

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2019

	Note	GROUP			GROUP		
		Year Ended 2019			Year Ended 2018		
		Total	Levy Stream	Non Levy Stream	Total	Levy Stream	Non Levy Stream
In thousands of New Zealand dollars							
Non Exchange Revenue							
Levies Received	4	29,293	29,293	-	25,850	25,850	-
Other Non Exchange Income	4	7,777	5,924	1,853	8,615	5,270	3,345
Exchange Revenue							
Other income	4	4,770	4,770	-	3,872	3,872	-
Total Income		41,840	39,987	1,853	38,337	34,992	3,345
Operating expenses	6	(41,441)	(39,424)	(2,017)	(37,084)	(33,202)	(3,882)
Net operating surplus/ (deficit) from operating activities		399	563	(164)	1,253	1,790	(537)
Net finance income	5	541	509	32	630	542	88
Net operating surplus/ (deficit) for the year before income tax		940	1,072	(132)	1,883	2,332	(449)
Income tax expense	7	-	-	-	-	-	-
Net operating surplus/ (deficit) for the year		940	1,072	(132)	1,883	2,332	(449)
<i>Other comprehensive income</i>		-	-	-	-	-	-
Total comprehensive income for the year		940	1,072	(132)	1,883	2,332	(449)
Attributable to:							
Levy payers	12	1,072	1,072	-	2,332	2,332	-
Meat Education Fund		(121)	-	(121)	(324)	-	(324)
Special Reserves		(11)	-	(11)	(125)	-	(125)
		940	1,072	(132)	1,883	2,332	(449)

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



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Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2019

	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
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
<i>Other comprehensive income</i>		-	-	-	-	-
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



Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 September 2018

PARENT

	Note	Year Ended 2018				
		Beef	Sheepmeat	Total Levy Stream	Non Levy Stream	Total
In thousands of New Zealand dollars						
Non Exchange Revenue						
Levies Received	4	11,374	14,476	25,850	-	25,850
Other Non Exchange Income	4	720	1,080	1,921	3,345	5,266
Exchange Revenue						
Other income	4	984	1,234	2,096	-	2,096
Total Income		13,078	16,790	29,867	3,345	33,212
Operating expenses	6	(12,288)	(15,719)	(28,007)	(3,882)	(31,889)
Net operating surplus/ (deficit) from operating activities		790	1,071	1,860	(537)	1,323
Net finance income	5	223	283	506	88	594
Net operating surplus/ (deficit) for the year before income tax		1,013	1,354	2,366	(449)	1,917
Income tax expense	7	-	-	-	-	-
Net operating surplus/ (deficit) for the year		1,013	1,354	2,366	(449)	1,917
<i>Other comprehensive income</i>		-	-	-	-	-
Total comprehensive income for the year		1,013	1,354	2,366	(449)	1,917
Attributable to:						
Levy payers	13	1,013	1,354	2,366	-	2,366
Meat Education Fund		-	-	-	(324)	(324)
Special Reserves		-	-	-	(125)	(125)
		1,013	1,354	2,366	(449)	1,917
Share of Operating surplus/ (deficit) of Research Consortium and Subsidiaries as reflected in Group Financial Statements comprising:				(34)		
B+LNZ Investments Ltd				(106)		
Pastoral Genomics Ltd				(12)		
B+LNZ Emissions Company Ltd				(37)		
B+LNZ Genetics Ltd				121		
Group Net operating surplus/ (deficit) for the year- Levy Stream				<u>2,332</u>		

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



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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	940	940	1,395	1,395
Balance at 30 September 2019	23,205	23,205	22,729	22,729

Beef + Lamb New Zealand Limited*Consolidated Statement of Changes in Equity*

For the year ended 30 September 2018

	Group		Parent	
	Retained earnings	Total Equity	Retained earnings	Total Equity
In thousands of New Zealand dollars				
Balance at 1 October 2017	20,382	20,382	19,417	19,417
Total comprehensive revenue and expense				
Surplus/(Deficit) for the year	1,883	1,883	1,917	1,917
Total comprehensive income for the year	1,883	1,883	1,917	1,917
Balance at 30 September 2018	22,265	22,265	21,334	21,334

