

Special Purpose Annual Report

POTATOES NEW ZEALAND INCORPORATED
For the year ended 31 March 2023

Prepared by Connected Accountants

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Directory

POTATOES NEW ZEALAND INCORPORATED **For the year ended 31 March 2023**

Nature of Business

The principal object of the society is to provide benefits to the potato industry in New Zealand by creating a positive industry profile and business environment for members.

Registered Office

Potatoes New Zealand Incorporated
Kiwi Wealth House
20 Ballance Street
Wellington 6011

Society Number

2559200

Directors

Stuart Wright
Bharat Bhana
Mike Moleta
John Jackson
Dacey Balle
Jon Davison
Paul Olsen
Michelle Pye

Chartered Accountant

Connected Accountants Limited
Wellington

Bankers

Bank of New Zealand

Auditor

BDO
Wellington

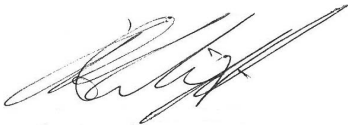
Directors Report

POTATOES NEW ZEALAND INCORPORATED For the year ended 31 March 2023

The Directors are pleased to present the approved special purpose financial report including the special purpose historical financial statements of POTATOES NEW ZEALAND INCORPORATED for year ended 31 March 2023.

APPROVED

For and on behalf of the Board of Directors



21 August 2023

Special Purpose Profit & Loss

POTATOES NEW ZEALAND INCORPORATED

For the year ended 31 March 2023

	NOTES	2023	2022
Income			
Commodity Order Levy		1,703,198	1,519,053
Fees			
Associate Member Fees		1,000	6,000
Trade Membership Fees		45,000	45,000
Total Fees		46,000	51,000
Grants Received		1,417,771	1,660,870
Sales			
Conference Income		-	15,772
Export Access - Admin		11,000	3,000
Export Access Income		106,276	109,863
MPI - Survey Contribution		(1,550)	-
Seed Approved Org Application Fee		2,000	2,000
Seed Certification		197,295	212,659
Total Sales		315,021	343,293
Total Income		3,481,990	3,574,216
Gross Profit		3,481,990	3,574,216
Expenses			
Biosecurity			
Biosecurity		-	6,855
GIA		16,763	22,282
PMTV Response		-	(10,075)
Total Biosecurity		16,763	19,062
Conference & Meetings			
AGM & Conference		9,275	30,474
Meeting Costs		34,619	25,735
Total Conference & Meetings		43,894	56,209
Consultants/External Providers			
Accounting Fees		5,825	2,550
Audit Fees		10,010	8,525
Consultants - Database		3,600	-
Consultants- Other		214,788	84,907
Environmental Consultants		4,320	63,020
Legal Fees		10,096	1,800
Tariff Application Costs		-	82,106
Total Consultants/External Providers		248,638	242,908
Industry engagement			
5 + A Day		-	5,000

These Special Purpose Financial Statements should be read in conjunction with the attached Notes to the Special Purpose Financial Statements.

	NOTES	2023	2022
Health & Safety Education		1,880	-
Industry Liaison		21,987	29,917
The Chip Group		856	1,948
Young Grower of the Year		1,800	-
Total Industry engagement		26,523	36,866
Communication			
Consultants-Website		2,140	2,761
Foodwriters		504	6,865
General Media & Communications		6,430	3,661
Grower Magazine Support		17,004	17,499
Media		-	30
Promotional Material		1,798	-
Total Communication		27,875	30,816
Office Administration			
Bad Debts		62,975	61,910
Bank Fees		211	961
Chairmans Honoraria		40,150	41,250
Depreciation		13,202	19,140
Directors Fees		20,350	20,750
General Expenses		4,659	5,351
Insurance		20,934	3,088
Overheads		37,796	71,300
Photocopying & Stationery		2,132	3,242
Postage		220	2,517
Printing		25,221	18,907
Telephone & Tolls		12,891	12,018
Total Office Administration		240,743	260,434
Research & Development			
Research & Development		1,567,902	1,917,212
Total Research & Development		1,567,902	1,917,212
Seed Certification			
Consultants- Secretary Seed Cert		5,370	-
Seed Certification Scheme		11,658	15,801
Certified Seed Field Inspections		353	144,349
Total Seed Certification		17,380	160,150
Staff Costs			
ACC		1,243	1,285
Professional Development		7,854	16,299
Provision for Annual Leave		6,488	11,277
Salaries		861,736	670,237
Staff Costs		19	-
Staff Welfare		1,569	721
Total Staff Costs		878,909	699,820

