



FULL FINANCIAL STATEMENTS

———— September 2021 ————

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 September 2021

	Note	Group Year Ended 2021			Group Year Ended 2020		
		Total	Levy Stream	Non Levy Stream	Total	Levy Stream	Non Levy Stream
In thousands of New Zealand dollars							
Non Exchange Revenue							
Levies Received	4	30,419	30,419	-	29,761	29,761	-
Biosecurity Levies Received	4	3,060	3,060	-	1,481	1,481	-
Other Non Exchange Income	4	4,155	4,155	-	4,891	4,891	-
Exchange Revenue							
Other income		4,502	4,502	-	4,640	4,640	-
Total Income		42,136	42,136	-	40,773	40,773	-
Operating expenses	6	(41,087)	(40,664)	(423)	(40,794)	(39,678)	(1,116)
Net operating surplus/ (deficit) from operating activities		1,049	1,472	(423)	(21)	1,095	(1,116)
Net finance income	5	117	117	-	405	405	-
Net operating surplus/ (deficit) for the year before income tax		1,116	1,589	(423)	384	1,500	(1,116)
Income tax expense	7	-	-	-	-	-	-
Net operating surplus/ (deficit) for the year		1,116	1,589	(423)	384	1,500	(1,116)
<i>Other comprehensive income</i>		-	-	-	-	-	-
Total comprehensive income for the year		1,116	1,589	(423)	384	1,500	(1,116)
Attributable to:							
Levy payers	12	1,589	1,589	-	1,500	1,500	-
Meat Education Fund		-	-	-	(229)	-	(229)
Special Reserves		(423)	-	(423)	(887)	-	(887)
		1,116	1,589	(423)	384	1,500	(1,116)

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 20.

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 September 2021

	Note	Parent Year Ended 2021				Total
		Beef	Sheepmeat	Total Levy Stream	Non Levy Stream	
In thousands of New Zealand dollars						
Non Exchange Revenue						
Levies Received	4	14,818	15,600	30,419	-	30,419
Biosecurity Levies Received	4	3,060	-	3,060	-	3,060
Other Non Exchange Income	4	1,833	1,991	3,823	-	3,823
Exchange Revenue						
Other income	4	1,829	2,144	3,974	-	3,974
Total Income		21,540	19,735	41,276	-	41,276
Operating expenses	6	(20,226)	(18,997)	(39,224)	(423)	(39,647)
Net operating surplus/ (deficit) from operating activities		1,314	738	2,052	(423)	1,629
Net finance income	5	48	68	116	-	116
Impairment of Investment in Subsidiary Companies	11	(109)	(157)	(266)	-	(266)
Net operating surplus/ (deficit) for the year before income tax		1,253	649	1,902	(423)	1,479
Income tax expense	7	-	-	-	-	-
Net operating surplus/ (deficit) for the year		1,253	649	1,902	(423)	1,479
<i>Other comprehensive income</i>		-	-	-	-	-
Total comprehensive income for the year		1,253	649	1,902	(423)	1,479
Attributable to:						
Levy payers	12	1,253	649	1,902	-	1,902
Meat Education Fund		-	-	-	-	-
Special Reserves		-	-	-	(423)	(423)
		1,253	649	1,902	(423)	1,479
Share of Operating surplus/ (deficit) of Research Consortium and Subsidiaries as reflected in Group Financial Statements comprising:						
B+LNZ Investments Ltd				(9)		
Pastoral Genomics Ltd				(96)		
B+LNZ Emissions Company Ltd				(208)		
B+LNZ Genetics Ltd				-		
Group Net operating surplus/ (deficit) for the year- Levy Stream				1,589		

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 20.

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 September 2020

Parent
Year Ended 2020

In thousands of New Zealand dollars	Note	Beef	Sheepmeat	Total Levy Stream	Non Levy Stream	Total
Non Exchange Revenue						
Levies Received	4	13,964	15,797	29,761	-	29,761
Biosecurity Levies Received	4	1,481	-	1,481	-	1,481
Other Non Exchange Income	4	1,748	2,470	4,218	-	4,218
Exchange Revenue						
Other income	4	1,964	2,222	4,186	-	4,186
Total Income		19,157	20,489	39,646	-	39,646
Operating expenses	6	(18,984)	(19,286)	(38,270)	(1,116)	(39,386)
Net operating surplus/ (deficit) from operating activities		173	1,203	1,376	(1,116)	260
Net finance income	5	193	206	399	-	399
Impairment of Investment in Subsidiary Companies	11	(143)	(198)	(341)	-	(341)
Net operating surplus/ (deficit) for the year before income tax		223	1,211	1,434	(1,116)	318
Income tax expense	7	-	-	-	-	-
Net operating surplus/ (deficit) for the year		223	1,211	1,434	(1,116)	318
<i>Other comprehensive income</i>		-	-	-	-	-
Total comprehensive income for the year		223	1,211	1,434	(1,116)	318
Attributable to:						
Levy payers	12	223	1,211	1,434	-	1,434
Meat Education Fund		-	-	-	(229)	(229)
Special Reserves		-	-	-	(887)	(887)
		223	1,211	1,434	(1,116)	318
Share of Operating surplus/ (deficit) of Research Consortium and Subsidiaries as reflected in Group Financial Statements comprising:						
B+LNZ Investments Ltd				(257)		
Pastoral Genomics Ltd				96		
B+LNZ Emissions Company Ltd				227		
B+LNZ Genetics Ltd				-		
Group Net operating surplus/ (deficit) for the year- Levy Stream				1,500		

