



The KVH Foundation Incorporated

Performance Report
for the year ended 31 March 2017

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Audit report

Audit report

Audit report

The KVHI Foundation Incorporated
Statement of Responsibility
For the year ended
31 March 2017

- 1 The The KVHI Foundation Incorporated Board accepts responsibility for the preparation of the performance report and the judgements used therein;
- 2 The The KVHI Foundation Incorporated Board accepts responsibility for establishing and maintaining a system for internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- 3 In the opinion of the Board, the financial statements for the twelve months ended 31 March 2017 fairly reflect the operations, resources and commitments of The KVHI Foundation Incorporated.
- 4 In the opinion of the Board, the statement of objectives and service performance fairly reflects the service performance achievements in relation to the performance targets and other measures adopted for the twelve months ended 31 March 2017.

Adrian Gault
Chairman

Date

Nathan Flowerday
Director

Date

Entity information

as at 31 March 2017

Legal name of entity	The KVH Foundation Incorporated
Nature of business	<p>The charitable purposes of the Society are:</p> <p>To meet the kiwifruit industry's obligations under the Biosecurity Government Industry Agreements and to monitor and identify biosecurity risks to the kiwifruit industry, and where any such risks may have a serious adverse impact on the New Zealand kiwifruit industry, to prepare for responses to those biosecurity risks, lead those biosecurity responses as required and liaise with governments, agencies, industry groups and other agencies as appropriate in relation to any such biosecurity risks;</p> <p>To do all things required of the Society for the management of a National Pest Management Plan for <i>Pseudomonas syringae pv. actinidiae</i> (Psa) within New Zealand;</p> <p>To promote and encourage in the national interest research into and the dissemination of information relating to biosecurity risk management and monitoring for kiwifruit vines in New Zealand; and</p> <p>To do any act or thing necessary or incidental to the attainment of the above objectives.</p> <p>Notwithstanding anything else in these Rules, or anything in any procedures that may be implemented after the date of these Rules, the objects and purposes of the Society are charitable and may not extend to any matter which is not charitable within the meaning of the Charities Act 2005.</p>
Registration number	CC47861
Date of establishment	27 January 2012
Accountants	<p>KPMG Level 2 247 Cameron Road Tauranga</p>
Auditors	<p>Ingham Mora 60 Durham Street Tauranga</p>
Bankers	<p>Westpac Bank Auckland</p>
Solicitors	<p>Cooney Lees Morgan Level 3 247 Cameron Road Tauranga 3140</p>
Chief Executive	Barry O'Neil

Board members	Adrian Gault (chair) (elected 1 September 2016) Graeme Marshall (deputy chair) (elected 31 August 2016) Simon Cook (elected 1 September 2016) Nathan Flowerday (reappointed 1 November 2016) Alister Hawkey (appointed 1 October 2015) David Tanner (elected 1 September 2016) Peter Ombler (resigned 31 August 2016) Jarred Mair (resigned 31 July 2016)
Associate director	Sonia Whiteman (appointed 1 January 2017) Lorry Leydon (resigned 31 December 2016)
Board secretary	Richard Procter (appointed 1 February 2016)
Main source of the Entity's cash and resources	Funding is received by way of a biosecurity levy.
Main methods used by the Entity to raise funds	The Biosecurity (Readiness & Response - Kiwifruit Levy) Order 2015 imposes a maximum levy of 1c per tray levy of kiwifruit that is grown in New Zealand and exported (excluding Australia). The current rate agreed by members is 6/10th of a cent per tray. The KVH Foundation Incorporated invoices Zespri on a monthly basis based on the Free On Board Stowed export trays provided.
Physical address	Level 1 Customhouse Building 314 Maunganui Road Mount Maunganui
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Phone	0800 665 825
Fax	07 574 7591
Email	info@kvh.org.nz
Website	http://www.kvh.org.nz

Statement of service performance

as at 31 March 2017

Entity's outcomes

Minimise the risk to the kiwifruit industry by leading the strategic and operational preparedness for potential biosecurity risks. This will be achieved through influencing policy setting, risk profiling and analysis, leading and coordinating industry preparedness, and promoting best practice biosecurity.

