



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 APRIL 2024



CHLOE JONES

NZYF CHAIR

Given our short financial year, I will keep this reflection brief. It's been an action-packed year that has flown by in the blink of an eye.

As I write this, we are gearing up for the FMG Young Farmer of the Year Grand Final in Hamilton. This Contest season, each district and region used a trial format, with district and regional contests held back-to-back on the same weekend.

Within the boardroom, it's been a year of challenge and change. We've shortened the financial year to align balance dates within the organisation and faced regulation changes requiring account consolidation. As detailed in the annual report, we received a letter of exemption for consolidation until our FY25 reporting.

Despite our divisions (clubs, districts, regions) operating autonomously, it has been determined that a control relationship exists for reporting purposes. We need time to standardise charts of accounts and streamline the consolidation process, making it impossible to prepare consolidated accounts for the year ending 30 September 2023, and for the shortened

period of seven months to 30 April 2024 (due to the balance date change). The Charities Commission has granted an exemption until 30 April 2025, and we are committed to compliance in future years.

NZYF is nearing the end of the SFFF funding from MPI. The food and fibre sector faces challenges, and we are taking time to reflect on our strategy and purpose to ensure we are on the right path. Membership numbers have slightly decreased, likely reflecting the challenging financial climate with high interest and inflation rates.

At this AGM, we farewell long-standing NZYF member Samantha Bills, who has been an invaluable asset. From Taranaki Manawatu regional committee member to National Committee and the board, her alumni perspective, membership understanding, and constitutional insights will be greatly missed. Catherine McMillan is also stepping down as an independent director after five years on the NZYF board. Catherine's strategic management, commercial business skills, financial literacy, and governance expertise have been highly valued. Early in her tenure, she remarked that working with young farmers would keep her young, and I hope it has.

It's been a challenging seven-month 'year,' and we anticipate more challenges ahead. As we enter a new financial year, let's buckle up, get involved, and make it another great one.

A heartfelt thank you to our members, who continue to drive our success. Special appreciation to our partners and sponsors for their unwavering belief in our mission and continuous support.

Thanks to Lynda and our National Office team for their fantastic support. A special mention to Casey Huffstutler who we farewelled earlier this year after many years with our organisation.

Congratulations to Sam Waugh, Farm Manager at Donald's Farm, for being a finalist in the Primary Industry Awards for Emerging Leader. Well done also to Sam and the entire Donald's Farm team for their recognition as finalists in the Farm Environmental Awards for Auckland.

Lastly, a warm thank you to our dedicated board members: Malcolm, Catherine, Valentine, Sammy, Nicola, and Stanley.

The New Zealand Federation of Young Farmers Clubs (Inc.)

GROUP FINANCIAL STATEMENTS

For the period ended
30 April 2024

The New Zealand Federation of Young Farmers Clubs (Inc.)

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The New Zealand Federation of Young Farmers Clubs (Inc.)

Statutory Information

As at 30 April 2024

| | |
|--|--|
| Date of establishment | 20 March 1934 |
| Nature of the Incorporated Society | Meeting the needs of rural youth |
| Address of the Incorporated Society | Innovation Park, 185 Kirk Road, Sycamore Street, Templeton 7678 |
| Registered Office | Innovation Park, 185 Kirk Road, Sycamore Street, Templeton 7678 |
| Board chair | Chloe Jones |
| Board members | Sammy Bills Nicola Blowey Stanley Fraser Catherine McMillan Malcolm Nitschke Valentine Tauamiti |
| Chief Executive Officer | Lynda Coppersmith |
| Banker | ANZ Bank Limited |
| Auditor | PKF Goldsmith Fox Audit Limited |

The New Zealand Federation of Young Farmers Clubs (Inc.)

Statement of Compliance and Responsibility

The Board accepts responsibility for the preparation of The New Zealand Federation of Young Farmers Clubs (Inc.) annual group financial statements and judgements used in them, and hereby adopt the financial statements as presented.

They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board, the Group financial statements presented for the year ended 30 April 2024 fairly reflect the financial position and performance of The New Zealand Federation of Young Farmers Clubs (Inc.).

Signed on behalf of the Board:



Chloe Jones

Chair

Date 2 July 2024



Nicola Blowey

Chair of Audit and Risk Committee

Date 2 July 2024

STATEMENT OF SERVICE PERFORMANCE 2024

NZ YOUNG FARMERS

STRATEGIC PLAN

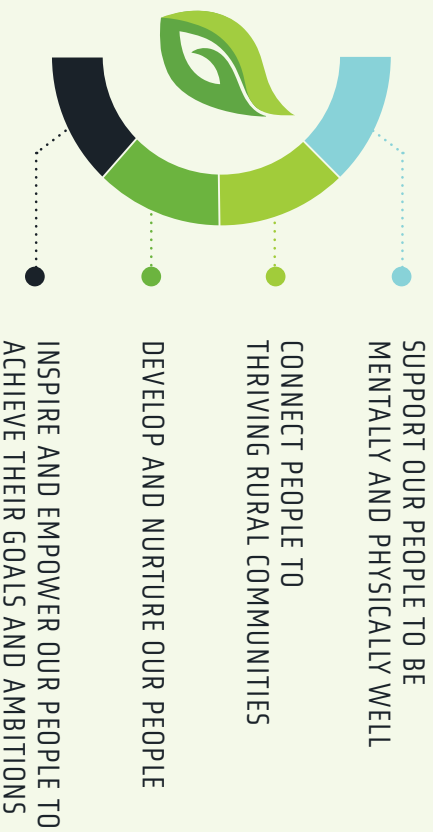
OUR PURPOSE

We excite, connect and nurture young people in the food and fibre sector.

