

Kiwifruit Vine Health Incorporated

Special purpose financial report
for the 9 months ended 31 March 2015

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Kiwifruit Vine Health Incorporated


Special purpose financial report for the 9 months ended 31 March 2015

Audit Report

Approval of Directory

The Board has approved the Financial Statements of Kiwifruit Vine Health Incorporated, for the 9 months ended 31 March 2015.

For and on behalf of the Board



Peter Ombler
Chairman



Nathan Flowerday
Director

Dated: 20 May 2015

Directory

as at 31 March 2015

Incorporated Society Number	254737
Incorporation date	6th of December 2010
Registered Office	Level 1, Customhouse Building 314 Maunganui Road Mount Maunganui
IRD number	106-272-964
Auditors	Bennetts Proactive Accountants Limited Te Puke
Bankers	Westpac Bank Auckland
Solicitors	Cooney Lees Morgan Level 3 247 Cameron Road Tauranga
Chief Executive	Barry O'Neil
Board Members	Peter Ombler (Chairman) Michael Chapman (Board Secretary) Craig Thompson Nathan Flowerday Jarred Mair (joined September 2014) Peter Silcock (Independent director, joined November 2014) Lorry Leydon (Associate Director, joined January 2015) Simon Limmer (resigned November 2014) Tony Murray (resigned August 2014) Paul Jones (resigned July 2014)

The directory is to be read subject to the audit report on page 2 of this report

Profit and loss statement

for the 9 months ended 31 March 2015

	Note	2015 \$	2014 \$
Income			
Funding income	1	2,792,509	2,321,000
Gross surplus		2,792,509	2,321,000
Expenses			
Operating			
Crop protection		114,176	152,000
Education and awareness		83,664	119,000
Financial support agreement payments - up to 30/06/14		-	1,116,000
Financial support agreement payments - provision		-	(1,132,000)
Operations		721,214	325,000
Orchard surveillance		23,007	77,000
Pest management		130,398	287,000
Research and development		1,346,024	44,000
Technical transfer		560	130,000
Wider biosecurity		239,227	293,000
		2,658,270	1,411,000
Administration			
Computer expenses		25,570	33,000
Donations		-	300,000
Management and admin staff costs		53,458	393,000
Office expenses		41,116	71,000
Professional services		33,716	91,000
Travel and meeting costs		14,431	26,000
		168,291	914,000
Total expenses		2,826,561	2,325,000
Net business deficit		(34,052)	(4,000)
Other income			
Interest received		3,860	4,000
Other income		30,192	-
		34,052	4,000
Net profit		-	-

These statements are to be read in conjunction with the notes to the financial statements
and subject to the audit report on page 2 of this report

Statement of movements in equity

for the 9 months ended 31 March 2015

	Note	2015 \$	2014 \$
Movements in equity for the period		-	-
Equity at beginning of period		-	-
Equity at end of period		-	-

These statements are to be read in conjunction with the notes to the financial statements
and subject to the audit report on page 2 of this report

Kiwifruit Vine Health Incorporated

Special purpose financial report for the 9 months ended 31 March 2015

Balance sheet

as at 31 March 2015

	Note	2015 \$	2014 \$
Equity		-	-
Current assets			
Cash and bank balances	4	322,902	66,000
Accounts receivable		52,369	190,500
Accrued income		1,544,269	245,000
Prepayments		18,812	12,000
GST refund due		47,928	9,664
Income tax refund	2	2,724	1,450
		1,989,004	524,614
Non current assets			
Property, plant and equipment	5	25,774	33,886
Total assets		2,014,778	558,500
Current liabilities			
Accounts payable		83,586	509,500
Accrued charges		1,931,192	49,000
		2,014,778	558,500
Total liabilities		2,014,778	558,500
Net assets/(liabilities)		-	-

These statements are to be read in conjunction with the notes to the financial statements
and subject to the audit report on page 2 of this report