Description and quantification of the outputs

	Note	2017	2016
Operations - wider biosecurity	3	126,004	99,881
Work with government departments and other authorities to influence the development of biosecurity legislation, policies and standards. Identify best management practices to reduce biosecurity risk to growers and the industry as a whole. Lead and coordinate the kiwifruit industry's input to any future response.			
Education and awareness		30,344	21,797
Raise grower awareness of wider biosecurity risks and influence individual decisions on specific issues to mitigate future risks.			
Research and development projects	3	-	144,826
Actively identify potential biosecurity risks, including PSA, to the kiwifruit industry, offshore and with proposed imports, ensuring the correct decisions are actively made in relation to these. Identify what resources the industry needs in preparation for future biosecurity events; and ensuring the right capability can be mobilised at the right time to enable effective responses.			

Statement of financial performance

for the year ended 31 March 2017

	Note	2017 \$	2016 \$
Revenue			
Revenue from providing services	1	835,287	700,280
Interest revenue		3,149	6,918
Gross surplus		838,436	707,198
Expenses			
Employee related costs	2	1,244,773	233,950
Costs related to providing services	3	156,348	269,520
Total expenses		1,401,121	503,470
Net business surplus/(deficit)		(562,685)	203,728
Net surplus/(deficit)		(562,685)	203,728

This performance report is to be read in conjunction with the accompanying audit report and with the notes to the financial statements

Statement of financial position

as at 31 March 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and bank balances	4	1,238,397	890,187
Accounts receivable		119	27,916
GST refund due		160,306	-
Income tax refund		1,039	-
Total assets		1,399,861	918,103
Current liabilities			
Accounts payable	5	1,190,182	63,555
Accrued charges		15,221	8,164
Holiday pay accrual		16,711	-
GST payable		-	105,952
Loan - Zespri		-	-
Total liabilities		1,222,114	177,670
Net assets		177,747	740,433
Accumulated funds			
Net surplus/(deficit) for the year		(562,685)	203,728
Accumulated surpluses or (deficits)		740,433	536,705
Total accumulated funds		177,747	740,433

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Statement of cash flows

for the year ended 31 March 2017

	Note	2017	2016
		\$	\$
Cash flow from operating activities			
<i>Cash was received from:</i>			
Receipts from providing goods and services	6	853,083	2,583,679
Interest, dividends and other investment receipts		2,110	6,918
Net GST		-	105,548
<i>Cash was applied to:</i>			
Payments to suppliers and employees	6	(272,585)	(2,057,652)
Net GST		(234,397)	-
Net cash flows from operating activities		348,211	638,493
Cash flows from investing and financing activities			
<i>Cash was applied to:</i>			
Repayments of loans borrowed from other parties		-	(100,000)
Net cash flows from investing and financing activities		-	(100,000)
Net increase / (decrease) in cash		348,211	538,493
Opening cash		890,187	351,694
Closing cash		1,238,397	890,187
This is represented by:			
Westpac cheque account		106,436	113,859
Westpac online saver account		1,131,961	776,328
		1,238,397	890,187

This performance report is to be read in conjunction with the accompanying audit report and with the notes to the financial statements

Statement of accounting policies

for the year ended 31 March 2017

Reporting entity

These financial statements are for The KVH Foundation Incorporated. The KVH Foundation is a Charitable Incorporation and the nature of business is described on page 4.

Basis of preparation

The entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared on the basis that the entity will not continue to operate for more than 12 months in the future.

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 has charitable status under the Charities Act 2005 and is exempt from income tax.

Bank Accounts and Cash

Bank Accounts and Cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

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:

Wider Biosecurity funding is recognised in the period to which it relates.

Interest income:

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

Changes in accounting policies

In comparative years, the Performance Report has been prepared based on a going concern basis. As the entity will not continue to operate for more than 12 months, the 2017 year has been prepared on a realisation basis. All other accounting policies adopted are consistent with those of the previous year.

This change has no effect on the financial statements.

Notes to the financial statements

1 Revenue from providing services	2017 \$	2016 \$
Research & development funding	10,000	(18,350)
Wider biosecurity funding	825,287	718,630
	835,287	700,280

The Biosecurity (Readiness & Response - Kiwifruit Levy) Order 2015 imposes a maximum levy of 1c per tray levy of kiwifruit that is grown in New Zealand and exported (excluding Australia). The current rate agreed by members is 6/10th of a cent per tray.

