative financial instruments if a counterparty fails to meet its contractual obligations.

Exposure and risk management

The Group is exposed to credit risk if customers and counterparties fail to make payments in respect of:

- Payment of trade and other receivables as they fall due; and
- Contractual cash flows of derivative assets held at fair value.

The carrying amount of financial assets represents the Group's maximum credit exposure.

Beef + Lamb New Zealand Limited also holds investments with various banks, all of which have a Standard & Poor's credit rating of AA- or higher as at 30 September 2020.

Liquidity risk

Nature of the risk

Liquidity risk represents the Group's ability to meet its contractual obligations as they fall due. Exposure and risk management.

Exposure and risk management

The Group uses cash and reserves to manage liquidity and evaluates its liquidity requirements on an ongoing basis. The Group generates sufficient cash flows from its operating activities to meet its financial liabilities. Positive operating cash flows and reserves enable working capital to be managed to meet short-term liabilities as they fall due.

In thousands of New Zealand dollars

2020	Group & Parent			
	Balance sheet	Contractual cash flows	6 months or less	6-12 months
Forward exchange contracts				
Inflow	9	1,512	977	535
Outflow	(18)	(1,520)	(988)	(532)
2019				
Forward exchange contracts				
Inflow	22	1,018	848	170
Outflow	(1)	(997)	(829)	(168)

Notes to the Financial Statements

For the year ended 30 September 2020

Capital management

The Group's capital includes accumulated funds, reserves, retained earnings and the Meat Education Fund. To the extent that Beef + Lamb New Zealand Limited's capital represents unutilised levy income, the Group is prohibited under the Commodity Levies Act 1990 from committing that capital to commercial or trading activities without ministerial consent. The Group is further committed to expending any such capital for a list of specified purposes set out in the Commodity Levies (Meat) Order 2015.

The Group is not subject to any externally imposed capital requirements. It is not the intention of Beef + Lamb New Zealand Limited to build up significant levy stream reserves that span several years. A key principle is to maintain and enhance the value of the assets owned by Beef + Lamb New Zealand Limited and to manage Beef + Lamb New Zealand Limited's investments in a manner consistent with current governing legislation. Management aims to optimise returns from these investments within operating parameters designed to minimise credit, interest rate and liquidity risk.

Beef + Lamb New Zealand Limited maintains the Meat Education Fund where the income generated and small capital payments are used to fund industry-related educational scholarship programmes. The Meat Education Fund has been drawn down and fully expended at balance date.

There have been no material changes to the Group's management of capital over the reporting period.

11. Investments in Subsidiaries, Associates and Joint Ventures

Basis of consolidation

(i) Subsidiaries

Companies that are controlled, either directly or indirectly by Beef + Lamb New Zealand Limited are considered subsidiary companies. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The Group financial statements incorporate the Group's interest in associates, using the equity method, as from the date the significant influence commenced or until the date the significant influence ceased.

The Group recognises its share of the associates' net surplus or deficit for the year as other income/expenditure in its Consolidated Statement of Revenue and Expenditure. The Group's share of associates' surplus or deficit is adjusted for any differences between the accounting policies of the Group and associates. The Group recognises its share of other post-acquisition movements in reserves in its Consolidated Statement of Revenue and Expenditure. In the Consolidated Statement of Financial Position, the investment is adjusted to match the Group's share of net assets. In assessing the Group's share of earnings of

Notes to the Financial Statements

For the year ended 30 September 2020

associates, the Group's share of any unrealised profits between Group companies and associates is eliminated.

Judgement is exercised in determining if the Group has significant influence over an associate.

(iii) Joint ventures

Joint ventures are joint arrangements between the company and another party in which there is contractual agreement to undertake a specific business project in which the venturers' share several liability in respect of costs and liabilities of the project and share in any resulting output. The Group's share of the assets, liabilities, revenues and expenses of joint ventures is incorporated into the Group financial statements on a line-by-line basis using the proportionate consolidation method.

All subsidiaries are incorporated in New Zealand.