These Special Purpose Financial Statements should be read in conjunction with the attached Notes to the Special Purpose Financial Statements.

	NOTES	2023	2022
Travel			
Travel - Accomodation		32,227	29,314
Travel- Airfares		53,214	24,325
Travel - Other		83,813	78,889
Total Travel		169,254	132,528
Profit/(Loss) on Disposal of Fixed Assets		4,488	-
Total Expenses		3,242,370	3,556,006
Net Profit (Loss) before Other Income		239,620	18,210
Other Income			
Interest Income		18,077	8,386
Total Other Income		18,077	8,386
Net Profit (Loss) before Taxation		257,697	26,597
Taxation			
Tax Expense	3	118	-
Total Taxation		118	-
Net Profit (Loss) for the Year		257,579	26,597

	NOTES	2023	2022
Transfer To			
Commodity Order Levy Reserves		125,993	11,304
Non-Levy Reserves		131,585	15,293
Total Transfer To		257,579	26,597

These Special Purpose Financial Statements should be read in conjunction with the attached Notes to the Special Purpose Financial Statements.

Special Purpose Balance Sheet

POTATOES NEW ZEALAND INCORPORATED

As at 31 March 2023

	NOTES	31 MAR 2023	31 MAR 2022
Equity			
Reserves			
Commodity Order Levy Reserves	12	983,760	857,766
Non-Levy Reserves	12	543,726	412,141
Total Reserves		1,527,486	1,269,907
Total Equity		1,527,486	1,269,907
Assets			
Current Assets			
Cash and Bank	5	184,024	535,150
Trade and Other Receivables		1,030,972	849,820
Accrued Interest		15,108	4,773
Income Tax Receivable	4	2,435	4,432
Term Deposits	6	624,477	619,291
Total Current Assets		1,857,016	2,013,467
Non-Current Assets			
Property, Plant and Equipment	7	23,027	37,461
Potatoes New Zealand Charitable Trust		4,968	2,760
Total Non-Current Assets		27,995	40,221
Total Assets		1,885,010	2,053,688
Liabilities			
Current Liabilities			
Accrued Annual Leave		31,479	81,465
GST Payable		78,851	57,448
Income Received in Advance		69,148	98,161
Credit Cards Payable		3,802	5,791
Trade and Other Payables		174,244	540,915
Total Current Liabilities		357,524	783,781
Total Liabilities		357,524	783,781
Net Assets		1,527,486	1,269,907

Signed by



21 August 2023

These Special Purpose Financial Statements should be read in conjunction with the attached Notes to the Special Purpose Financial Statements.

Special Purpose Statement of Changes in Equity

POTATOES NEW ZEALAND INCORPORATED

For the year ended 31 March 2023

	NOTES	2023	2022
Equity			
Opening Balance		1,269,907	1,243,311
Increases			
Current Year Earnings		257,579	26,597
Total Increases		257,579	26,597
Total Equity		1,527,486	1,269,907

These Special Purpose Financial Statements should be read in conjunction with the attached Notes to the Special Purpose Financial Statements.

Notes to the Special Purpose Financial Statements

POTATOES NEW ZEALAND INCORPORATED

For the year ended 31 March 2023

1. Reporting Entity

POTATOES NEW ZEALAND INCORPORATED was registered under the Incorporated Societies Act 1908 in March 2010. The Society began trading in May 2012.

This special purpose financial report was authorised for issue in accordance with a resolution of directors dated as per the Approval of Financial Report.