Statement of cash flow

for the 9 months ended 31 March 2015

	Note	2015 \$	2014 \$
		-	-
Cash flow from operating activities			
Funding receipts		1,631,370	4,044,000
Payments to suppliers and employees		(1,386,544)	(4,251,000)
Interest received		3,860	4,000
Income tax refunded		2,724	4,000
Net inflow from operating activities		251,410	(198,000)
 Purchase of assets		(681)	(17,000)
Net inflow from investing activities		(681)	(17,000)
 Net increase/(decrease in cash held)		250,729	
Cash at the beginning of the year		66,000	281,000
Cash at the end of the year		316,729	66,000
 Cash reserves held as:			
Westpac cheque account		101,648	70,000
Westpac online saver account		221,254	1,000
Westpac credit card		(6,173)	(5,000)
		316,729	66,000

These statements are to be read in conjunction with the notes to the financial statements
and subject to the audit report on page 2 of this report

Statement of cash flow (continued)

as at 31 March 2015

	Note	2015 \$	2014 \$
Reconciliation of surplus/(deficit to cash flows from operating activities			
Operating surplus/(deficit) after tax for the year		-	-
Non cash items			
Depreciation		8,793	10,000
Movement in working capital			
Decrease/increase in receivables and prepayments		131,319	(33,000)
Decrease/increase in accrued income		(1,299,269)	1,624,000
(Decrease)/increase in accounts payable, tax payable and accruals		1,410,567	(667,000)
(Decrease)/increase in provisions		-	(1,132,000)
Net cash inflow from operating activities		251,410	(198,000)

These statements are to be read in conjunction with the notes to the financial statements
and subject to the audit report on page 2 of this report

Statement of accounting policies

for the 9 months ended 31 March 2015

Reporting entity

Kiwifruit Vine Health Incorporated (KVH) is an independent pan-industry organisation leading the kiwifruit industry response to the Psa incursion. It was established following agreement of the Industry Advisory Council (IAC) to transition management of the Psa response from MPI Biosecurity NZ and ZESPRI to a separate entity.

KVH was registered as an incorporated society on 6 December 2010 and operates as a non-profit organisation.

Basis of preparation

The Board members have approved the accounting policies and disclosures made.

The financial statements have been prepared on the basis of historical cost. Reliance is placed on the fact that the entity is a going concern with funding in place for the next 12 months. Revenue earned is matched with expenses using accrual accounting concepts.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation.

Where an item of property, plant or equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying amount of the asset.

Depreciation

Depreciation is charged to the statement of financial performance at the same rate as allowed by the Income Tax Act 2007. The following rates have been used:

Computer equipment 25.0% - 50.0% diminishing value

Office equipment 13.0% - 25.0% diminishing value

Receivables

Receivables are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Taxation

The income tax expense recognised in the statement of financial performance is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years.

Deferred tax is not accounted for.

Goods and services tax

All amounts are shown exclusive of Goods & Services Tax (GST), except for receivables and payables which are shown inclusive of GST.

Statement of accounting policies

for the 9 months ended 31 March 2015

Provisions

Kiwifruit Vine Health Incorporated records provisions when it has a legal or constructive obligation to satisfy a claim as a result of a past event; it is more likely than not that an outflow of resources will be required to satisfy the obligation; and a reliable estimate of the amount can be made.

The amount recognised as a provision is the net present value of the best estimate of the outflows required to satisfy the obligation.

Income

Income is recognised to the extent that it is probable that economic benefit will flow to the Incorporation and can be reliably measured.

Funding income:

Funding income is recognised in the period to which it relates, with any amount owing at the balance date being included as a current asset.

Interest income:

Interest is recognised in the Statement of Financial Performance as it accrues, using the effective interest method.

Leases

Kiwifruit Vine Health Incorporated has entered into certain leases for office equipment and office space. Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items are recognised in the determination of the operating surplus or deficit in equal instalments over the lease term.

Staff costs

Staff costs include all relevant employee costs and costs of office based contractors providing services to Kiwifruit Vine Health Incorporated.

Employee costs include salaries, wages and annual leave which are recognised when they accrue to employees. Liabilities for employee benefits are carried at the value of the estimated future cash flows required to settle the obligation arising from services rendered by employees up until balance date.