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 2019

In thousands of New Zealand dollars	Note	GROUP		PARENT	
		2019	2018	2019	2018
EQUITY EMPLOYED					
Retained earnings	12	23,205	22,265	22,729	21,334
TOTAL EQUITY EMPLOYED		23,205	22,265	22,729	21,334
Represented by:					
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		10,764	9,470	9,399	7,908
Trade and other exchange receivables	8	2,875	1,455	2,596	917
Non-exchange Receivables	8	2,120	1,846	1,957	1,711
Term Deposits	9	11,000	13,545	11,000	13,545
Derivative financial instruments	10	22	24	22	24
Livestock on Hand		328	323	-	-
Advance to Partner		57	-	-	-
Advance to Subsidiary Company		-	-	360	-
TOTAL CURRENT ASSETS		27,166	26,663	25,334	24,105
NON-CURRENT ASSETS					
Property, plant & equipment		532	572	382	458
Intangible assets		236	412	236	412
Investments in subsidiary companies	11	-	-	582	1
Advance to Subsidiary Company	13	-	-	-	581
Term receivables- Exchange		95	97	95	97
TOTAL NON-CURRENT ASSETS		863	1,081	1,295	1,549
TOTAL ASSETS		28,029	27,744	26,629	25,654
CURRENT LIABILITIES					
Trade and other payables		3,941	4,569	3,040	3,462
Derivative financial instruments	10	1	1	1	1
Deferred Revenue		115	148	115	148
Employee entitlements		621	573	598	521
TOTAL CURRENT LIABILITIES		4,678	5,291	3,754	4,132
NON CURRENT LIABILITIES					
Lease Liabilities		146	188	146	188
TOTAL NON-CURRENT LIABILITIES		146	188	146	188
TOTAL LIABILITIES		4,824	5,479	3,900	4,320
NET ASSETS		23,205	22,265	22,729	21,334

A Morrison
Chairman



M Coup
Chairman Audit & Risk Committee



The Board of Directors authorised these financial statements for issue on 4 December 2019.

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



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Consolidated Statement of Cash Flows

For the year ended 30 September 2019

In thousands of New Zealand dollars	GROUP		PARENT	
	Year ended 2019	Year ended 2018	Year 2019	Year 2018
OPERATING ACTIVITIES				
Cash was received from:				
Levy receipts	29,037	25,682	29,037	25,682
Receipts from customers including rental income	4,221	5,915	2,370	2,229
Government Grants	3,063	3,349	2,177	-
Interest received	583	622	560	584
Grant funding from New Zealand Meat Board	4,032	5,259	4,032	5,259
Realised Gain/ (Loss) on matured Foreign Exchange Contracts	20	25	11	28
Net GST Received/ (Paid)	(86)	72	(36)	66
	<u>40,870</u>	<u>40,924</u>	<u>38,151</u>	<u>33,848</u>
Cash was applied to:				
Payments to suppliers and employees	38,533	34,245	30,256	24,815
Payments to Subsidiary Company	-	-	3,987	2,774
Payments to Consortia	167	-	1,225	871
Payments to Industry Partner/Participant	3,215	3,434	3,215	3,434
Foreign currency translation adjustment	1	(7)	1	(7)
	<u>41,916</u>	<u>37,484</u>	<u>38,684</u>	<u>31,887</u>
Net cash flows from operating activities	<u>(1,046)</u>	<u>3,252</u>	<u>(533)</u>	<u>1,961</u>
INVESTING ACTIVITIES				
Cash was received from:				
Maturity of investments	19,975	25,760	19,975	25,760
Disposal of property, plant & equipment	-	1	-	1
	<u>19,975</u>	<u>25,761</u>	<u>19,975</u>	<u>25,761</u>
Cash was applied to:				
Purchase of property, plant & equipment	140	260	96	199
Purchase of intangible assets	66	399	66	399
Purchase of Livestock	-	323	-	-
Purchase of investments	17,430	23,256	17,430	23,485
	<u>17,636</u>	<u>24,238</u>	<u>17,592</u>	<u>24,083</u>
Net cash flows from/ (to) investing activities	<u>2,339</u>	<u>1,523</u>	<u>2,383</u>	<u>1,678</u>
FINANCING ACTIVITIES				
Cash was received from:				
Repayment of Loan	-	-	-	950
	<u>-</u>	<u>-</u>	<u>-</u>	<u>950</u>
Cash was applied to:				
Shareholder Advance to Subsidiary company	-	-	360	581
Net cash flows used in financing activities	<u>-</u>	<u>-</u>	<u>(360)</u>	<u>369</u>
Net increase/ (decrease) in cash and cash equivalents	<u>1,293</u>	<u>4,775</u>	<u>1,490</u>	<u>4,008</u>
Add: Opening cash and cash equivalents	9,470	4,695	7,908	3,900
Closing cash and cash equivalents	<u>10,763</u>	<u>9,470</u>	<u>9,398</u>	<u>7,908</u>
CASH AND CASH EQUIVALENTS COMPRISE				
Cash at Bank	5,536	6,300	4,171	4,738
Short Term Deposits	5,055	3,000	5,055	3,000
Meat Education Fund Deposit	172	170	172	170
	<u>10,763</u>	<u>9,470</u>	<u>9,398</u>	<u>7,908</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 2019