The principal object of the society is to provide benefits to the potato industry in New Zealand by creating a positive industry profile and business environment for members.

Nature of Operations

The principal object of the society is to provide benefits to the potato industry in New Zealand by creating a positive industry profile and business environment for members.

2. Statement of Accounting Policies

Basis of Preparation

These special purpose financial statements have been prepared in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand.

Historical Cost

These special purpose financial statements have been prepared on a historical cost basis, (except for certain assets which have been revalued as identified in specific accounting policies below). The special purpose financial statements are presented in New Zealand dollars (NZ\$) and all values are truncated, so the line items may not agree to the total.

Revenue

Levies are non-exchange revenue and accounted for on an accrual basis. Revenue is recognised for produce sold in the year 31 March or which a growers levy declaration has been received by the Society prior to 31 May.

Associates and Trade Membership Fees have been recognised on an accrual basis.

Grants are non-exchange revenue and accounted for on an accrual basis. PNZ invoices MPI for the grants revenue quarterly. The invoices relating to each quarter are issued to MPI in advance of that quarter beginning.

Sales and Other Revenue has been recognised on an accrual basis.

Expenses

Expenses have been classified on their business function.

Income Tax

Income tax is payable on non-member income after deduction of tax deductible expenses. Any amount payable is provided for using the taxes payable method.

Tax is payable only on non-member income received in excess of \$1,000. This deduction is available pursuant to section DV8 of the Income Tax Act 2007.

Goods and Services Tax

These special purpose financial statements are prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable.

Trade Receivables

Trade Receivables are recognised at estimated realisable value. Individual debts that are known to be uncollectable are written off in the period that they are identified.

Changes in Accounting Policies

There have been no changes in accounting policies since the previous financial year. All policies have been applied on basis consistent with those used in previous years.

Income Received in Advance

Registered exporters pay a \$6,000 deposit per annum towards their export levies at the beginning of the season. Throughout the season, levies are charged against the income received in advance. The income in advance figure represents the balance of the initial deposit remaining at balance date.

	2023	2022
3. Income Tax Reconciliation		
Net profit before tax	257,697	26,597
Adjustments to Accounting Income		
Non-Member Income Exemption	(1,000)	-
Non-Taxable Profit relating to Member Activities	(249,957)	(32,914)
Total Adjustments to Accounting Income	(250,957)	(32,914)
Assessable Income	6,740	(6,317)
Tax Losses		
Tax Losses Bought Forward	6,317	-
Total Tax Losses	6,317	-
Tax Loss to Carry Forward	-	(6,317)
Taxable Income	423	-
Tax at 28%	118	-
	2023	2022

4. Taxation

Taxation		
Opening Balance	4,432	1,163
Increases		
Tax Refund	(4,432)	-
Decreases		
Tax Expense	(118)	-
RWT Paid	2,554	3,270
Total Decreases	2,436	3,270
Total Taxation	2,436	4,432

2023 2022

The 2022 taxation note figures have changed from the signed 2022 Financial Statements. The reason for this change was to make sure the closing balance of taxation tied back to the Balance sheet.

2023 2022

5. Cash and Bank

Bank of New Zealand - Auto Call Account	-	-
Bank of New Zealand - Current Account	184,024	535,150
Total Cash and Bank	184,024	535,150

The Bank of New Zealand Current Account and the Bank of New Zealand Auto call account earns interest at floating rates on daily deposit balances.

2023 2022

6. Investments

Bank of New Zealand - Term Deposit 010	312,009	309,110
Bank of New Zealand - Term Deposit 013	312,467	310,181
Total Investments	624,477	619,291

7. Property, Plant & Equipment

Property, Plant & Equipment is stated at cost less accumulated depreciation and any impairment loss.

Depreciation rates are as stated below.

Computer Equipment depreciated at a rate of 20%-67%. Assets acquired before 10 May 2018 are on the Straight Line method and subsequent purchases are on the Diminishing Value method.

Promotional Material depreciated at a rate of 40% using the Diminishing Value method.