OUR VISION

Creating success for our young people in the food and fibre sector.

OUR STRATEGIES FOR SUCCESS



OUR SUSTAINABLE FUTURE

CORE BUSINESS IS STRENGTHENED

- A thriving club network and nurtured social connections.

NZYF IS FUTURE - PROOFED

- Digital processes are adopted and opportunities for growth identified.

NZYF IS FINANCIALLY SUSTAINABLE

- New revenue streams are established to replace project funding.

OUR VALUES

RESPECTFUL

ONE TEAM

PROUD

PASSIONATE

ALL LEADERS

OUR REACH



100+

NZYF and TeenAg clubs



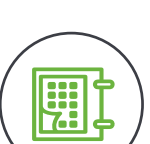
800+

Club meetings each year



22,000

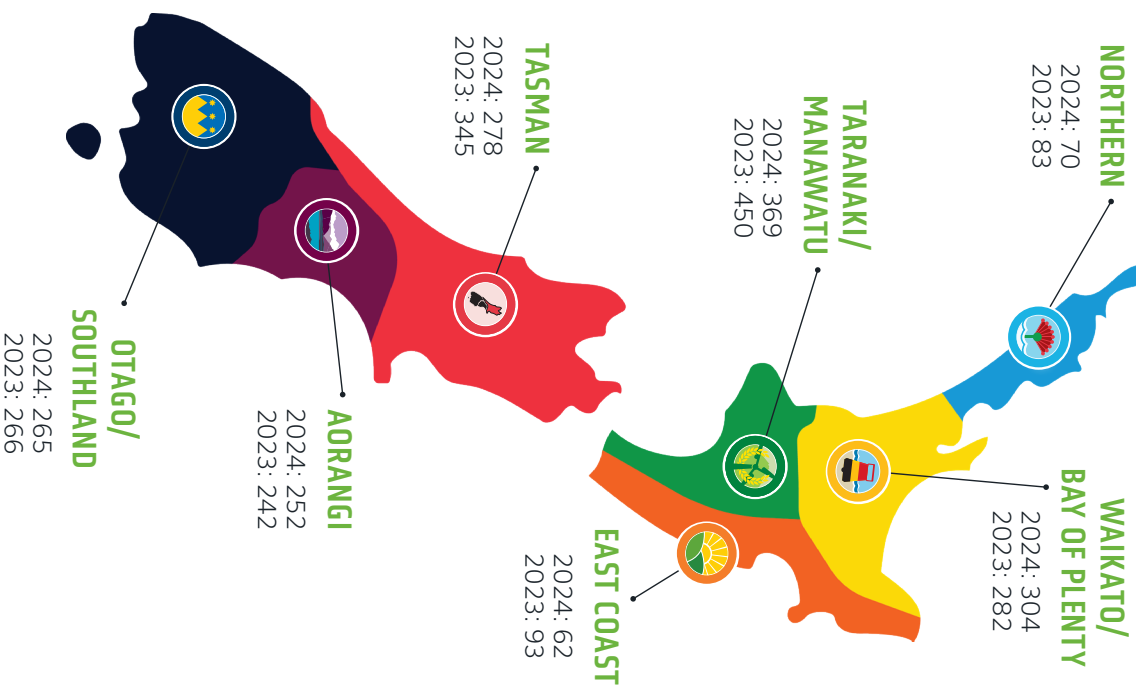
Following on social media 2023: 21,000



150+

Events annually across all networks

NZYF MEMBERSHIP



TOTAL MEMBERS
(as of 31 March 2024)

1600

NZYF MEMBERS
2023 Total: 1,762

389

TEENAG
2023 Total: 249

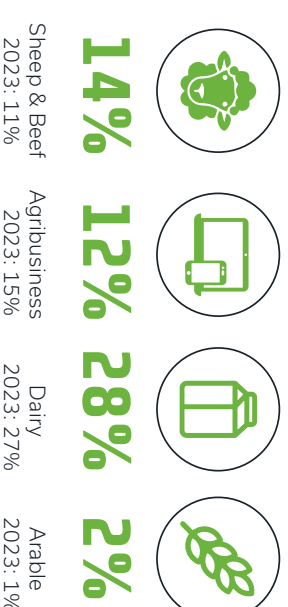
CLUBS

64

NZYF CLUBS
2023: 64 Clubs

42

TEENAG CLUBS
2023: 36 Clubs

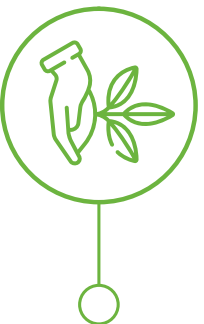


DONALD'S FARM

The late Donald Pearson donated his 74 ha farm to NZ Young Farmers for the purpose of encouraging young people into the agricultural sector.

Under NZYF ownership, this farm operates as a commercial dairy farm, with the future aim to utilise the farm, and the way in which it is operated, as an outdoor classroom or learning centre for NZYF members and the wider community.

Sam Waugh, an NZYF member, is the farm manager at Donald's Farm. He is passionate about developing the farm both from a commercial farming perspective but also in its role of encouraging the younger generation into the agricultural sector.



74 ha
DAIRY FARM



110
DAIRY COWS
2023: 130 COWS



91%
OF MILK AT
EXCELLENCE LEVEL
2023: 91%

THE FOOD AND FIBRE YOUTH NETWORK

The Food and Fibre Youth Network, officially launched in May 2021, had a successful year getting established and appointed its first council members.

The Food and Fibre Youth Network (FFYN) enables young people in the primary sector to add their voice to shaping the future of our food and fibre sector.



2023: 263

THE CONTEST



624
Contestants
2022: 567

8-12
Primary School
students aged

Children compete in teams of three to battle it out for the title of AgriKidsNZ Champion.