Statement of Cash Flows

The following definitions are the terms used in the Statement of Cash Flows:

- i. Cash and cash equivalents are cash held in current accounts and on-demand deposits.
- ii. Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets.
- iii. Operating activities include all transactions and other events which are not investing activities.

Research and development

Research and development expense in the period incurred.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

Notes to the financial statements

1 Funding income	2015	2014
	\$	\$
Funding - Levy	508,765	1,616,000
Funding - MPI	1,123,294	1,070,000
Funding - Zespri	1,408,958	1,258,000
Accrued income - Levy	(55,759)	(499,000)
Accrued income - MPI	(96,375)	(562,000)
Accrued income - Zespri	(96,375)	(562,000)
	2,792,508	2,321,000
2 Tax	2015	2014
	\$	\$
Adjustments for differences		
Timing differences		
Income accruals movement	192,749	1,124,556
Excluded income from Ministry of Primary Industries	(1,123,294)	(1,070,000)
Expenditure funded from excluded Ministry of Primary Industries income	1,123,294	1,070,000
Excluded income from ZESPRI member funding	(1,408,958)	(1,258,111)
Expenditure funded from excluded ZESPRI member income	1,408,958	1,258,111
Provision for future regeneration payments	-	(1,131,850)
Annual leave accrual	11,286	8,431
63 day adjustment for annual leave accrual	-	(1,219)
	204,035	(82)
Surplus/(deficit) before losses brought forward	204,035	(82)
Losses brought forward	(205,974)	(206,055)
Taxable income (loss to carry forward)	(1,939)	(205,974)
Tax expense	-	-
Resident withholding tax paid	(1,274)	(1,450)
Prior year tax payment/(refund) outstanding	(1,450)	-
Income tax payment/(refund)	(2,724)	(1,450)
Made up as follows:		
Prior year tax payment/(refund) outstanding	(1,450)	-
Terminal tax payment/(refund) outstanding	(1,274)	(1,450)
	(2,724)	(1,450)
Losses carried forward are made up of:		
Business losses	1,939	206,843
	1,939	206,843

These notes are to be read subject to the audit report on page 2 of this report

Notes to the financial statements

3 Cash and bank balances	2015	2014
	\$	\$
Westpac cheque account	101,648	66,000
Westpac online saver	221,254	-
	322,902	66,000
Total cash and bank balances classified as follows:		
Current assets	322,902	66,000
	322,902	66,000

4 Property, plant and equipment

	Cost \$	Depreciation \$	Acc depn \$	Carrying value \$
Computer equipment	66,187	7,398	53,233	12,954
Office equipment	20,821	1,395	8,001	12,820
Balance as at 31 March 2015	87,008	8,793	61,234	25,774

	Cost \$	Depreciation \$	Acc depn \$	Carrying value \$
Computer equipment	66,187	7,853	45,835	20,352
Office equipment	20,140	2,048	6,606	13,534
Balance as at 30 June 2014	86,327	9,901	52,441	33,886

Further information can be found in the supplementary summary Statement of property, plant and equipment included at the back of this financial report.

Notes to the financial statements

5 Funding income

The Ministry of Primary Industries and ZESPRI Group Limited have entered into a joint agreement to provide funding to Kiwifruit Vine Health Incorporated (KVH) up to \$50m. The funding provided is to cover costs incurred by KVH and is to be contributed equally between the Ministry of Primary Industries and ZESPRI Group Limited.

As part of the \$50m funding the Ministry of Primary Industries incurred \$2.5m in initial response costs to the Psa threat which are deducted from their contribution to the funding of KVH.

Of the \$25m funding agreed to by ZESPRI Group Limited, \$10.8m was funded from the reserves of ZESPRI Group Limited. The remaining \$14.2m is to be funded via grower loyalty payments and a Psa Levy charge on growers.

In addition to the above funding the Biosecurity (PSA-V Kiwifruit Levy) order 2013 came into force on the 17th of May 2013. The levy imposed is payable on exported kiwifruit grown in New Zealand to Kiwifruit Vine Health Incorporated as the management agency.