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 20.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2021

In thousands of New Zealand dollars	Group		Parent	
	Retained Earnings	Total Equity	Retained Earnings	Total Equity
Balance at 1 October 2020	23,589	23,589	23,047	23,047
Total comprehensive income for the year				
Surplus/(Deficit) for the year	1,166	1,166	1,479	1,479
Total comprehensive income for the year	1,166	1,166	1,479	1,479
Balance at 30 September 2021	24,755	24,755	24,526	24,526

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2020

In thousands of New Zealand dollars	Group		Parent	
	Retained Earnings	Total Equity	Retained Earnings	Total Equity
Balance at 1 October 2019	23,205	23,205	22,729	22,729
Total comprehensive income for the year				
Surplus/(Deficit) for the year	384	384	318	318
Total comprehensive income for the year	384	384	318	318
Balance at 30 September 2020	23,589	23,589	23,047	23,047

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 20.

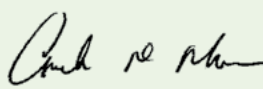
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

In thousands of New Zealand dollars	Note	Group 2021	Group 2020	Parent 2021	Parent 2020
EQUITY EMPLOYED					
Retained earnings	12	24,755	23,589	24,526	23,047
TOTAL EQUITY EMPLOYED		24,755	23,589	24,526	23,047
Represented by:					
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		8,378	7,066	8,050	6,125
Trade and other exchange receivables	8	809	2,159	780	2,126
Non-exchange Receivables	8	2,708	2,602	2,707	1,601
Term Deposits	9	16,510	15,067	16,510	15,067
Derivative financial instruments	10	32	9	32	9
Livestock on Hand		642	650	-	-
Advance to Subsidiary Company		-	-	450	510
TOTAL CURRENT ASSETS		29,079	27,553	28,529	26,438
NON-CURRENT ASSETS					
Property, plant & equipment		686	668	532	481
Intangible assets		259	375	259	375
Investments in subsidiary companies	11	-	-	255	391
Term receivables- Exchange		46	62	46	62
TOTAL NON-CURRENT ASSETS		991	1,105	1,092	1,309
TOTAL ASSETS		30,070	28,658	29,621	27,747
CURRENT LIABILITIES					
Trade and other payables		4,058	3,525	3,838	3,156
Income in Advance		382	632	382	632
Derivative financial instruments	10	19	18	19	18
Deferred Revenue		86	26	86	26
Provisions		-	37	-	37
Employee entitlements		707	726	707	726
TOTAL CURRENT LIABILITIES		5,252	4,964	5,032	4,595
NON CURRENT LIABILITIES					
Lease Liabilities		63	105	63	105
TOTAL NON-CURRENT LIABILITIES		63	105	63	105
TOTAL LIABILITIES		5,315	5,069	5,095	4,700
NET ASSETS		24,755	23,589	24,526	23,047

The Board of Directors authorised these financial statements for issue on 8 December 2021.

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 20.