Subsidiary	Ownership	Nature of Activities
B+LNZ Genetics Limited (BLG)	100%	Operates all of Beef + Lamb New Zealand Ltd sheep and beef genomics, central progeny testing and sheep improvement (SIL) activities. As of 1 October 2019, the operations of BLG were transferred into Beef + Lamb New Zealand Ltd.
B+LNZ Investments Limited	100%	B+LNZ Investments Limited has one subsidiary, North Canterbury Future Farm Management Limited (NCFF) (100%).
B+LNZ Clover Company Limited	100%	Holds Beef + Lamb New Zealand Ltd's interest in the Pastoral Genomics Research Consortium. The Pastoral Genomics consortium concluded its research programme in June 2020.
B+LNZ Emissions Company Limited	100%	Holds Beef + Lamb New Zealand Ltd's interest in the Pastoral Greenhouse Gas Research Consortium
Primary Resources Limited	100%	A non-trading subsidiary
North Canterbury Future Farm Limited Partnership	100%	B+LNZ's Future Farm investment was owned 50% with Lanercost Farming 2018 Ltd until 30 June 2020 at which time B+LNZ through its subsidiary B+LNZ Investments Ltd purchased Lanercosts interest. A 50% share of trading results for the Future Farm from 1 October 2019 to 30 June 2020 and thereafter 100% to 30 September 2020 are included in the Group Financial Statements.

Notes to the Financial Statements

For the year ended 30 September 2020

Pastoral Greenhouse Gas Research Consortium. (PGgRC)	16.75%	PGgRC exists to provide knowledge and tools for New Zealand farmers, so they can mitigate greenhouse gas emissions from the agricultural sector. The balance date of Pastoral Greenhouse Gas Research Consortium is 30 June. The 12 months to 30 September 2020 include three months of unaudited results from the management accounts.
Pastoral Genomics Research Consortium	26.22%	Pastoral Genomics is a New Zealand research consortium for forage improvement through biotechnology. The balance date of Pastoral Genomics Research Consortium is 30 June. The unaudited results for the three-month period to 30 September 2020 are included in the consolidated financial statements. The Pastoral Genomics consortium joint venture was concluded in June 2020.

OSPRI New Zealand Limited – OSPRI New Zealand is a not-for-profit limited company, established on 1 July 2013. Its shareholders are DairyNZ (45.5%), Beef+Lamb New Zealand Ltd (45.5%) and Deer Industry New Zealand (9%).

TBfree New Zealand Ltd (formerly the Animal Health Board) and NAIT Ltd are wholly-owned subsidiaries of OSPRI New Zealand Ltd.

Beef +Lamb New Zealand does not consider itself to have significant influence, as there is no representation on the Board of Directors, no operational influence on financial and policy decisions, and OSPRI's constitution prohibits distributions to its shareholders. Therefore, OSPRI is not considered an associate of the Group.

OSPRI New Zealand Limited is registered as a charitable entity under the Charities Act 2005 (Registration Number CC49247). OSPRI New Zealand Limited has a 30 June balance date.

(11a) Movements in investments

As at 30 September 2020, the parent performed an impairment test on the investments in subsidiary companies and where necessary, has written them down to their fair values. B+LNZ Investments Ltd's investment in the North Canterbury Future Farm was written down by \$341,000 in the 2020 annual financial statements. \$120,000 of this related to changes to sheep valuations. The balance represents trading losses (including the establishment period) and a distribution made in the 2020 financial year.

Beef + Lamb New Zealand Limited
Notes to the Financial Statements
 For the year ended 30 September 2020

12. Reserves and Retained Earnings

(a) Retained earnings

Retained earnings contains general retained earnings in addition to the following:

(i) Special reserve

The special reserve is a conduit for funds originating from non-levy sources, primarily the gain on sale of an associated company shareholding in March 2008.

(ii) Meat Education Fund

This fund was established with funds remaining from the wind-up of the Meat Industry Research Trust in 1991. The funds, and interest generated from this reserve, are to be applied to educational or research purposes. Beef + Lamb New Zealand Limited also funds additional education programmes from its normal operational expenditure. This fund has been fully expended in the 2020 financial year.

(b) Levy Payers Retained Earnings

This comprises the accumulated surpluses and deficits since 2004.

The following table shows the detail of Reserves and Retained Earnings:

Group	Retained Earnings	Total Equity
Balance at 30 September 2020		
Levy Payers Beef and Sheepmeat	23,165	23,165
Meat Education Fund	0	0
Special Reserves	424	424
	<u>23,589</u>	<u>23,589</u>
Group		
Balance at 30 September 2019		
Levy Payers Beef and Sheepmeat	21,666	21,666
Meat Education Fund	229	229
Special Reserves	1,310	1,310
	<u>23,205</u>	<u>23,205</u>

Beef + Lamb New Zealand Limited
Notes to the Financial Statements
 For the year ended 30 September 2020