The maximum rate of levy enforced by the order is;

- a) For levy rate 1, 1 cents per tray of green (*Actinidia deliciosa*) kiwifruit exported
- b) For levy rate 2, 2 cents per tray of gold and red (*Actinidia chinensis*) kiwifruit exported
- c) For levy rate 3, which applies to cultivars not referred to in (a) or (b). No levy is payable in respect of levy rate 3.

6 Board remuneration	2015	2014
Remuneration	74,703	79,000

7 Auditors remuneration	2015	2014
Audit fee	5,000	3,000

This amount has not been accrued.

8 Commitments

The capital expenditure commitments at 31 March 2015 were nil (2014:nil)

Notes to the financial statements

9 Related party disclosures

There are transactions between KVH and its members in the normal course of business. The following entities were related parties to KVH by virtue of their membership of the Society:

ZESPRI Group Limited, Aongatete Coolstores Limited, Auckland Growers Supply Limited, Apata Suppliers Limited, DMS Progrowers Supply Entity, G6 Kiwi Supply Limited, Gisborne Kiwifruit Trust, Intergrated Fruit Supply Limited, Mainland Kiwi Grower Entity Limited, Mount Growers Supply Limited, OPAC Growers Supply Limited, Orangewood Growers 2010 Limited, Southlink Supply Limited, Trevelyan Growers Limited.

The following entities were related to the Society by virtue of common directorship or management. All transactions were in the normal course of business:

ZESPRI Group Limited, Ministry of Primary Industries, New Zealand Kiwifruit Growers Inc, Opotiki Packing & Cool Storage Limited, DMS Limited and The KVH Foundation Incorporated.

10 Contingent liabilities

There were no contingent liabilities at balance date.

11 Post balance sheet events

There have been no events occurring after the balance sheet date that have a material effect in the financial statements.

12 Change of balance date

Kiwifruit Vine Health Incorporated has changed balance dates from June to March. Therefore the current years figures are for the nine months July 2014 to March 2015, and the comparative figures are for the twelve months July 2013 to June 2014.

Statement of property, plant and equipment for the 9 months ended 31 March 2015

	Date	Private use	Original Cost	Opening WDV	Additions/ (sales)	Profit/(loss) on sale	Capital Gain/(loss)	Depn method	Depn	Accum Depn	Closing WDV
Computer equipment											
2x 22" LCD monitors			528	66				50.0D	25	487	41
2x MS Office 22" monitor			717	86				50.0D	32	663	54
3x monitors			269	32				50.0D	12	249	20
300g H/D servers (PAG0491OA3)			998	119				50.0D	45	924	74
300g H/D servers (PAG0491OA4)			853	89				50.0D	33	798	56
300g H/D servers (PAG0491OA5)			853	89				50.0D	33	798	56
Back up server			1,323	158				50.0D	59	1,224	99
Cabling to set up office system			3,785	1,266				30.0D	285	2,803	981
Catalyst series switch (SF0C1507W1BZ)			495	51				50.0D	19	463	32
Computer - Tania Swain			2,339	280				50.0D	105	2,164	175
Computer desktop (Rachel)			1,082	129				50.0D	48	1,000	81
Computer equip - LCD monitor (Rachel)			282	34				50.0D	13	261	21
Data projector			529	272				25.0D	51	307	221
Docking station			283	33				50.0D	12	262	21
Docking station			283	33				50.0D	12	262	21
Docking station			283	33				50.0D	12	262	21
Gen i AIR AP1142N			1,851	203				50.0D	76	1,724	127
Gen i Microsoft Dynamics (CRM)			15,445	13,520				50.0D	5,075	7,000	8,445
Laptop			1,953	223				50.0D	84	1,813	139
Laptop			2,339	280				50.0D	105	2,164	175
Laptop			1,953	223				50.0D	84	1,813	139
Laptop - Terry Richards			2,061	236				50.0D	89	1,913	147
Laptop & docking station - Linda Peacock			2,056	279				50.0D	105	1,882	174
Laptop (Brad)			1,670	200				50.0D	75	1,545	125
Laptop (Braden)			2,527	302				50.0D	113	2,337	189
Memory for server 2GB			198	20				50.0D	8	186	12
Monitor (Brad)			399	52				50.0D	20	367	32
MS Office			269	32				50.0D	12	249	20
MS Office x3			807	93				50.0D	35	749	58
Notebook laptop computers			2,258	247				50.0D	93	2,104	154
Notebook laptop computers			2,258	247				50.0D	93	2,104	154