A Morrison
Chairman



M Coup
Chairman Audit & Risk Committee

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2021

In thousands of New Zealand dollars	Group 2021	Group 2020	Parent 2021	Parent 2020
OPERATING ACTIVITIES				
Cash was received from:				
Levy receipts	33,397	29,612	33,397	29,612
Receipts from customers including rental income	5,410	5,452	4,827	4,929
Government Grants	3,389	4,226	3,058	3,552
Interest received	321	395	320	389
Grant funding from New Zealand Meat Board	1,416	1,961	1,416	1,961
Foreign currency translation adjustment	10	-	10	-
Net GST Received/ (Paid)	7	93	12	80
Realised Gain on matured Foreign Exchange Contracts	-	20	-	20
	43,950	41,759	43,040	40,543
Cash was applied to:				
Payments to suppliers and employees	39,496	38,343	37,103	35,807
Payments to Consortia	-	-	800	1,320
Payments to Industry Partner/Participant	1,199	1,401	1,199	1,401
Realised Loss on matured Foreign Exchange Contracts	143	-	143	-
	40,838	39,744	39,245	38,528
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,112	2,015	3,795	2,015
INVESTING ACTIVITIES				
Cash was received from:				
Maturity of investments	24,071	30,000	24,071	30,000
Loan North Canterbury Future Farm	-	-	60	-
Capital Redeemed NCFE	-	-	-	450
Dividend Received	-	-	-	40
	24,071	30,000	24,131	30,490
Cash was applied to:				
Purchase of property, plant & equipment	248	291	248	291
Purchase of intangible assets	109	310	109	310
Purchase of NCFE Investment	-	600	130	-
Loan North Canterbury Future Farm	-	-	-	510
Purchase of investments	25,514	35,112	25,514	35,112
	25,871	35,713	26,001	36,223
NET CASH FLOWS FROM/ (TO) INVESTING ACTIVITIES	(1,800)	(5,713)	(1,870)	(5,733)
FINANCING ACTIVITIES				
Cash was received from:				
Cash was applied to:				
NET CASH FLOWS USED IN FINANCING ACTIVITIES	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,312	(3,698)	1,925	(3,718)
Add: Opening cash and cash equivalents	7,066	10,764	6,125	9,843
CLOSING CASH AND CASH EQUIVALENTS	8,378	7,066	8,050	6,125
CASH AND CASH EQUIVALENTS COMPRISE				
Cash at Bank	4,586	3,924	4,258	2,983
Short Term Deposits	3,792	3,142	3,792	3,142
	8,378	7,066	8,050	6,125

This statement is to be read in conjunction with the accounting policies and notes on pages 7 to 20.

NOTES TO THE FINANCIAL STATEMENTS

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1. Reporting Entity

The financial statements are for Beef + Lamb New Zealand Limited (the Parent), as a separate entity and the consolidated financial statements are for the Beef + Lamb New Zealand Limited Group (the Group), which includes all its subsidiaries and associated entities as disclosed in note 11.

The Parent and the Group are designated as public benefit entities for financial reporting purposes.

Beef + Lamb New Zealand Limited is a company incorporated in New Zealand, with its registered office in Wellington. The Group operates in the red meat industry in New Zealand.

2. Basis of Preparation

(a) Statutory base

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Companies Act 1993, and the Commodity Levies Act 1990.

(b) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the PBE Accounting Standards as appropriate for Tier 1 not-for profit public benefit entities.

(c) Basis of measurement

The accounting policies set out in the relevant notes to the financial statements have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on an historical cost basis. Accrual accounting is used in the recognition of expenses and revenues. The accounting policies have been applied consistently by the Group entities. Certain comparative information has been updated to conform with the current year presentation.

(d) Going concern

These statements have been prepared on a going concern basis. The Commodities Levies (Meat) Order 2015 was made by Order in Council in December 2015. This order came into force on 22 February 2016 and expires no later than 21 February 2022.

A successful farmer sheepmeat and beef referendum was held in July 2021. The Minister of Agriculture's consent was received in October 2021 and following Cabinet consent on 26 October 2021 an order was made in Council Approving the Commodities Levies (Meat) Order 2021 which is effective from 7 December 2021 for a maximum of six years.

(e) Critical accounting estimates

The preparation of financial statements in conformity with PBE Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 11 Investments in Subsidiaries, associates and joint ventures.

(f) Foreign currency

(i) Functional and presentation currency

The consolidated and Parent financial statements are presented in New Zealand dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(g) GST

The financial statements are prepared exclusive of GST with the exception of receivables and payables, which are stated inclusive of GST.

(h) Expenditure of an intangible nature

The financial statements are prepared exclusive of GST with the exception of receivables and payables, which are stated inclusive of GST.

Intellectual property

Intellectual property includes patent costs, trade secrets, brands (Taste Pure Nature) and scientific knowledge acquired. All costs are expensed, unless there is sufficient certainty that the intellectual property will directly generate sufficient income flows for the Group to support the carrying value.

Software

Internally generated software and purchased software that is not integral to the operating system of hardware, is capitalised as an intangible asset, subject to it generating service potential to the entity. Software is measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation of intellectual property and software is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Software 2.5 years

(i) Livestock

Livestock includes sheep and cattle held on the North Canterbury Future Farm Limited subsidiary and is valued using the 2021 herd scheme values as a proxy for the market value of the livestock.

3. Levy and Non-Levy Stream Performance

The Statement of Comprehensive Revenue and Expense for Beef + Lamb New Zealand Ltd has been prepared by individual levy stream (beef and sheepmeat). This provides more specific detail than is required by the Commodity Levies Act 1990 and the constitution, which require, as a minimum, a summary of activities of the meat levy streams.