13. Related Party Transactions and Balances

(a) Transactions and balances with subsidiaries, joint ventures and industry partners

\$000	2020		2019	
	Funding Provided by BLNZ	BLNZ Receivable / (Payable)	Funding Provided by B+LNZ	BLNZ Receivable / (Payable)
B+LNZ Genetics Ltd	-	-	(3,895)	(89)
Pastoral Greenhouse Gas Research Consortium	(800)	24	(538)	22
Pastoral Genomics Limited	(520)	4	(520)	7
Red Meat Profit Partnership Ltd				
Funding	(1,338)	-	(3,150)	-
Contribution to Governance and Partner Review	(63)	475	(60)	68

(b) North Canterbury Future Farm Limited Partnership

As at 30 September 2020, B+LNZ through B+LNZ Investments Ltd acquired the remaining 50% interest in the North Canterbury Future Farm. The transaction was structured with an equity injection to B+LNZ Investments Ltd and with debt funding from B+LNZ of \$450,000 at a 4% per annum interest rate.

An additional working capital loan of \$60,000 was provided by B+LNZ at an interest rate of 10% per annum repayable in December 2020.

Red Meat Profit Partnership Limited Partnership

Sam McIvor and George Tatham are Beef + Lamb New Zealand Limited's representatives on the Board of the Red Meat Profit Partnership Limited Partnership. Red Meat Profit Partnership Limited Partnership is a Partnership established in May 2014 between Beef + Lamb New Zealand Limited, Alliance Group Limited, Blue Sky Meats(N.Z.) Limited, Progressive Meats Limited, Silver Fern Farms Limited, ANZCO Foods Limited, Rabobank New Zealand Limited, Greenlea Premier Meats Limited and ANZ Bank New Zealand Limited. It was established for the purposes of Research & Development Services. Beef + Lamb New Zealand Limited funding for the 2020 financial year was \$1,401,000. (2019: \$3,210,388).

(b) Transactions and balances with other related parties

New Zealand Meat Board

Beef + Lamb New Zealand Limited utilises New Zealand Meat Board offices located in Brussels for market access and market development work. These costs are paid to the New Zealand Meat Board as noted below.

Beef + Lamb New Zealand Limited
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 For the year ended 30 September 2020

	2020	2019
In thousands of New Zealand dollars		
Service fee: overseas offices	474	428

All Beef + Lamb New Zealand Limited Farmer and Industry Directors are also Directors of the New Zealand Meat Board.

New Zealand Meat Board funding to Beef + Lamb New Zealand Ltd for the 2020 financial year was \$1.2 million, consisting of a \$1.2 million operating grant and \$nil capital grant (2019: \$4.950 million being \$1.8 million operating grant and \$3.150 Million capital grant).

At balance date, the New Zealand Meat Board owed Beef + Lamb New Zealand Limited \$7,252 for expenses incurred on their behalf (2019: \$23,150) and \$600,000 for industry good grant funding from investment income (2019: \$1,420,696, being \$935,696 operating grant from investment income and \$485,000 Capital Grant for RMPP).

Beef + Lamb New Zealand Incorporated

Sam McIvor and Andrew Morrison are Beef + Lamb New Zealand Limited's representatives on the Board of Beef + Lamb New Zealand Incorporated (B+LNZ Inc). Beef + Lamb New Zealand Limited jointly funds, with meat processors and retailers, the domestic generic promotion activities of B+LNZ Inc. Beef + Lamb New Zealand Limited funding for the 2020 financial year was \$600,000 (2019: \$700,000). Beef + Lamb New Zealand Limited also paid \$6,045 for other work in 2020 and \$14,152 for rent (2019: \$5,000 other work and \$16,000 rent).

Key management personnel compensation and other transactions

Key management personnel compensation is set out below. The key management personnel are the Directors of the company, the Chief Executive Officer and the direct reports to the Chief Executive Officer. In 2019 numbers and remuneration included Beef + Lamb Genetics as a subsidiary.

Group	2020		2019	
	Remuneration	Number	Remuneration	Number
In Thousands of New Zealand Dollars				
Directors	344	9	420	12
Senior Executive Team	2,167	10	2,606	15

Directors receive fees as disclosed in the Statutory Disclosures. The Senior executive team are on a standard employee contract. The Directors are the Directors of Beef + Lamb New Zealand Ltd.

G Tatham was paid a chairman fee of \$8,198 for the period October 2019 to January 2020 for the transition of B+LNZ Genetics into BLNZ. He was also paid directors fees by RMPP of \$26,500 for the period October to September 2020.