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A handwritten signature in blue ink, appearing to read "M. O'Brien".

Notes to the Financial Statements

For the year ended 30 September 2019

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.

The Commodity Levies Act 1990 does require reporting the balance sheet by red meat and wool levy streams. The wool levy stream is now exhausted. The balance in 2019 and 2018 represents meat levy assets and liabilities only.

(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.

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



Notes to the Financial Statements

For the year ended 30 September 2019

(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 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.

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 2019 and 2018 the main expenditure was to RMPP.



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Notes to the Financial Statements

For the year ended 30 September 2019

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 to be applied to educational or research purposes. Beef + Lamb New Zealand Limited also funds additional education 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 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.



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Notes to the Financial Statements

For the year ended 30 September 2019

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.

Other Non-Exchange Income

In thousands of New Zealand dollars	Group		Parent	
	2019	2018	2019	2018
Research Revenue from Government	2,827	3,470	2,057	121
Grant funding from the New Zealand Meat Board	1,800	1,800	1,800	1,800
Capital funding from the New Zealand Meat Board	3,150	3,345	3,150	3,345
Total other income	7,777	8,615	7,007	5,266

Other Exchange Income

In thousands of New Zealand dollars	Group		Parent	
	2019	2018	2019	2018
Service recoveries	1,496	980	1,640	1,141
Other Income	3,274	2,892	1,368	955
Total other income	4,770	3,872	3,008	2,096

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 profit or loss. 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	
	2019	2018	2019	2018
Interest income on term deposits	361	460	361	460
Interest income on cash and cash equivalents	173	137	150	101
Foreign exchange gain/(loss) on derivatives	7	33	7	33
Finance income	541	630	518	594
Finance expense	-	-	-	-
Net finance income	541	630	518	594



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Notes to the Financial Statements

For the year ended 30 September 2019

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 \$2.459 million (2018:\$367,528)

Research and development includes software development for the new nProve technology launched by Beef + Lamb Genetics Ltd of \$ 315,979 (2018 \$ 361,444). nProve is a new genetics analytics system enabling better and faster sheep genetic decisions.

Other fees paid to KPMG comprise the fees for market development contract work, which was awarded to KPMG after a competitive tender process. \$153,164 was paid to KPMG in the 2018-19 year (2018: \$257,202) for this work.

The market development contract awarded to KPMG is a permissible service under auditor independence rules (specifically Professional Ethical Standards – 1 “PES-1”). Clause 7.4 of the Audit & Risk Committee Charter establishes the Auditor Independence Policy and requires a review of the independence of the external auditors and the appropriateness of any non-audit services they undertake for the Company. Management discusses any KPMG work outside of audit directly with the Committee prior to it being procured. Further fees of \$3,024 were paid in 2019 for KPMG to conduct Phishing tests (2018: \$nil) and \$15,500 for the review of a subsidiary’s processes (2018: \$nil).