Non-Levy Stream expenditure is financed from Special Reserves.

The special reserve comprises funds originating from Non-Levy sources, primarily the gain on sale of an associated company shareholding in March 2008. During 2020 and 2019 this expenditure was to provide research grants to the Red Meat Profit Partnership (RMPP).

4. Revenue and Other Income

Revenue Recognition

Revenue comprises the fair value for the sale of goods and services, excluding goods and services tax (GST), rebates and discounts. Revenue is recognised as follows:

Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

(i) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange.

(i) Levy income

Levy income is recognised at time of slaughter for beef and sheep meat.

(ii) Research Service Revenue from Government

The recognition of non-exchange revenue from grants depends on whether the grant comes with any stipulations imposed on the use of a transferred asset. Stipulations that are 'conditions' specifically require the Group to return the inflow of resources received if they are not used in the way stipulated, resulting in the recognition of a liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

The Group receives research revenue from the Ministry of Business Innovation and Employment (MBIE). The contract services agreement provides for a fixed income amount per annum from each partner and from MBIE in line with research expenditure. The income is billed and recognised by the Group as mutually agreed with partners and MBIE, to meet the Group's funding commitments including those required to satisfy expenditure obligations with outsourced research service providers.

Depending on the stipulations of each grant the Group may or may not have to return unspent funds. If there are conditions attached, revenue in relation to that particular grant is not recognised until the conditions have been fulfilled. For grants with restrictions, the revenue is recognised when it is received by the Group.

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in income on a systematic basis in the same periods in which the expenses are recognised.

5. Finance Income and Expense

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in the Consolidated Statement of Comprehensive Revenue and Expense. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), losses on the disposal of available-for-sale financial assets, and losses on hedging instruments that are recognised in profit or loss.

In thousands of New Zealand dollars	Group 2021	Group 2020	Parent 2021	Parent 2020
Interest income on term deposits	211	305	211	305
Interest income on cash and cash equivalents	36	110	35	104
Foreign exchange gain/ (loss) on derivatives	(130)	(10)	(130)	(10)
Net finance income	117	405	116	399

6. Other Operating Expenses

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Comprehensive Revenue and Expenditure when incurred.

Intellectual property spend in the period includes the development of the Taste Pure Nature brand of \$30,580 (2020: \$136,000)

The following items of expenditure are included in operating expenses:

In thousands of New Zealand dollars	Group 2021	Group 2020	Parent 2021	Parent 2020
<i>Audit fees</i>				
Auditor's remuneration to KPMG comprises:				
Audit of financial statements	60	58	55	55
Total auditor's remuneration	60	58	55	55
Depreciation	219	215	198	192
Software amortisation	225	201	225	201
Rental expense relating to operating leases	702	659	702	659
Directors fees	377	374	365	344
Employee benefits	11,574	12,099	11,574	12,099
Other operating expenditure	7,718	6,595	6,903	5,857
Research and development expenditure	6,418	7,804	5,831	7,190
Other project expenditure	10,734	11,308	10,734	11,308
Biosecurity levy paid	3,060	1,481	3,060	1,481
Total operating expenses	41,087	40,794	39,647	39,386

7. Income Tax Expense

The income tax expense charged to the consolidated and Parent income statement includes both the current year's expense and the income tax effects of temporary differences.

In accordance with section 85 of the Meat Board Act 2004, the New Zealand Meat Board and Beef + Lamb New Zealand Limited and its subsidiaries form a consolidated tax group for income tax purposes.

In thousands of New Zealand dollars	Group 2021	Group 2020	Parent 2021	Parent 2020
Surplus before tax	7,005	384	1,479	318
Prima facie tax @28%	1,961	107	414	89
Taxation effect of adjustments	-	-	-	-
Adjustments for future tax benefits – recovery not probable	(1,852)	(355)	(248)	(86)
Utilised against unrecognised tax losses	109	248	166	(3)
Current taxation expense	-	-	-	-

Unrecognised tax losses of \$68.6 million (2020: \$69.9 million) are available to the consolidated tax group (which includes the New Zealand Meat Board and Beef + Lamb New Zealand Limited), subject to assessment of the current year losses by the Inland Revenue Department. Deferred tax assets are not recognised as it is not likely they will be realised.

8. Receivables

Trade receivables are recognised at the receivable amount less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. When it is considered doubtful that debtors will pay the amounts due, a provision for doubtful debts is recognised.