This supplementary schedule does not form part of the financial statements
and is subject to the audit report on page 2 of this report

Statement of property, plant and equipment

for the 9 months ended 31 March 2015

	Date	Private use	Original Cost	Opening WDV	Additions/ (sales)	Profit/(loss) on sale	Capital Gain/(loss)	Depn method	Depn	Accum Depn	Closing WDV
Notebook laptop computers			2,258	247				50.0D	93	2,104	154
Notebook laptop computers			2,258	247				50.0D	93	2,104	154
Notebook laptop computers			2,258	247				50.0D	93	2,104	154
Server (SAUD10308TM)			3,304	344				50.0D	129	3,089	215
Server licences			1,653	180				50.0D	68	1,540	112
Server port (3C81020407)			662	69				50.0D	26	619	43
			66,187	20,352					7,398	53,233	12,954
Office equipment											
6x meeting chairs - CEO office			714	477				16.0D	57	294	420
Furniture for board room			1,805	1,565				16.0D	188	428	1,377
MOd Office - storage cabinet			604	408				13.0D	40	236	368
Office furniture and installation			16,017	10,433				13.0D	1,018	6,602	9,415
Second hand furniture			1,000	652				13.0D	64	412	588
Binding machine	Feb 15		-	-	681	681		25.0D	28	28	653
			20,140	13,534					1,395	8,001	12,820
Total			86,327	33,886	681				8,793	61,234	25,774
Reconciliation to accounts											
Additions/gains			681		681						
Total Property Plant and Equipment			87,008	33,886	681				8,793	61,234	25,774

This supplementary schedule does not form part of the financial statements and is subject to the audit report on page 2 of this report

The KVH Foundation Incorporated

Special purpose financial report
for the 9 months ended 31 March 2015

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The KVVH Foundation Incorporated

Special purpose financial report for the 9 months ended 31 March 2015


Audit report

Approval of special purpose financial report

The Board has approved the Financial Statements of The KVH Foundation Incorporated, for the 9 months ended 31 March 2015.



Peter Ombler
Chairman



Nathan Flowerday
Director

Dated: 20 May 2015

Directory

as at 31 March 2015

Nature of business	A Charitable Organisation acting as a management agency for the implementation of a national pest management plan, including research and risk monitoring in relation to Biosecurity.
Date of establishment	27 January 2012
Auditors	Bennetts Proactive Accountants Limited 126 Jellicoe Street Te Puke
Bankers	Westpac Bank Tauranga
Solicitors	Cooney Lees Morgan Level 3 247 Cameron Road Tauranga 3140
Chief Executive	Barry O'Neil
Board members	Peter Ombler (Chairman) Michael Chapman (Board Secretary) Craig Thompson Nathan Flowerday Jarred Mair (joined September 2014) Peter Silcock (Independent director, joined November 2014) Lorry Leydon (Associate Director, joined January 2015) Simon Limmer (resigned November 2014) Tony Murray (resigned August 2014) Paul Jones (resigned July 2014)