The following items of expenditure are included in operating expenses:

In thousands of New Zealand dollars	Group		Parent	
	2019	2018	2019	2018
<i>Audit fees</i>				
Auditor’s remuneration to KPMG comprises:				
– audit of financial statements	43	44	39	40
– market development contract work	153	257	153	257
– Conduct Phishing tests	3	-	3	-
– Review Subsidiary processes	15	-	15	-
Total auditor’s remuneration	<u>214</u>	<u>301</u>	<u>210</u>	<u>297</u>
Depreciation	216	147	173	113
Software amortisation	239	188	239	188
Write-off of Intangible Assets	-	9	-	9
Rental expense relating to operating leases	808	715	696	595
Directors fees	438	419	343	336
Research and development expenditure	10,968	10,609	8,200	5,488
Total employee benefits–Continuing	9,643	8,798	9,297	8,052
Total employee benefits–Non– Continuing	430	298	120	298



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Notes to the Financial Statements

For the year ended 30 September 2019

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	
	2019	2018	2019	2018
Surplus before tax	940	1,883	1,395	1,917
Prima facie tax @28%	263	527	391	537
Taxation effect of adjustments				
Adjustments for future tax benefits – recovery not probable	60	126	935	603
Utilised against unrecognised tax losses	203	401	(244)	(66)
Current taxation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Unrecognised tax losses of \$71.4 million (2018: \$73.1 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.

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	
	2019	2018	2019	2018
Trade Receivables due from Related parties	-		68	
Other Trade Receivables	2,693	1,180	2,348	601
Prepayments	91	135	89	133
Accrued interest	91	140	91	140
	<u>2,875</u>	<u>1,455</u>	<u>2,596</u>	<u>917</u>



Notes to the Financial Statements

For the year ended 30 September 2019

Receivables— Non Exchange Transactions

In thousands of New Zealand dollars	Group		Parent	
	2019	2018	2019	2018
Levies Receivable	1,386	1,130	1,386	1,130
Government Grants Receivable	-	-	-	120
NZMB Grant Funding Receivable	533	458	533	458
Research Revenue Receivable	115	230	-	-
GST	86	27	38	3
Prepayments	-	1	0	0
	<u>2,120</u>	<u>1,846</u>	<u>1,957</u>	<u>1,711</u>

9. Term Deposits

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

In thousands of New Zealand dollars	Group		Parent	
	2019	2018	2019	2018
Current investments				
Fixed Interest Investments	11,000	13,545	11,000	13,545



Notes to the Financial Statements

For the year ended 30 September 2019

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



Notes to the Financial Statements

For the year ended 30 September 2019

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 2019.

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. In general 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

	Group & Parent			
	Balance sheet	Contractual cash flows	6 months or less	6-12 months
2019				
Forward exchange contracts				
Inflow	22	1,018	848	170
Outflow	(1)	(997)	(829)	(168)
2018				
Forward exchange contracts				
Inflow	24	1,179	756	423
Outflow	(1)	(1,156)	(738)	(418)

Capital management



Notes to the Financial Statements

For the year ended 30 September 2019

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 is being drawn down and will be fully expended by 30 September 2020.

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 income statement. 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 Statement of Recognised Income and Expense. In the balance sheet, the investment is adjusted to match the Group's share of net assets. In assessing the Group's share of earnings of 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.



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Notes to the Financial Statements

For the year ended 30 September 2019

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%). NCFF is the General Partner for B+LNZ's Future Farm investment.
B+LNZ Clover Company Limited	100%	Holds Beef + Lamb New Zealand Ltd's interest in the Pastoral Genomics Research Consortium
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
Joint Ventures		
North Canterbury Future Farm Limited Partnership	50%	B+LNZ's Future Farm investment which is owned 50% with Lanercost Farming 2018 Ltd. The trading results for the future farm from 1 October 2018 to 30 September 2019 are included in the Group Financial Statements.
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 2019 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 2019 are included in the consolidated financial statements.

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



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Notes to the Financial Statements

For the year ended 30 September 2019

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 2019, the parent performed an impairment test on the investments in subsidiary companies and where necessary, has written them down to their fair values. There was no write down required as at 30 September 2019. Although B+LNZ Investments Ltd's investment in the North Canterbury Future Farm incurred a loss in 2018 this was considered timing only and the investment is not impaired.