In thousands of New Zealand dollars	Group 2021	Group 2020	Parent 2021	Parent 2020
Exchange Transactions				
Other Trade Receivables	424	1,728	395	1,695
Prepayments	347	320	347	320
Accrued interest	38	111	38	111
	809	2,159	780	2,126

In thousands of New Zealand dollars	Group 2021	Group 2020	Parent 2021	Parent 2020
Non Exchange Transactions				
Levies Receivable	1,938	1,985	1,938	1,985
Other Trade Receivables	570	-	569	-
NZMB Grant Funding Receivable	200	617	200	616
	2,708	2,602	2,707	2,601

9. Term Deposits

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

In thousands of New Zealand dollars	Group 2021	Group 2020	Parent 2021	Parent 2020
Current Investments	16,150	15,067	16,150	15,067

10. Financial Instruments

Classification and fair values

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, term receivables and other investments, and trade and other payables.

(ii) Derivative financial instruments

Changes in the fair value of any derivative instruments are recognised immediately in the statement of comprehensive revenue and expense.

Fair Value Hierarchy

Level 1: fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Beef + Lamb's financial assets and liabilities that are measured at fair value by the significance of inputs used in making the measurement are categorised as level 2, as prescribed by IPSAS 30.

Interest rates used for determining fair value

The Group uses market interest rates based on the readily available market index interest rates for bank debt.

Quantitative disclosures

Foreign currency risk

Nature of the risk

Currency risk is the risk that eventual New Zealand dollar net cashflows from transactions undertaken by the Group will be adversely affected by changes in foreign currency exchange rates.

Exposure and risk management

Currency risk from operational expenditure in foreign currencies (and related trade payables) has been substantially hedged by entering into forward exchange contracts which typically have a twelve month term.

Management is responsible for managing exposures in each foreign currency in accordance with the company's Treasury Policy approved by the Board of Directors. This sets minimum and maximum hedging exposures for each currency within defined time frames.

Credit risk

Nature of the risk

Credit risk arises in the normal course of the Group's business on cash, receivables and derivative financial instruments if a counterparty fails to meet its contractual obligations.

Exposure and risk management

The Group is exposed to credit risk if customers and counterparties fail to make payments in respect of:

- Payment of trade and other receivables as they fall due; and
- Contractual cash flows of derivative assets held at fair value.

The carrying amount of financial assets represents the Group's maximum credit exposure.

Beef + Lamb New Zealand Limited also holds investments with various banks, all of which have a Standard & Poor's credit rating of AA- or higher as at 30 September 2021.

Liquidity risk

Nature of the risk

Liquidity risk represents the Group's ability to meet its contractual obligations as they fall due. Exposure and risk management.

Exposure and risk management

The Group uses cash and reserves to manage liquidity and evaluates its liquidity requirements on an ongoing basis. The Group generates sufficient cash flows from its operating activities to meet its financial liabilities. Positive operating cash flows and reserves enable working capital to be managed to meet short-term liabilities as they fall due.

In thousands of New Zealand dollars	Group & Parent			
	Balance sheet	Contractual cash flows	6 months or less	6-12 months
2021				
Forward exchange contracts				
Inflow	32	2,343	1,226	1,117
Outflow	(19)	(2,330)	(1,225)	(1,105)
2020				
Forward exchange contracts				
Inflow	9	1,512	977	535
Outflow	(18)	(1,520)	(988)	(532)

Capital Management

The Group's capital comprises retained earnings. To the extent that Beef + Lamb New Zealand Limited's capital represents unutilised levy income, the Group is prohibited under the Commodity Levies Act 1990 from committing that capital to commercial or trading activities without ministerial consent. The Group is further committed to expending any such capital for a list of specified purposes set out in the Commodity Levies (Meat) Order 2015.

The Group is not subject to any externally imposed capital requirements. It is not the intention of Beef + Lamb New Zealand Limited to build up significant levy stream reserves that span several years. The Board has a policy of retaining a minimum of \$ 7 million of reserves in the event of an unsuccessful referendum to contribute to an orderly wind up of the Company and in the 2021 Referendum offer projected operating deficits for the next two years.

A key principle is to maintain and enhance the value of the assets owned by Beef + Lamb New Zealand Limited and to manage Beef + Lamb New Zealand Limited's investments in a manner consistent with current governing legislation. Management aims to optimise returns from these investments within operating parameters designed to minimise credit, interest rate and liquidity risk.

There have been no material changes to the Group's management of capital over the reporting period.

11. Investments in Subsidiaries, Associates and Joint Ventures

Basis of consolidation

(i) Subsidiaries

Companies that are controlled, either directly or indirectly by Beef + Lamb New Zealand Limited are considered subsidiary companies. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The Group financial statements incorporate the Group's interest in associates, using the equity method, as from the date the significant influence commenced or until the date the significant influence ceased.