284
Contestants
2022: 320

13-18
High School
students aged

Students compete in teams of two and complete a range of modules, based on the primary industry.



176
Contestants
2022: 237

The flagship event for NZ Young Farmers. Showcasing the level of skill and knowledge of young people in our industry.

16 District Contests, seven Regional Finals, one Grand Final.



VOLUNTEERS
[APPROX]

400
District volunteers
2022: 400

500
Regional volunteers
2022: 500

180
Grand Final volunteers
2022: 175



The New Zealand Federation of Young Farmers Clubs (Inc.)

Group Statement of Comprehensive Revenue and Expense

For the period ended 30 April 2024

| | | 7 Months to 30-Apr-24 | 12 Months to 30-Sep-23 |
|--|------|--------------------------|---------------------------|
| | Note | \$ | \$ |
| Revenue | | | |
| <i>Revenue from exchange transactions</i> | | | |
| Industry funding | 2 | 231,246 | 753,187 |
| Sponsorship | 2 | 849,815 | 1,154,213 |
| Ticket sales | | 1,385 | 81,335 |
| Membership subscriptions | | 63,781 | 90,035 |
| Farming revenue | | 253,457 | 386,706 |
| Other revenue | | 93,065 | 142,599 |
| Gain/(Loss) on revaluation of shares | | 6,501 | 2,874 |
| <i>Revenue from non-exchange transactions</i> | | | |
| Grants received | | 11,139 | 52,145 |
| Total revenue | | 1,510,388 | 2,663,094 |
| Expenditure | | | |
| Personnel costs | 3 | 604,718 | 1,133,525 |
| Vehicle operating costs | 4 | 38,848 | 72,186 |
| Contest and other events | | 191,659 | 579,105 |
| Members benefits | | 53,715 | 51,680 |
| Office and administration expenditure | | 37,024 | 61,734 |
| Other operating expenditure | 5 | 366,380 | 565,939 |
| Farming expenses | | 99,309 | 262,090 |
| Depreciation and amortisation expense | | 44,552 | 103,659 |
| Total expenditure | | 1,436,205 | 2,829,918 |
| Surplus before net financing costs | | 74,185 | (166,824) |
| Finance income | | 21,396 | 21,477 |
| Finance costs | | 834 | 98 |
| Net finance income/(costs) | | 20,562 | 21,378 |
| Surplus/(deficit) for the 7 months | | 94,747 | (145,446) |
| Total comprehensive revenue and expense | | 94,747 | (145,446) |

The New Zealand Federation of Young Farmers Clubs (Inc.)

Group Statement of Changes in Equity

As at 30 April 2024

| | | 30-Apr-24 | 30-Sep-23 |
|---|-----------|------------------|------------------|
| | Note | \$ | \$ |
| Balance at 1 October 2023 | | 5,741,103 | 5,898,481 |
| Surplus/(Deficit) for the year | | 94,747 | (145,446) |
| Total comprehensive revenue and expense for the year | | 94,747 | (145,446) |
| Less transfers to reserves | 14 | - | - |
| Accumulated surpluses | | 5,835,850 | 5,753,035 |
| Reserves | | | |
| Transfer to Reserve - Livestock Revaluation Reserve | | (2,939) | (11,932) |
| Transfer to Reserve - Legacy - D F Pearson | | - | - |
| Total Reserves | | (2,939) | (11,932) |
| Balance at 30 April 2024 | 14 | 5,832,911 | 5,741,103 |

The New Zealand Federation of Young Farmers Clubs (Inc.)

Group Statement of Financial Position

As at 30 April 2024

| | | 30-Apr-24 | 30-Sep-23 |
|----------------------------------|------|------------------|------------------|
| | Note | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 540,543 | 398,465 |
| Receivables | 7 | 193,776 | 95,824 |
| Prepayments | | 36,854 | 17,021 |
| Feedstock on Hand | | 11,928 | 9,615 |
| Biological assets | 10 | 243,622 | 250,685 |
| Other current assets | | - | 6,229 |
| Total current assets | | 1,026,724 | 777,839 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 5,031,868 | 5,058,462 |
| Investments | 9 | 87,094 | 80,593 |
| Intangible assets | 11 | 37,833 | 53,410 |
| Other non-current assets | | 19,395 | 19,395 |
| Total non-current assets | | 5,176,190 | 5,211,860 |
| Total assets | | 6,202,914 | 5,989,699 |
| Liabilities | | | |
| Current liabilities | | | |
| Payables | 12 | 201,980 | 94,613 |
| Revenue received in advance | | 111,484 | 36,000 |
| Employee entitlements | 13 | 49,196 | 103,364 |
| Other current liabilities | | 7,343 | 14,619 |
| Total current liabilities | | 370,002 | 248,596 |
| Total liabilities | | 370,002 | 248,596 |
| Net assets | | 5,832,911 | 5,741,103 |
| Equity | | | |
| Accumulated surplus/(deficit) | | (82,096) | (176,843) |
| Reserves | | 5,915,007 | 5,917,946 |
| Total equity | 14 | 5,832,911 | 5,741,103 |

The New Zealand Federation of Young Farmers Clubs (Inc.)