Notes to the Financial Statements

For the year ended 30 September 2020

14. Commitments

The Group leases office premises, motor vehicles and office equipment. As the lessor retains all risks of ownership, these leases are classified as operating leases. Operating lease costs are expensed in the period in which they are incurred. The Group does not have any finance leases.

Operating leases

The lease commitments are based on current rentals. Beef + Lamb New Zealand Limited leases premises in Wellington, in regional New Zealand locations with lease terms of 1-6 years. Some motor vehicles and office equipment are also leased.

Beef + Lamb New Zealand Limited's non-cancellable lease commitments are as follows:

In thousands of New Zealand dollars	Group		Parent	
	2020	2019	2020	2019
Within 1 year	878	763	878	724
Within 1-2 years	825	534	825	534
Within 2-5 years	639	1,138	639	1,138
Later than 5 years	167	-	167	-

Funding and contractual commitments

Beef + Lamb New Zealand Limited is committed to contribute funding to Pastoral Genomics Research Consortium, Pastoral Greenhouse Gas Research Consortium, and Red Meat Profit Partnership.

In thousands of New Zealand dollars	Group		Parent	
	2020	2019	2020	2019
Within 1 year	4,584	7,515	4,584	6,935
Within 1-2 years	879	1,760	879	1,500
Within 2-5 years	105	352	105	258
Later than 5 years	-	-	-	-

For Pastoral Greenhouse Gas Research Consortium, there is a commitment from the Partners being required to match funds over the term of the MBIE agreement.

Other contractual commitments

In 2017, sheep and beef farmers supported Beef + Lamb New Zealand (B+LNZ) joining the Government Industry Agreement on Biosecurity Readiness and Response (GIA). Part of the proposal supported was the creation of a Biosecurity Act levy on sheepmeat and beef producers to pay for readiness and response costs.

Beef + Lamb New Zealand Limited

Notes to the Financial Statements

For the year ended 30 September 2020

B+LNZ is a partner with the Ministry for Primary Industries (MPI) and DairyNZ in the Mycoplasma bovis (M. bovis) response. In June 2019 farmers supported increasing the maximum biosecurity levy on beef (excluding dairy cows) to \$2.07 per head to repay the beef sectors share of the M.bovis response costs.

The biosecurity levy on beef was implemented from February 2020 and to 30 September \$1.418 million (\$1.80 per head) was collected and paid across to the MPI M.bovis response.

The total response cost for the beef sector is projected to be \$17 million over the next ten years.

Capital commitments

There are no capital commitments as at 30 September 2020 (2019: \$ nil).

15. Contingencies

There are no contingencies.

16. Events Occurring after Balance Sheet Date

There were no other significant events after balance sheet date that would have a material impact on the financial statement

Beef + Lamb New Zealand Limited
Notes to the Financial Statements
For the year ended 30 September 2020

17. Reconciliation of Surplus/(deficit) to Net Cash Flow from Operating Activities

	Group		Parent	
	2020	2019	2020	2019
In thousands of New Zealand dollars				
Reported surplus/ (deficit) after taxation	384	940	318	1,395
Add/(less) non-cash items:				
- Depreciation	217	213	192	171
- Software amortisation	201	241	201	241
- Write off of Investment in Subsidiary	-	-	-	1
- (Gain)/ loss on disposal of Fixed assets	4	1	-	1
- Fair value movement in derivatives	30	2	30	2
- Increase/(decrease) in Restructuring provision	37	-	37	-
- (Increase)/ decrease in term receivables	33	2	33	2
- Increase/(decrease) in short-term employee entitlements	105	48	128	77
- Impairment of investment in subsidiaries	-	-	341	-
	627	506	962	494
Add/(less) movements in other working capital items:				
- (Increase)/ decrease in accounts receivable exchange	790	(1,420)	844	(1,679)
- (Increase)/ decrease in stock valuation	(322)	-	-	-
- (Increase)/ decrease in accounts receivable non exchange	(482)	(274)	(461)	(246)
- Increase/(decrease) in accounts payable	41	(628)	3	(422)
- Increase/(decrease) in accrued lease incentive	(41)	(42)	(41)	(42)
- Increase/(decrease) in deferred income	(89)	(33)	(89)	(33)
- (Increase)/ decrease in advance to subsidiary	159	-	159	-
	56	(2,397)	415	(2,422)
Add/(less) items classified as investing or financing activities:				
- Share of movement from Consortium Assets	15	(95)	-	-
- Working capital acquired on amalgamation and acquisition	933	-	360	-
- Dividend paid - North Canterbury Future Farm	-	-	(40)	-
Net cash flows from operating activities	2,015	(1,046)	2,015	(533)

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 farmer and industry directors of Beef + Lamb New Zealand Limited are directors of the New Zealand Meat Board and all plus the independent director are directors of Meat & Wool Trust Ltd.