The Group recognises its share of the associates' net surplus or deficit for the year as other income/expenditure in its Consolidated Statement of Revenue and Expenditure. The Group's share of associates' surplus or deficit is adjusted for any differences between the accounting policies of the Group and associates. The Group recognises its share of other post-acquisition movements in reserves in its Consolidated Statement of Revenue and Expenditure. In the Consolidated Statement of Financial Position, the investment is adjusted to match the Group's share of net assets. In assessing the Group's share of earnings of associates, the Group's share of any unrealised profits between Group companies and associates is eliminated.

Judgement is exercised in determining if the Group has significant influence over an associate.

(iii) Joint ventures

Joint ventures are joint arrangements between the company and another party in which there is contractual agreement to undertake a specific business project in which the venturers' share several liability in respect of costs and liabilities of the project and share in any resulting output. The Group's share of the assets, liabilities, revenues and expenses of joint ventures is incorporated into the Group financial statements on a line-by-line basis using the proportionate consolidation method.

All subsidiaries are incorporated in New Zealand.

Subsidiary	Ownership	Nature of Activities
B+LNZ Genetics Limited (BLG)	100%	As of 1 October 2019, the operations of BLG were transferred into Beef + Lamb New Zealand Ltd. This is now a non-trading subsidiary.
B+LNZ Investments Limited	100%	B+LNZ Investments Limited has one subsidiary, North Canterbury Future Farm Management Limited (NCFM) (100%).
B+LNZ Clover Company Limited	100%	Holds Beef + Lamb New Zealand Ltd's interest in the Pastoral Genomics Research Consortium. The Pastoral Genomics consortium concluded its research programme in June 2020 and will complete its wind down in the 2021 financial year.
B+LNZ Emissions Company Limited	100%	Holds Beef + Lamb New Zealand Ltd's interest in the Pastoral Greenhouse Gas Research Consortium
Primary Resources Limited	100%	A non-trading subsidiary
North Canterbury Future Farm Limited Partnership	100%	B+LNZ's Future Farm investment was owned 50% with Lanercost Farming 2018 Ltd until 30 June 2020 at which time B+LNZ through its subsidiary B+LNZ Investments Ltd purchased Lanercosts interest. A 50% share of trading results for the Future Farm from 1 October 2019 to 30 June 2020 and thereafter 100% to 30 September 2020 are included in the Group Financial Statements.
Pastoral Greenhouse Gas Research Consortium (PGgRC)	16.75%	PGgRC exists to provide knowledge and tools for New Zealand farmers, so they can mitigate greenhouse gas emissions from the agricultural sector. The balance date of Pastoral Greenhouse Gas Research Consortium is 30 June. The 12 months to 30 September 2021 include three months of unaudited results from the management accounts.
Pastoral Genomics Research Consortium	26.22%	Pastoral Genomics is a New Zealand research consortium for forage improvement through biotechnology. The balance date of Pastoral Genomics Research Consortium is 30 June. The unaudited results for the three-month period to 30 September 2021 are included in the consolidated financial statements. The Pastoral Genomics consortium joint venture was concluded in June 2020 and has wound down its activities over the 2021 financial year.

OSPRI New Zealand Limited – OSPRI New Zealand is a not-for-profit limited company, established on 1 July 2013. Its shareholders are DairyNZ (45.5%), Beef+Lamb New Zealand Ltd (45.5%) and Deer Industry New Zealand (9%).

TBfree New Zealand Ltd (formerly the Animal Health Board) and NAIT Ltd are wholly-owned subsidiaries of OSPRI New Zealand Ltd.

Beef +Lamb New Zealand does not consider itself to have significant influence, as there is no representation on the Board of Directors, no operational influence on financial and policy decisions, and OSPRI's constitution prohibits distributions to its shareholders. Therefore, OSPRI is not considered an associate of the Group.

OSPRI New Zealand Limited is registered as a charitable entity under the Charities Act 2005 (Registration Number CC49247). OSPRI New Zealand Limited has a 30 June balance date.

(11a) Movements in investments

As at 30 September 2021, the parent performed an impairment test on the investments in subsidiary companies and where necessary, has written them down to their fair values. B+LNZ Investments Ltd's investment in the North Canterbury Future Farm was written down by \$266,000 in the 2021 financial statements representing changes in stock numbers and operating losses.

12. Reserves and Retained Earnings

(a) Retained earnings

Retained earnings contains general retained earnings in addition to the following:

(i) Special reserve

The special reserve is a conduit for funds originating from non-levy sources, primarily the gain on sale of an associated company shareholding in March 2008. These were fully utilised in the 2021 financial year.

(b) Levy Payers Retained Earnings

This comprises the accumulated surpluses and deficits since 2004.