Group Statement of Cash Flows

As at 30 April 2024

| | | 30-Apr-24 | 30-Sep-23 |
|---|----------|----------------|------------------|
| | Note | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 1,494,150 | 2,574,237 |
| Payments to suppliers | | (728,759) | (1,561,141) |
| Payments to employees | | (658,886) | (1,155,121) |
| Movement of livestock | | - | - |
| Interest received | | 3,616 | 12,302 |
| Interest paid | | (834) | (98) |
| Net cash flow from operating activities | | 109,288 | (129,822) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (2,380) | (69,346) |
| Sale of property, plant and equipment | | - | - |
| Net cash flow from investing activities | | (2,380) | (69,346) |
| Cash flows from financing activities | | | |
| Receipts from investments | | 17,779 | 9,175 |
| Net cash flow from financing activities | | 17,779 | 9,175 |
| Net increase/(decrease) in cash and cash equivalents | | 124,686 | (189,993) |
| Cash and cash equivalents at the beginning of the year | | 398,465 | 588,458 |
| Cash and cash equivalents at the end of the year | 6 | 523,151 | 398,465 |

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

1. Statement of accounting policies

Reporting entity

The New Zealand Federation of Young Farmers Clubs (Inc.) ("the Society") is an incorporated society under the Incorporated Societies Act 1908, incorporated in New Zealand on 20 March 1934.

These special purpose group financial statements incorporate the activities of the following subsidiary (hereafter referred to as "the Group"):

- Donald Pearson Farm Limited - Subsidiary

The inclusion of this subsidiary is consistent with reporting in prior periods.

A balance date of 30 April has been adopted to align reporting periods to the Group's activities. The current reporting period has been reduced to 7 months, the comparative period remains at 12 months. As such, the group statements of Revenue and Expense, Changes in Equity, Cash Flows and the related notes are not entirely comparable.

The Society is primarily involved in meeting the needs of rural youth.

These financial statements were authorised for issue by the Board on 2 July 2024.

Basis of preparation

Statement of compliance

These special purpose group financial statements have been prepared in accordance with Tier 2 Public Benefit Entity Standards with the following material exceptions: PBE IPSAS 35

In correspondence with the Charities Commission they have confirmed this to be an appropriate basis for the preparation of the financial statements and have provided an exemption from filing compliant financial statements under section 42(A) of the Charities Act 2005 until 30 April 2025.

Measurement basis

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Fair value through surplus or deficit
- Biological assets classified as inventory
- Certain financial assets & liabilities are detailed in the accounting policy

Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the controlling entity's functional and Group's presentation currency, rounded to the nearest dollar.

Changes in Accounting Policies

There have been no changes in accounting policies. All accounting policies were applied on a basis consistent with those from previous Financial Statements.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

Statement of accounting policies (Continued)

Critical accounting estimates and assumptions

In preparing these group financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual events. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Critical judgements in applying accounting policies

Grants received

The Group must exercise judgement when recognising grants received to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evidence for each grant contract.

Estimated useful life of assets

| | |
|---------------------------------|---------------------|
| Biological assets - fair value | refer to policy (f) |
| Property, plant and equipment | refer to policy (g) |
| Intangible assets - useful life | refer to policy (h) |

Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group.

a) Basis of consolidation

The Group Financial Statements incorporate the subsidiary Donald Pearson Farm Limited. As noted in the statement of compliance on page 13 the Group Financial Statements have an exemption from consolidating the controlled branches until 30 April 2025

b) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Group, and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Group's revenue streams must also be met before revenue is recognised.

i. Revenue from exchange transactions

Revenue received from exchange transactions for services rendered is recognised in the period it relates to. Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Revenue received from exchange transactions include:

- Industry funding
- Sponsorship
- Membership fees and subscriptions
- Ticket sales
- Farm revenue
- Other revenue

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

Statement of accounting policies (Continued)

b) Revenue (continued)

ii. Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

Grants and Bequests

The recognition of non-exchange revenue from Grants and Bequests depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange 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 there is no recognition of a non-exchange liability. As a result, this type of non-exchange revenue is recognised immediately.

c) Finance income

Finance income comprises interest income on cash and cash equivalents and dividend income on share investments. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Income from dividends is recognised when the Group's right to receive payment is established and the amount can be reliably measured.

d) Financial instruments

i. Financial assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, and FVTSD.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of short-term receivables and payables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

Statement of accounting policies (Continued)

i. Financial assets (Continued)

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through surplus or deficit, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

a. Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of financial performance.

This category includes derivative instruments and managed funds which the Group had not irrevocably elected to classify at FVOCRE.

After initial recognition the financial assets in this category are measured at fair value with gains or loss on re-measurement recognised in surplus or deficit.

b. Financial Assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, are subsequently measured at amortised cost using the effective interest method (EIR) and are subject to impairment. Gains and losses are recognised in surplus or deficit when the asset is derecognised, modified, or impaired.

The Group's cash and cash equivalents are categorised as financial assets at amortised cost.

c. Trade and other receivables

Trade and other receivables are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

Statement of accounting policies (Continued)

i. Financial assets (continued)

e. Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

The rights to receive cash flows from the asset have expired or the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- i. the Group has transferred substantially all the risks and rewards of the asset, or
- ii. the Group has neither transferred not retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, waived, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of financial performance.

ii. Financial liabilities

Financial liabilities at amortised cost are classified, at initial recognition and include payables. After initial recognition, payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of financial performance.

e) Income tax

The Society is exempt from income tax as it has obtained charitable status and is a registered charity with the Charities Services.

f) Biological assets

Biological assets comprise of dairy cattle and are initially measured at fair value less costs to sell, which equates to cost.