2 Employee related costs	2017 \$	2016 \$
Accident compensation	3,300	6,542
Management & administration	897,250	128,052
Education and awareness	11,610	-
Office expenses	261	8,886
Technical transfer	51,839	-
Wider biosecurity employee costs	270,238	76,403
Professional services	10,275	14,066
	1,244,773	233,950

See note 5 below for an explanation of the movement in management & administration expenses.

3 Costs related to providing services	2017 \$	2016 \$
Education and awareness	30,344	21,797
Research and development projects	-	144,826
Wider biosecurity costs	126,004	99,881
Interest - loans	-	3,016
	156,348	269,520

No research and development costs were invoiced to KVHF during the 2017 financial year. See note 5 below for further explanation of the movement in expenses.

4 Cash and bank balances	2017 \$	2016 \$
Westpac cheque account	106,436	113,859
Westpac online saver account	1,131,961	776,328
	1,238,397	890,187
Total cash and bank balances classified as follows:		
Current assets	1,238,397	890,187

This performance report is to be read in conjunction with the accompanying audit report

Notes to the financial statements

5 Accounts payable

	2017 \$	2016 \$
Kiwifruit Vine Health Incorporated	1,190,182	9,229
Other	-	54,326
	1,190,182	63,555

Kiwifruit Vine Health Incorporated and The KVH Foundation Incorporated have entered into an agreement to reallocate costs incurred by KVHI to KVHF to reflect the change in nature of the business, where greater emphasis and as such expenses has been placed on Biosecurity.

The costs of \$1,034,941 reallocated relate to both the 2016 and 2017 financial years and were invoiced from KVHI to KVHF in March 2017. This has resulted in a large accounts payable balance in KVHF, as well as a large accounts receivable balance in KVHI.

The reallocation of costs relating to both the 2016 and 2017 years have been recorded under management & administration, technical transfer and wider biosecurity costs, which has resulted in an increase in each of these costs. Office expenses have primarily been invoiced to KVHI, and have been incorporated in the management & administration expenses as part of the reallocation of costs.

6 Movement in cashflows

The receipts from providing goods and services, and payments to suppliers and employees were substantially higher in the 2016 year due to R & D funding and R & D expenditure. This is not reflected in the 2016 statement of financial performance as the funding and expenditure were accrued in the 2015 year, but paid and received in the 2016 year.

No R&D funding has been paid or received in the 2017 year.

7 Related parties

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 Pro growers 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.

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

ZESPRI International Limited, New Zealand Kiwifruit Growers Inc, Kiwifruit Vine Health Incorporated.

The KVH Foundation Incorporated has oncharged costs of \$481,025 to Kiwifruit Vine Health Incorporated (2016:\$2,860,230). The KVH Foundation Incorporated has been charged costs of \$1,159,274 by Kiwifruit Vine Health Incorporated (2016:\$264,887).

Zespri International Limited has charged costs of \$310,000 to The KVH Foundation Incorporated (2016: \$1,773,918). Zespri International Limited has been charged costs of \$825,177 by The KVH Foundation Incorporated (2016: \$699,497). The amount owed to/from Zespri International Limited at balance date was Nil (2016 \$35,823 owed).

This performance report is to be read in conjunction with the accompanying audit report

Notes to the financial statements

8 Capital expenditure commitments

There were no commitments for capital expenditure as at balance date (2016:\$nil).

9 Contingent liabilities

There were no known contingent liabilities outstanding at balance date (2016:\$nil).

10 Auditors remuneration

	2017	2016
	\$	\$
Audit fee	2,000	2,000

11 Cessation

The KVH Foundation intends to stop operating within 12 months from balance date.

In future, all funding income will be received by Kiwifruit Vine Health Incorporated, so The KVH Foundation will be unable to operate once all of the existing funds have been utilised.

The outstanding debtors and creditors will be received, and paid after balance date and the bank balance will be used to cover the expenditure of The KVH Foundation until it comes to a nil balance. Following this, Kiwifruit Vine Health Incorporated will fund the Biosecurity expenditure.