The following table shows the detail of Reserves and Retained Earnings:

Group	Retained Earnings	Total Equity
In thousands of New Zealand dollars		
Balance at 30 September 2021		
Levy Payers Beef and Sheepmeat	24,755	24,755
Special Reserves	-	-
	24,755	24,755
Balance at 30 September 2020		
Levy Payers Beef and Sheepmeat	23,165	23,165
Special Reserves	424	424
	23,589	23,589

13. Related Party Transactions and Balances

(a) Transactions and balances with subsidiaries, joint ventures and industry partners

In thousands of New Zealand dollars	2021		2020	
	Funding Provided by B+LNZ	B+LNZ Receivable/ (Payable)	Funding Provided by B+LNZ	B+LNZ Receivable/ (Payable)
Pastoral Greenhouse Gas Research Consortium	(800)	24	(800)	24
Pastoral Genomics Limited	-	-	(520)	4
Red Meat Profit Partnership Ltd				
Funding	(1,092)	-	(1,338)	-
Contribution to Governance and Partner Review	(103)	-	(63)	475

North Canterbury Future Farm Limited Partnership

As at 30 September 2020, B+LNZ through B+LNZ Investments Ltd acquired the remaining 50% interest in the North Canterbury Future Farm. The transaction was structured with an equity injection to B+LNZ Investments Ltd and with debt funding from B+LNZ of \$450,000 at a 4% per annum interest rate.

Additional working capital loan of \$60,000 was provided by the Company at an interest rate of 10% per annum and this was repaid in December 2020.

Additional capital in the North Canterbury Future Farm Limited Partnership of \$130,000 was subscribed to by the Company and paid on 22 June 2021.

At balance date the Company's carrying value of its investment in North Canterbury Future Farm Limited Partnership was assessed against the net assets of the North Canterbury Future Farm Limited Partnership. This has resulted in an impairment being made in the investment of \$266,000.

Red Meat Profit Partnership Limited Partnership

Sam McIvor and George Tatham are Beef + Lamb New Zealand Limited's representatives on the Board of the Red Meat Profit Partnership Limited Partnership. Red Meat Profit Partnership Limited Partnership is a Partnership established in May 2014 between Beef + Lamb New Zealand Limited, Alliance Group Limited, Blue Sky Meats(N.Z.) Limited, Progressive Meats Limited, Silver Fern Farms Limited, ANZCO Foods Limited, Rabobank New Zealand Limited, Greenlea Premier Meats Limited and ANZ Bank New Zealand Limited. It was established for the purposes of Research & Development Services. Beef + Lamb New Zealand Limited funding for the 2021 financial year was \$1,092,416. (2020: \$1,401,000).

The Red Meat Profit Limited Partnership concluded its operations 31 March 2021.

(b) Transactions and balances with other related parties

New Zealand Meat Board

Beef + Lamb New Zealand Limited utilises New Zealand Meat Board offices located in Brussels for market access and market development work. These costs are paid to the New Zealand Meat Board as noted below.

In thousands of New Zealand dollars	2021	2020
Service fee: overseas offices	200	474

All Beef + Lamb New Zealand Limited Farmer and Industry Directors are also Directors of the New Zealand Meat Board.

New Zealand Meat Board funding to Beef + Lamb New Zealand Ltd for the 2021 financial year was \$1 million operating grant (2020: \$1.2 million operating grant).

At balance date, The New Zealand Meat Board owed Beef + Lamb New Zealand Limited \$2,381 for expenses incurred on their behalf (2020: \$7,252) and \$200,000 for industry good grant funding from investment income (2020: \$600,000 industry good grant funding from investment income). Beef + Lamb New Zealand Limited owed the New Zealand Meat Board \$57,617 in relation to cost reduction of the Brussels offices as a result of repatriation of the Regional Manager – Europe.

Beef + Lamb New Zealand Incorporated

Sam McIvor and Andrew Morrison are Beef + Lamb New Zealand Limited's representatives on the Board of Beef + Lamb New Zealand Incorporated (B+LNZ Inc). Beef + Lamb New Zealand Limited jointly funds, with meat processors and retailers, the domestic generic promotion activities of B+LNZ Inc. Beef + Lamb New Zealand Limited funding for the 2021 financial year was \$600,000 (2020: \$600,000). Beef + Lamb New Zealand Limited also paid \$27,173 for other work in 2021 and \$14,295 for rent (2020: \$6,045 other work and \$14,152 rent).

Key management personnel compensation and other transactions

Key management personnel compensation is set out below. The key management personnel are the Directors of the company, the Chief Executive Officer and the direct reports to the Chief Executive Officer.

GROUP	2021		2020	
	Remuneration	Number	Remuneration	Number
In thousands of New Zealand dollars				
Directors	365	9	344	9
Senior Executive Team	2,104	10	2,167	10

Directors receive fees as disclosed in the Statutory Disclosures. The Leadership Team are on a standard employee contract. The Directors are the Directors of Beef + Lamb New Zealand Ltd.