The dairy cattle are subsequently measured at fair value using the national average market values of specified livestock provided by Inland Revenue. Any change is recognised in surplus or deficit.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

Statement of accounting policies (Continued)

g) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

ii. Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefit or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

iii. Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the Statement of Comprehensive Revenue and Expense.

iv. Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefit or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

v. Depreciation

Depreciation is provided on property, plant and equipment at rates that will write off the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| | |
|----------------------------|-----------------------------------|
| Land | nil |
| Buildings | 0.00% - 8.50% diminishing value |
| Motor vehicles | 13.00% - 30.00% diminishing value |
| Plant and equipment | 8.00% - 67.00% diminishing value |
| Plant and equipment - Farm | 10.00% - 67.00% diminishing value |
| Office equipment | 8.00% - 67.00% diminishing value |
| Furnishings | 12.00% - 16.00% diminishing value |
| Furnishings - Farm | 13.00% - 25.00% diminishing value |
| Contest assets | 8.0% - 50.00% diminishing value |
| Property Improvements | 0.00% - 13% diminishing value |

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

Statement of accounting policies (Continued)

h) Intangible assets

i. Recognition and measurement

Items of intangible assets are measured at cost, less accumulated amortisation and impairment losses.

ii. Software

Costs that are directly associated with the development and acquisition of software for internal use are recognised as an intangible asset. Staff training costs and costs associated with the maintenance of computer software and website are recognised as an expense in surplus and deficit when occurred.

iii. Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

| | | |
|----------|---------|-------|
| Software | 2 years | 50.0% |
| Website | 7 Years | 14.3% |

i) Impairment of property, plant and equipment and intangible assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount of which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Group would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment is recognised in the Statement of Comprehensive Revenue and Expense.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

Statement of accounting policies (Continued)

j) Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as expenses on a straight line basis in surplus or deficit.

k) Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for Receivables and Payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

2. Revenue

| | 7 months to 30-Apr-24 \$ | 12 months to 30-Sep-23 \$ |
|----------------------------------|--------------------------------|---------------------------------|
| Industry Funding | | |
| SFFF Funding | 231,246 | 617,187 |
| Other | - | 136,000 |
| Total Industry Funding | 231,246 | 753,187 |
| Sponsorship Revenue | | |
| Events and Contest | 817,622 | 1,100,699 |
| Other | 32,193 | 53,514 |
| Total Sponsorship revenue | 849,815 | 1,154,213 |

3. Personnel costs

| | 7 months to 30-Apr-24 \$ | 12 months to 30-Sep-23 \$ |
|--|--------------------------------|---------------------------------|
| Salaries and wages | 658,886 | 1,155,219 |
| Increase/(decrease) in employee entitlements liability | (54,168) | (21,694) |
| Personnel costs | 604,718 | 1,133,525 |

4. Vehicle operating costs

| | 7 months to 30-Apr-24 \$ | 12 months to 30-Sep-23 \$ |
|-------------------------------------|--------------------------------|---------------------------------|
| Operating lease expense - vehicle | 15,885 | 33,610 |
| Other vehicle operating expenditure | 22,964 | 38,576 |
| Vehicle operating costs | 38,848 | 72,186 |

5. Other operating expenditure

| | 7 months to 30-Apr-24 \$ | 12 months to 30-Sep-23 \$ |
|-------------------------------------|--------------------------------|---------------------------------|
| Fees to auditor | | |
| - For audit of financial statements | 10,065 | 14,500 |
| Accounting Fees | 18,500 | 29,707 |
| Board Expenses | 11,437 | 38,814 |
| Communication expenses | 8,117 | 10,872 |
| Industry Funding Expenses | 208,157 | 259,780 |
| Insurance | 10,128 | 17,948 |
| IT maintenance/development | 19,434 | 39,596 |
| Meeting Expenses | 15,106 | 29,584 |
| Non salary staff related expenses | 13,303 | 42,858 |
| Other expenses | 52,132 | 82,281 |
| Other operating expenditure | 366,380 | 565,939 |

Other expenses are made up of the following: Advertising, Cleaning, Consultancy, General Office Expenses, & Printing & Stationery.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

6. Cash and cash equivalents

| | 30-Apr-24 | 30-Sep-23 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Bank account balances | | |
| ANZ - Current account | 121,429 | 52,656 |
| ANZ - Serious saver account 1 | 21 | 1,158 |
| ANZ - Serious saver account 2 | 21 | 1,008 |
| ANZ - Serious saver account 3 | 186,480 | 181,763 |
| ANZ - Call Account | 686 | 675 |
| ANZ - Donald Pearson Farm Ltd | 231,906 | 161,205 |
| ANZ - Term Deposit | - | - |
| Cash and cash equivalents | 540,543 | 398,465 |

The carrying value of the Bank account balances represents their fair value.

Interest is earned on the ANZ - Serious saver accounts (1, 2 & 3) at a rate of 1.25%.

Interest is earned on the ANZ - Call account at a standard rate of 2.75%.

Interest is earned on the ANZ - Current account at a rate of 2.45%

ANZ bank has a registered security over all present and after acquired personal property of NZYF.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

7. Receivables from exchange transactions

| | 30-Apr-24 | 30-Sep-23 |
|---|----------------|---------------|
| | \$ | \$ |
| Trade receivables from exchange transactions | 193,776 | 95,824 |
| Receivables from exchange transactions | 193,776 | 95,824 |

Fair value

Receivables are non-interest bearing and receipt is normally on 30 day terms. Therefore the carrying value of receivables approximates their fair value.

Expected Credit Losses

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportive information that is relevant and available without undue cost or effort.

ECLs are a probability weighted estimate of credit losses. Credit Losses are measured as the present value of all cash shortfalls.