Notes to the Financial Statements

For the year ended 30 September 2019

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 is being drawn down and will be 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 2019		
Levy Payers Beef and Sheepmeat	21,666	21,666
Meat Education Fund	229	229
Special Reserves	1,310	1,310
	23,205	23,205
Group		
Balance at 30 September 2018		
Levy Payers Beef and Sheepmeat	20,594	20,594
Meat Education Fund	350	350
Special Reserves	1,321	1,321
	22,265	22,265

13. Related Party Transactions and Balances**(a) Transactions and balances with subsidiaries, joint ventures and industry partners**

Notes to the Financial Statements

For the year ended 30 September 2019

\$000	2019		2018	
	Funding Provided by BLNZ	BLNZ Receivable / (Payable)	Funding Provided by B+LNZ	BLNZ Receivable / (Payable)
B+LNZ Genetics Ltd	(3,895)	(89)	(2,833)	(91)
Pastoral Greenhouse Gas Research Consortium	(538)	22	(702)	23
B+LNZ Investments Limited	-	-	-	581
Pastoral Genomics Limited	(520)	7	(520)	8
Red Meat Profit Partnership Ltd				
Funding	(3,150)	68	(3,345)	151
Contribution to Governance and Partner Review	(60)	-	(103)	-

As at 30 September 2018, B+LNZ advanced \$581,000 to BLNZ Investments Ltd for Future Farms, which during 2019 was converted to equity. Beef + Lamb New Zealand Limited owes \$115,000 funding to its subsidiary B+LNZ Genetics Ltd. There is no other funding owed to/(by) any subsidiaries, joint ventures nor associated parties. In 2018, there was no funding owed to/(by) any subsidiaries, joint ventures nor associated parties.

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 2019 financial year was \$3,210,388. (2018: \$3,417,414).

(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.

In thousands of New Zealand dollars	2019	2018
Service fee: overseas offices	428	469

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 2019 financial year was \$4.950 million, consisting of a \$1.8 million operating grant and \$3.150 million capital grant (2018: \$5.1 million being \$1.8 million operating grant and \$3.3 Million capital grant).



Notes to the Financial Statements

For the year ended 30 September 2019

At balance date, the New Zealand Meat Board owed Beef + Lamb New Zealand Limited \$23,150 for expenses incurred on their behalf (2018: \$24,493) and \$1,420,696 for Grant funding being \$935,696 capital grant and \$485,000 operating grant (2018: \$458,276, being \$356,000 operating grant and \$102,276 Capital Grant).

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 2019 financial year was \$700,000 (2018: \$700,000). Beef + Lamb New Zealand Limited also paid \$5,000 for other work in 2019 and \$16,000 for rent (2018: \$51,000 other work and \$14,000 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.

Group	2019		2018	
	Remuneration	Number	Remuneration	Number
In thousands of New Zealand dollars				
Directors	420	12	396	12
Senior Executive Team	2,606	15	2,692	17

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 and its wholly owned subsidiary B+LNZ Genetics Ltd.

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	
	2019	2018	2019	2018
Within 1 year	763	899	724	871
Within 1-2 years	534	747	534	719
Within 2-5 years	1,138	1,397	1,138	1,314
Later than 5 years	-	204	-	158



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Notes to the Financial Statements

For the year ended 30 September 2019

Funding and contractual commitments

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

In thousands of New Zealand dollars	Group		Parent	
	2019	2018	2019	2018
Within 1 year	7,515	9,520	6,935	11,770
Within 1-2 years	1,760	3,063	1,500	3,063
Within 2-5 years	352	1,623	258	1,623

In addition to above, the New Zealand Meat Board has made grant funding available to Beef + Lamb New Zealand Limited from capital of up to \$10 million for the Red Meat Profit Partnership following approvals at the 2013 Beef + Lamb New Zealand Limited annual meeting and a consultation process with livestock farmers.

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

As at 30 September 2019, nil contractual commitments existed for overseas offices (2019: \$nil).

Capital commitments

There are no capital commitments as at 30 September 2019 (2018:\$ nil).

15. Contingencies

There are no contingencies.

16. Events Occurring after Balance Sheet Date

As of October 1 2019, the operations of B+LNZ Genetics Ltd, were transferred into Beef + Lamb New Zealand Ltd.