Profit and loss statement

for the 9 months ended 31 March 2015

	Note	2015 \$	2014 \$
Revenue			
Research & development funding		1,364,374	-
Donations		-	350,000
Sponsorship		25,000	-
Wider biosecurity funding		239,227	50,000
NPMP funding		615,768	60,962
Gross surplus		2,244,369	460,962
Expenses			
Operating			
Education and awareness		18,609	25,814
Operations		273,059	7,252
Research and development projects		1,496,681	507,002
Technical transfer		12,970	28,286
Wider biosecurity costs		239,148	48,431
		2,040,467	616,785
Administration			
Managements & administration		227,464	30,707
Office expenses		49,586	168
Professional services		78,672	6,082
		355,722	36,957
Total expenses		2,396,189	653,742
Net business deficit		(151,820)	(192,780)
Other income			
Interest received		3,779	-
		3,779	-
Net deficit		(148,041)	(192,780)

These statements are to be read in conjunction with the notes to the financial statements
and subject to the audit report on page 2 of this report

The KVH Foundation Incorporated

Special purpose financial report for the 9 months ended 31 March 2015

Statement of movements in equity

for the 9 months ended 31 March 2015

	Note	2015 \$	2014 \$
Net deficit		(148,041)	(192,780)
Movements in equity for the period		(148,041)	(192,780)
Equity at beginning of period		684,746	877,526
Equity at end of period		536,705	684,746

These statements are to be read in conjunction with the notes to the financial statements
and subject to the audit report on page 2 of this report

The KVH Foundation Incorporated

Special purpose financial report for the 9 months ended 31 March 2015

Balance sheet

as at 31 March 2015

	Note	2015 \$	2014 \$
Equity		536,705	684,746
Current assets			
Cash and bank balances	1	351,694	587,439
Accounts receivable		102,215	127,646
Accrued income		1,754,927	-
Response costs - non KVH		54,172	-
GST refund due		-	66,204
Total assets		2,263,009	781,289
Current liabilities			
Accounts payable		663,780	89,423
Accrued charges		962,120	7,120
GST payment due		404	-
Loan - Zespri		100,000	-
		1,726,305	96,543
Total liabilities		1,726,305	96,543
Net assets		536,704	684,746

These statements are to be read in conjunction with the notes to the financial statements
and subject to the audit report on page 2 of this report

Statement of accounting policies

for the 9 months ended 31 March 2015

Reporting entity

These financial statements are for the KVH Foundation Incorporated. The KVH Foundation is a Charitable Incorporation engaged in the business of carrying out Management Agency tasks under the Biosecurity Act 1993 and selected services required of the society for the National Pest Management Plan for *Pseudomonas Syringae* pv. *Actinidiae* (Psa) within New Zealand.

Basis of preparation

The Board members have approved the accounting policies and disclosures made.

The financial statements have been prepared on the basis of historical cost.

Differential reporting

The KVH Foundation Incorporated is a qualifying entity within the Institute of Chartered Accountants New Zealand's Differential Reporting Framework on the basis that it is not large. The entity has taken advantage of all differential reporting exemptions.

The accounts have been prepared according to Generally Accepted Accounting Principals (GAAP).

Receivables

Receivables are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Goods and services tax

All amounts are shown exclusive of Goods & Services Tax (GST), except for receivables and payables which are shown inclusive of GST.

Income tax

The Society is exempt from Income Tax under Section CW42 of the Income Tax Act 2007. The Society is registered with the New Zealand Charities Commission.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

Notes to the financial statements

1 Cash and bank balances	2015	2014
	\$	\$
Westpac cheque account	102,240	587,439
Westpac online saver account	249,454	-
	351,694	587,439
Total cash and bank balances classified as follows:		
Current assets	351,694	587,439
	351,694	587,439

2 Change of balance date

The KVH Foundation Incorporated has changed balance dates from June to March. Therefore the current years figures are for the nine months July 2014 to March 2015, and the comparative figures are for the twelve months July 2013 to June 2014.

3 Capital expenditure commitments

There were no commitments for capital expenditure as at balance date.

4 Contingent liabilities

There were no known contingent liabilities outstanding at balance date.

5 Auditors remuneration

	2015	2014
Audit fee	1,740	1,650

This amount has not been accrued.

6 Related parties

There are related party transactions between The KVH Foundation Incorporated and Kiwifruit Vine Health Incorporated. These entities are related by virtue of common directorship or management. All transactions were in the normal course of business.