At 30 April 2024, the Group assessed that there were no Expected Credit Losses resulting from the 2024 Financial Year (30 September 2023: Nil)

The status of receivables as at 30 April 2024 and 30 September 2023 is as follows:

| | 30-Apr-24 | 30-Sep-23 |
|-----------------------------|----------------|---------------|
| | \$ | \$ |
| Not past due | | |
| Gross | 142,747 | 95,454 |
| Impairment | - | - |
| Net | 142,747 | 95,454 |
| Past due 1 - 30 days | | |
| Gross | 51,028 | 370 |
| Impairment | - | - |
| Net | 51,028 | 370 |
| Past due 31 + days | | |
| Gross | - | - |
| Impairment | - | - |
| Net | - | - |
| Total | 193,776 | 95,824 |

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

8. Property, plant and equipment

| | Freehold Land \$ | Buildings \$ | Plant and Equipment \$ | Motor Vehicles \$ | Office Equipment \$ | Furnishings \$ | Agrikids Signage and Trailer \$ | Total \$ |
|--|------------------------|-----------------|------------------------------|-------------------------|---------------------------|-------------------|--|------------------|
| Cost or valuation | | | | | | | | |
| Balance as at 1 October 2022 | 3,973,000 | 907,439 | 294,103 | 111,243 | 122,935 | 12,770 | 60,752 | 5,482,242 |
| Additions | - | - | 598 | 31,171 | 18,461 | - | 11,555 | 61,785 |
| Disposals | - | - | (3,190) | (24,995) | (492) | (47) | - | (28,724) |
| Transfers | - | - | - | - | - | - | - | - |
| Balance as at 30 September 2023 | 3,973,000 | 907,439 | 291,511 | 117,419 | 140,904 | 12,723 | 72,307 | 5,515,303 |
| Balance as at 1 October 2023 | 3,973,000 | 907,439 | 291,511 | 117,419 | 140,904 | 12,723 | 72,307 | 5,515,303 |
| Additions | - | - | - | - | 1,503 | - | 1,130 | 2,632 |
| Revaluation gain/(loss) | - | - | - | - | - | - | - | - |
| Disposals | - | - | (241) | - | (10) | - | - | (252) |
| Transfers | - | - | - | - | - | - | - | - |
| Balance as at 30 April 2024 | 3,973,000 | 907,439 | 291,270 | 117,419 | 142,396 | 12,723 | 73,437 | 5,517,683 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance as at 1 October 2022 | - | 51,559 | 178,806 | 52,323 | 88,169 | 9,766 | 16,744 | 397,367 |
| Depreciation | - | 9,739 | 14,082 | 8,238 | 17,819 | 505 | 9,091 | 59,474 |
| Disposals | - | - | - | - | - | - | - | - |
| Balance as at 30 September 2023 | - | 61,298 | 192,888 | 60,561 | 105,988 | 10,271 | 25,835 | 456,841 |
| Balance as at 1 October 2023 | - | 61,298 | 192,888 | 60,561 | 105,988 | 10,271 | 25,835 | 456,841 |
| Depreciation | - | 5,108 | 6,844 | 5,780 | 6,833 | 239 | 4,171 | 28,974 |
| Disposals | - | - | - | - | - | - | - | - |
| Balance as at 30 April 2024 | - | 66,406 | 199,732 | 66,341 | 112,821 | 10,511 | 30,006 | 485,815 |
| Net book value | | | | | | | | |
| As at 1 October 2022 | 3,973,000 | 855,880 | 115,297 | 58,920 | 34,766 | 3,004 | 44,008 | 5,084,875 |
| As at 30 September 2023 | 3,973,000 | 846,141 | 98,623 | 56,858 | 34,916 | 2,452 | 46,472 | 5,058,462 |
| As at 30 April 2024 | 3,973,000 | 841,033 | 91,538 | 51,078 | 29,575 | 2,212 | 43,431 | 5,031,868 |

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

8. Property, plant and equipment (continued)

Additions through non-exchange transactions

No items were received through non-exchange transactions in the period under review (30 September 2023:\$0).

Impairment

There is no impairment provision for property, plant and equipment (30 September 2023:\$0).

9. Investments

| | 30-Apr-24 | 30-Apr-24 | 30-Sep-23 | 30-Sep-23 |
|--|---------------|---------------|---------------|---------------|
| | Number of | | Number of | |
| | Shares | \$ | Shares | \$ |
| Farmlands shares | 200 | 200 | 200 | 200 |
| Shares - Livestock Improvement Corporation | 5,924 | 7,168 | 5,924 | 5,924 |
| Shares - Fonterra Co-Op Group Limited | 30,925 | 76,694 | 30,925 | 71,437 |
| Shares - Ravensdown | 3,032 | 3,032 | 3,032 | 3,032 |
| Investments | 40,081 | 87,094 | 40,081 | 80,593 |

There is no impairment provision for investments (30 September 2023: \$0).

Equity investments are measured at fair value with fair value determined by reference to published market price quotations in an active market. Where no published market price quotations exist, historical cost is used as the fair value.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

10. Biological assets

Livestock (Cattle)

Livestock is held by the Group for the purpose of milk production for on sale to Fonterra.

The dairy cattle was measured at fair value using the national average market value of specified livestock provided by Inland Revenue, apart from Bull Calves and Heifer Calves which were measured at observable prices in active markets and recent market transactions on an arms length basis.