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



Notes to the Financial Statements

For the year ended 30 September 2019

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

	Group		Parent	
	2019	2018	2019	2018
In thousands of New Zealand dollars				
Reported surplus/ (deficit) after taxation	940	1,883	1,395	1,917
Add/(less) non-cash items:				
- Depreciation	213	147	171	113
- Software amortisation	241	188	241	188
- Write off of Intangible Asset	-	9	-	9
- Write off of Investment in Subsidiary	-	-	1	-
- (Gain)/ loss on disposal of Fixed assets	1	4	1	4
- Fair value movement in derivatives	2	2	2	2
- Increase/(decrease) in Restructuring provision	-	(183)	-	(183)
- (Increase)/ decrease in term receivables	2	(19)	2	(19)
- Increase/(decrease) in short-term employee entitlements	48	(1)	77	1
	<u>506</u>	<u>147</u>	<u>494</u>	<u>115</u>
Add/(less) movements in other working capital items:				
- (Increase)/ decrease in accounts receivable exchange	(1,420)	1,214	(1,679)	(306)
- (Increase)/ decrease in accounts receivable non exchange	(274)	(27)	(246)	74
- Increase/(decrease) in accounts payable	(628)	(134)	(422)	(8)
- Increase/(decrease) in accrued lease incentive	(42)	21	(42)	21
- Increase/(decrease) in deferred income	(33)	148	(33)	148
	<u>(2,397)</u>	<u>1,222</u>	<u>(2,422)</u>	<u>(71)</u>
Add/(less) items classified as investing or financing activities:				
Proceeds from Sale of Fixed Assets	-	-	-	1
Share of movement in Consortium Assets	(95)	-	-	-
Net cash flows from operating activities	<u>(1,046)</u>	<u>3,252</u>	<u>(533)</u>	<u>1,961</u>



Statutory Disclosures

For the year ended 30 September 2019

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.

Board of Directors Fees

	2019 (\$000)	2018 (\$000)
Chairman	70	69
Directors	34	33.4
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 2019

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			
	2019		2018	
	Continuing	Discontinued	Continuing	Discontinued
100-109	8	-	8	2
110-119	7	1	4	-
120-129	3	-	2	-
130-139	2	-	5	-
140-149	1	-	2	-
150-159	5	-	1	-
160-169	3	-	1	-
170-179	5	-	3	-
180-189		-	1	-
190-199		-	1	-
200-209	1	-	1	-
210-219	1	-		-
220-229	1	-	2	-
270-279	1	1	1	-
290-299	1	-	-	-
301-310	1	-	-	-
330-339	-	-	1	-

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

Statutory Disclosures

For the year ended 30 September 2019

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 2019. 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)	Kirsten Bryant (R), Melissa Clark-Reynolds, Mark Clarkson, Martin Coup, Tony Egan (A), Nicky Hyslop (A) Sam Lewis (R), Andrew Morrison, George Tatham, Philip Smith, Bill Wright (R), Scott Gower (A).
Subsidiary Companies	
B+LNZ Clover Company Ltd Holds B+LNZ interest in Pastoral Genomics Research Consortium	Sam Mclvor
B+LNZ Emissions Company Ltd Holds B+LNZ interest in Pastoral Greenhouse Gas Research Consortium	Sam Mclvor
B+LNZ Investments Ltd Holds B+LNZ interest in the North Canterbury Future Farm	Sam Mclvor
Taste Pure Nature Ltd Licences meat exporters with Taste Pure Nature branding	Sam Mclvor (A)
Primary Resources Ltd Non-trading	Andrew Morrison
B+LNZ Genetics Ltd	George Tatham (Chairman from August), Chris Kelly (Chairman until August), Bob Thompson, Greg Murison (R), James Parsons.
Associates	
North Canterbury Future Farm Management Ltd	Sam Mclvor, Kate Acland, Carl Forrester, Simon Lee, Hamish Fraser (A)
Beef + Lamb New Zealand Incorporated	Andrew Morrison (A), Sam Lewis (R), Sam Mclvor (A)
Red Meat Profit Partnership General Partner Ltd.	Malcolm Bailey, Graham Brown, Alan McDermott, Sam Mclvor, Jane Smith, George Tatham, Bob Cottrell, Wayne Allan
Pastoral Genomics Ltd	Bill Wright (R), Nicky Hyslop (A)
Pastoral Greenhouse Gas Research Ltd	Andrew Morrison