Depreciation Schedule

	2023	2022
Original Cost	108,660	105,404
Additions	3,255	15,212
Disposals	(4,488)	-
Accumulated Depreciation	(84,400)	(83,155)
Net Book Value	23,027	37,461

8. Related Parties

Stuart Wright: Seed grower. Levy paid via a collector, and seed registration fees paid.

Bharat Bhana: Fresh grower. Levy paid via collectors, and direct sales levy.

Mike Moleta: Fresh and processed grower. Levy paid via collectors, and direct sales levy.

Dacey Balle: Trade member. Director of Balle Bros who are Fresh growers. Direct sales levy.

John Jackson: Trade member. McCains pays trade member fee and levy (are not growers).

Paul Olsen: Freshgrower, Levy paid via collectors, and direct sales levy.

Michelle Pye: Processed Grower, Levy paid by Collectors and direct sales levy.

Potatoes New Zealand Charitable Trust is a related party to Potatoes New Zealand Incorporated, by virtue that a Director is also a Trustee of the Trust. The Trust made \$187,197.25 in grants to Potatoes New Zealand in 2023 (2022:\$0).

The above trading/grower members have been identified as related parties due to directors on the board of those entities also being executive committee members on Potatoes New Zealand Incorporated.

The transactions that have occurred between those entities and Potatoes New Zealand Incorporated are membership fees or levies.

	2023	2022
Directors & Meeting Fees		
Bharat Bhana	2,600	3,100
Dacey Balle	2,750	3,000
Jon Davison	5,250	3,750
John Jackson	2,750	3,400
Michelle Pye	2,500	2,500
Mike Moleta	2,000	2,500
Paul Olsen	2,500	2,500
Total Directors & Meeting Fees	20,350	20,750

	2023	2022
Chairman's Honorarium		
Chairmans Honoraria	40,150	41,250

9. Capital Expenditure Commitments

There are no liabilities in respect of capital expenditure at balance date other than those provided for in the accounts (2022: \$Nil).

10. Contingent Liabilities

There are no contingent liabilities at balance date. (2022: \$Nil).

11. Subsequent Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

12. Reserves

For periods up to and including the 2017/2018 financial year, POTATOES NEW ZEALAND INCORPORATED made transfers to reserves relative to the cost centre that the profit or loss has come from. For the 2018 financial year and future years, reserves are to be calculated and shown as either 'Commodity Order Levy Reserves' or 'Non-Commodity Order Levy Reserves.'

The Commodity Order Levy Reserve, is for funds that are restricted to be used for the purpose allowed by the Commodity Order Levy (potatoes) Order 2013, all other funds that are not included in the Commodity Order Levy reserve are transferred to the Non-Levy Reserve.

	2023	2022
General Reserves		
General Reserves		
Opening Balance	-	-
Current Year Earnings	257,579	26,597
Transfer to Commodity Levy Reserve	125,993	11,304
Transfer to Non-Levy Reserve	131,585	15,293
Closing Balance	-	-
Commodity Order Levy Reserve		
Opening Balance	857,766	846,462
Transfer from General Reserves	125,993	11,304
Closing Balance	983,760	857,766
Non-Commodity Order Levy Reserves		
Opening Balance	412,142	396,848
Transfer from General Reserves	131,585	15,293
Closing Balance	543,726	412,141
Closing Reserves Total	1,527,486	1,269,907

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POTATOES NEW ZEALAND INCORPORATED**

Opinion

We have audited the financial statements of Potatoes New Zealand Incorporated ("the Society"), which comprise the statement of financial position as at 31 March 2023, and the statement of financial performance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Society for the year ended 31 March 2023 are prepared, in all material respects, in accordance with the accounting policies specified in the statement of accounting policies in the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* 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 Society.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the accounting policies specified in the statement of accounting policies in the financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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) 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 decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 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 Society to cease to continue as a going concern.

We communicate with the directors 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.

Who we Report to

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

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED

Wellington

New Zealand

21 August 2023