Board of Directors Fees

	2020 (\$000)	2019 (\$000)
Chairman	70	70
Directors	34	34
Beef + Lamb NZ Genetics Ltd (Group Only)		
- independent Chairman	8	35
- Independent Directors	-	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.

Farmers approved an increase in total director fees to \$370,240 at the 2020 annual meeting. The increase was to be apportioned as follows:

- Chairman's remuneration is increased from \$70,000 to \$72,800 an increase of \$2,800 or 4%;
- B+LNZ Director fees are increased from \$34,000 to \$34,680 an increase of \$680 or 2%; and
- a pool of \$20,000 is established to aid and reflect the differing director workloads due to the current industry operating environment which will be reviewed annually.

The B+LNZ Board subsequently resolved that this approved fee increase would not be implemented in the 2020 financial year.

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

Beef + Lamb New Zealand Limited
Statutory Disclosures
 For the year ended 30 September 2020

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.

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	
	2020	2019
100-109	4	8
110-119	5	7
120-129	6	3
130-139	2	2
140-149	3	1
150-159	2	5
160-169	3	3
170-179	1	5
180-189	7	-
190-199	1	-
200-209	-	1
210-219	-	1
220-229	4	1
270-279	-	1
280-289	1	-
290-299	-	1
301-310	-	1
330-339	1	-

The People & Culture Committee of the company's Board approves the company's remuneration policy.

Beef + Lamb New Zealand Limited
Statutory Disclosures
 For the year ended 30 September 2020

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 2020. 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.

Meat and Wool Trust Ltd (Shareholder Beef + Lamb New Zealand Ltd)	Melissa Clark-Reynolds, Mark Clarkson, Martin Coup, Tony Egan, Nicky Hyslop, Andrew Morrison, George Tatham, Philip Smith, Scott Gower.
Subsidiary Companies and Associates	
B+LNZ Clover Company Ltd Holds B+LNZ interest in Pastoral Genomics Research Consortium	Sam McIvor
B+LNZ Emissions Company Ltd Holds B+LNZ interest in Pastoral Greenhouse Gas Research Consortium	Sam McIvor
B+LNZ Investments Ltd Holds B+LNZ interest in the North Canterbury Future Farm	Sam McIvor
Taste Pure Nature Ltd Licences meat exporters with Taste Pure Nature branding	Sam McIvor
Primary Resources Ltd Non-trading	Andrew Morrison
B+LNZ Genetics Ltd	George Tatham (Chairman from August 2019 until January 2020), Sam McIvor (A), Cros Spooner (A)
North Canterbury Future Farm Management Ltd (fully owned from 1 July 2020)	Sam McIvor, Kate Acland (R), Carl Forrester (R), Simon Lee (R), Hamish Fraser(R) all resigned 25 September 2020)
Beef + Lamb New Zealand Incorporated	Andrew Morrison, Sam McIvor
Red Meat Profit Partnership General Partner Ltd.	Malcolm Bailey, Graham Brown, Alan McDermott, Sam McIvor, Jane Smith, George Tatham, Bob Cottrell, Wayne Allan
Pastoral Genomics Ltd	Nicky Hyslop
Pastoral Greenhouse Gas Research Ltd	Andrew Morrison



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 51 to 55:

- i. Has been correctly derived from the audited company's and group financial statements for the year ended on that date; and
- ii. Is a fair summary of the company's and group financial statements, in accordance with PBE FRS 43 Summary Financial Statements.

The accompanying summary company and group financial statements comprises:

- the summary company and group statement of financial position as at 30 September 2020;
- the summary company and group statements of comprehensive revenue and expense, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information. Our opinion excludes the statutory disclosures included on page 55.



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*.

We are independent of the company and group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other than in our capacity as auditor we have no relationship with, or interests in, the company and group.



Use of this Independent Auditor's Report

This report is made solely to the stakeholder as a body. Our audit work has been undertaken so that we might state to the stakeholder 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 stakeholder 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 PBE FRS 43 Summary Financial Statements; and
- 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 2 December 2020.

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

2 December 2020