At reporting date, Livestock consisted approximately of:

| | 30-Apr-24 | 30-Apr-24 | 30-Sep-23 | 30-Sep-23 |
|----------------|-----------|-----------|-----------|-----------|
| | # | \$ | # | \$ |
| R1 Heifers | 25 | 16,900 | 35 | 24,255 |
| R2 Heifers | 34 | 48,722 | - | - |
| R1 Steers | 1 | 585 | 2 | 1,158 |
| R2 Steers | 2 | 2,034 | - | - |
| MA Cows | 109 | 175,381 | 124 | 201,872 |
| Breeding Bulls | - | - | - | - |
| Bull Calves | - | - | 25 | 11,250 |
| Heifer Calves | - | - | 27 | 12,150 |
| | 171 | 243,622 | 213 | 250,685 |

Reconciliation of Carrying Amounts of Dairy Livestock

| | 30-Apr-24 | 30-Sep-23 |
|--|----------------|----------------|
| | \$ | \$ |
| Carrying amount at 1 October 2023 | 250,685 | 260,905 |
| Purchases | | |
| Livestock - non exchange transaction | - | - |
| Sales | | |
| Livestock Sold | (20,505) | (30,701) |
| Gain arising from changes in fair value less costs to sell | | |
| Attributable to natural increase | 1,067 | 5,869 |
| Attributable to price changes | 12,375 | 14,612 |
| Balance as at 30 April 2024 | 243,622 | 250,685 |

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

11. Intangible assets

| | Software \$ | Total \$ |
|---|----------------|----------------|
| Cost | | |
| Balance as at 1 October 2022 | 460,457 | 460,457 |
| Additions | 22,156 | 22,156 |
| Disposals | (101,215) | (101,215) |
| Balance as at 30 September 2023 | 381,398 | 381,398 |
| Balance as at 1 October 2023 | 381,398 | 381,398 |
| Additions | - | - |
| Disposals | - | - |
| Balance at 30 April 2024 | 381,398 | 381,398 |
| Accumulated amortisation and impairment losses | | |
| Balance as at 1 October 2022 | 384,991 | 384,991 |
| Amortisation expense | 44,183 | 44,183 |
| Disposals | (101,186) | (101,186) |
| Impairment losses | - | - |
| Balance as at 30 September 2023 | 327,988 | 327,988 |
| Balance as at 1 October 2023 | 327,988 | 327,988 |
| Amortisation expense | 15,577 | 15,577 |
| Disposals | - | - |
| Impairment losses | - | - |
| Balance at 30 April 2024 | 343,565 | 343,565 |
| Net book value | | |
| At 1 October 2022 | 75,466 | 75,466 |
| At 30 September 2023 | 53,410 | 53,410 |
| At 30 April 2024 | 37,833 | 37,833 |

Impairment

There is no impairment provision for intangible assets (30 September 2023: \$0).

Work in Progress

In addition to the amounts listed above, there is no further work in progress recorded on the balance sheet as other current assets at 30 April 2024 (30 September 2023: \$0).

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

12. Payables

| | 30-Apr-24 | 30-Sep-23 |
|-----------------------|----------------|---------------|
| | \$ | \$ |
| Payables | | |
| Trade payables | 130,829 | 53,735 |
| Accrued expenditure | 19,009 | 25,886 |
| GST payable | 52,142 | 14,992 |
| Total Payables | 201,980 | 94,613 |

Payables are non-interest bearing and are normally settled in 30 day terms, therefore the carrying value approximates their fair value.

13. Employee entitlements

| | 30-Apr-24 | 30-Sep-23 |
|---|---------------|----------------|
| | \$ | \$ |
| Current | | |
| Accrued salaries and wages | 10,287 | 55,532 |
| Annual leave | 38,909 | 47,832 |
| Current employee entitlements | 49,196 | 103,364 |
| Non-current | | |
| Non-current portion of long term employee benefits | - | - |
| Non-current portion of long term employee benefits | - | - |

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

14. Equity

| | 30-Apr-24 | 30-Sep-23 |
|--|------------------|------------------|
| | \$ | \$ |
| Accumulated surplus/(deficit) | | |
| Opening Balance | (176,843) | (31,397) |
| Surplus/(deficit) for the year | 94,747 | (145,446) |
| Less: transfers to reserves | - | - |
| Total accumulated surplus/(deficit) | (82,096) | (176,843) |
| Reserves | | |
| Legacy - D F Pearson | | |
| Opening balance | 5,905,699 | 5,905,699 |
| Transfer to reserve | - | - |
| Closing balance | 5,905,699 | 5,905,699 |
| Livestock Revaluation Reserve | | |
| Opening balance | 12,247 | 24,179 |
| Movements for the period | (2,939) | (11,932) |
| Closing balance | 9,308 | 12,247 |
| Total Reserves | 5,915,007 | 5,917,946 |
| Total Equity | 5,832,911 | 5,741,103 |

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

15. Operating leases

Operating leases as lessee

The future non-cancellable minimum lease payments of operating leases as lessee at reporting date are detailed in the table below:

| | 30-Apr-24 | 30-Sep-23 |
|---|---------------|---------------|
| | \$ | \$ |
| Less than one year | 54,070 | 65,661 |
| Between one and five years | 7,366 | 23,603 |
| Total non-cancellable operating lease payments | 61,436 | 89,264 |

The New Zealand Federation of Young Farmers Clubs (Inc.) has entered into a number of material operating leases for vehicles, photocopiers and buildings.

The lease of the buildings expires on 1 January 2025.

The lease of the photocopiers expires on 20 January 2026.

The leases of the vehicles expire as follows:

1 expires September 2024

1 expires March 2025

1 expires May 2025

Upon expiry of the current building lease agreement there are two subsequent right of renewals, each for 36 month periods.

These have not been included in the future payments listed above.

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

16. Related party transactions

Membership disbursement scheme

The New Zealand Federation of Young Farmers Clubs (Inc.) has made payments during the period to a number of its affiliated Young Farmer clubs under the membership disbursement scheme.

The amount paid from The New Zealand Federation of Young Farmers Clubs (Inc.) to affiliated Young Farmer clubs during the period was \$50,160 (30 September 2023: \$42,930).

Compensation of key management personnel

Key management personnel of The New Zealand Federation of Young Farmers Clubs (Inc.) include the Board, Senior Leadership Team staff members and Contest Board.

Key management personnel of Donald Pearson Farm Limited includes the Board of Directors.

The total remuneration of key management personnel and number of individuals, on a full time equivalent basis, receiving remuneration from The New Zealand Federation of Young Farmers Clubs (Inc.) are:

| | 7 months to 30-Apr-24 \$ | 12 months to 30-Sep-23 \$ |
|--|--------------------------------|---------------------------------|
| Executive leadership team (30 April 2024: 5 FTE, 30 September 2023: 5 FTE) | 299,007 | 488,190 |
| Elected board members and Contest Board | - | 25,932 |
| Total remuneration | 299,007 | 514,122 |

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (30 September 2023: \$0).

The New Zealand Federation of Young Farmers Clubs (Inc.) did not provide any compensation to close family members of key management personnel during the period (30 September 2023: \$0).

The New Zealand Federation of Young Farmers Clubs (Inc.) did not provide any loans to key management personnel or their close family members during the period (30 September 2023: \$0).

The New Zealand Federation of Young Farmers Clubs (Inc.)

Notes to the Group Financial Statements

For the period ended 30 April 2024

17. Commitments and contingencies

Capital commitments

The New Zealand Federation of Young Farmers Clubs (Inc.) does not have any capital commitments at 30 April 2024 (30 September 2023: \$0).

Contingent assets

The New Zealand Federation of Young Farmers Clubs (Inc.) does not have any contingent assets at 30 April 2024 (30 September 2023: \$0).

Contingent liabilities

The New Zealand Federation of Young Farmers Clubs (Inc.) does not have any contingent liabilities at 30 April 2024 (30 September 2023: \$0).

18. Events after reporting date

There are no material non-adjusting events after the reporting date.

19. Going Concern

The Group's current assets exceed its current liabilities at 30 April 2024 by \$656,721 (30 September 2023: \$529,243). The Group recorded a surplus for the period ended 30 April 2024 of \$94,747. The Group has adopted the going concern assumption.

20. Group Entities

A list of entities incorporated in this group are presented below:

| Name of controlled entity | Country of incorporation | Ownership interest | |
|-----------------------------|--------------------------|--------------------|-----------|
| | | 30-Apr-24 | 30-Sep-23 |
| | | % | % |
| Donald Pearson Farm Limited | New Zealand | 100 | 100 |

The controlled entity has the same reporting date as the controlling entity.

There are no significant restrictions on the ability of the controlled entity to transfer funds to the Society in the form of cash distributions or to repay loans or advances.

Donald Pearson Farm

The society has 100% equity interest in Donald Pearson Farm Limited, which is involved in Dairy Cattle Farming. It was incorporated on 28 April 2017 with the farm and assets being transferred 21 December 2018.

INDEPENDENT AUDITOR'S REPORT

To the members of The New Zealand Federation of Young Farmers Clubs (Inc.)

Report on the Audit of the Group Financial Statements and Service Performance Information

Opinion

We have audited the group financial statements of The New Zealand Federation of Young Farmers Clubs (Inc.) and its subsidiary (the 'Group'). The complete set of group financial statements comprise the group statement of financial position as at 30 April 2024, the statement of service performance for the Group, group statement of comprehensive revenue and expense, group statement of changes in equity and group statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying group financial statements present fairly, in all material respects:

- The financial position of the Group as at 30 April 2024, and its financial performance and its cash flows for the period then ended; and
- The service performance for the period ended 30 April 2024 in accordance with the Group's service performance criteria

in accordance with the accounting policies that are set out in Note 1 of the group financial statements.

This report is made solely to the members, as a body. Our audit work has been undertaken so that we might state to the members those matters which we are required to state to them in the 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 members, as a body for our audit procedures, for this report, or for the opinion we have formed.

Basis for Opinion

We conducted our audit of the group financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information* (NZ). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Group Financial Statements and Service Performance Information* section of our report.

We are independent of the 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 we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Emphasis of Matter - Basis of Accounting

We draw attention to accounting policies to the group financial statements, which describes the basis of accounting. These are special purpose group financial statements and have been prepared in accordance with principles contained in the accounting policies that are set out in Note 1 of the group financial statements. As a result, the group financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Board's Responsibilities for the Group Financial Statements and Service Performance Information

The Board is responsible on behalf of the Group for:

- a) The preparation and fair presentation of the group financial statements and statement of service performance in accordance with the accounting policies that are set out in Note 1 of the group financial statements;
- b) Service performance criteria that are suitable in order to prepare service performance information in accordance with the principles contained in the accounting policies that are set out in Note 1 of the group financial statements; and
- c) such internal control as the Board determines is necessary to enable the preparation of group financial statements and service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the Board is responsible, on behalf of the Group, for assessing the Group's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or cease operations, or have no realistic alternative but to do so.

The Board is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Group Financial Statements and Service Performance Information

Our objectives are to obtain reasonable assurance about whether the group financial statements as a whole and the statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group financial statements.

As part of an audit in accordance with ISAs (NZ) and NZ AS 1, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the group financial statements and the service performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the group financial statements and the service performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain an understanding of the process applied by the Group to select what and how to report its service performance.
- Evaluate whether the service performance criteria are suitable so as to result in service performance information that is in accordance with the accounting policies that are set out in Note 1 of the group financial statements.

- Evaluate the overall presentation, structure, content of the group financial statements and statement of service performance and whether the group financial statements and statement of service performance represents the underlying transactions, events and service performance information in accordance with the accounting policies that are set out in Note 1 of the group financial statements in a manner that achieves fair presentation.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the group financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the information of the entities or business activities within the Group to express an opinion on the group financial statements and service performance information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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



PKF Goldsmith Fox Audit Limited

Christchurch, New Zealand

2 July 2024

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