G Tatham was paid a chairman fee of \$8,198 for the period October 2019 to January 2020 for the transition of B+LNZ Genetics into BLNZ. He was also paid directors fees by RMPP of \$13,600 for the period October 2020 to March 2021 (2020: \$26,500).

14. Commitments

The Group leases office premises, motor vehicles and office equipment. As the lessor retains all risks of ownership, these leases are classified as operating leases. Operating lease costs are expensed in the period in which they are incurred. The Group does not have any finance leases.

Operating leases

The lease commitments are based on current rentals. Beef + Lamb New Zealand Limited leases premises in Wellington, in regional New Zealand locations with lease terms of 1-6 years. Some motor vehicles and office equipment are also leased.

Beef + Lamb New Zealand Limited's non-cancellable lease commitments are as follows:

In thousands of New Zealand dollars	Group 2021	Group 2020	Parent 2021	Parent 2020
Within 1 year	920	878	920	878
Within 1-2 years	632	825	632	825
Within 2-5 years	326	639	326	639
Later than 5 years	137	167	137	167

Funding and contractual commitments

Beef + Lamb New Zealand Limited committed to contribute funding to Pastoral Genomics Research Consortium (ceased 2020), Pastoral Greenhouse Gas Research Consortium, and Red Meat Profit Partnership (ceased March 31 2021).

In thousands of New Zealand dollars	Group 2021	Group 2020	Parent 2021	Parent 2020
Within 1 year	5,526	4,254	5,526	4,254
Within 1-2 years	851	879	851	879
Within 2-5 years	154	349	154	349
Later than 5 years	-	-	-	-

For Pastoral Greenhouse Gas Research Consortium, there is a commitment from the Partners being required to match funds over the term of the MBIE agreement.

Other contractual commitments

In 2017, sheep and beef farmers supported Beef + Lamb New Zealand (B+LNZ) joining the Government Industry Agreement on Biosecurity Readiness and Response (GIA). Part of the proposal supported was the creation of a Biosecurity Act levy on sheepmeat and beef producers to pay for readiness and response costs.

B+LNZ is a partner with the Ministry for Primary Industries (MPI) and DairyNZ in the Mycoplasma bovis (M. bovis) response. In June 2019 farmers supported increasing the maximum biosecurity levy on beef (excluding dairy cows) to \$2.07 per head to repay the beef sector's share of the M.bovis response costs.

The biosecurity levy on beef was implemented from February 2020 and to 30 September 2021 \$4.451 million (\$1.80 per head) was collected and paid across to the MPI M.bovis response. In the 2021 financial year \$3.060 million was collected and paid to MPI.

The total response cost for the beef sector is projected to be \$17 million over the next ten years.

Capital commitments

There are no capital commitments as at 30 September 2021 (2020: \$ nil).

15. Contingencies

There are no contingencies.

16. Events Occurring after Balance Sheet Date

In October 2021, the Board approved an orderly exit from the North Canterbury Future Farm Limited Partnership, as investment by the Company is reprioritised. No material impact on the Company's financial position is projected.

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

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

In thousands of New Zealand dollars	Group 2021	Group 2020	Parent 2021	Parent 2020
Reported surplus/ (deficit) after taxation	1,166	384	1,479	318
Add/(less) non-cash items:				
Depreciation	231	217	198	192
Software amortisation	225	201	225	201
(Gain)/loss on disposal of Fixed assets	-	4	-	-
Fair value movement in derivatives	(22)	30	(22)	30
Increase/(decrease) in Restructuring provision	(37)	37	(37)	37
(Increase)/decrease in term receivables	16	33	16	33
Increase/(decrease) in short-term employee entitlements	(19)	105	(19)	128
Impairment of investment in subsidiaries	-	-	266	341
	394	627	627	962
Add/(less) movements in other working capital items:				
(Increase)/decrease in accounts receivable exchange	1,351	790	1,346	844
(Increase)/decrease in stock valuation	8	(322)	-	-
(Increase)/decrease in accounts receivable non exchange	(111)	(482)	(106)	(461)
Increase/(decrease) in accounts payable	536	41	681	3
Increase/(decrease) in accrued lease incentive	(42)	(41)	(42)	(41)
Increase/(decrease) in deferred income	60	(89)	60	(89)
(Increase)/decrease in income in advance	(250)	159	(250)	159
	1,552	56	1,689	415
Add/(less) items classified as investing or financing activities:				
Share of movement from Consortium Assets	-	15	-	-
Working capital acquired on amalgamation and acquisition	-	933	-	360
Dividend paid - North Canterbury Future Farm	-	-	-	(40)
Net cash flows from operating activities	3,112	2,015	3,795	2,015

STATUTORY DISCLOSURES

Disclosure of Interests by Directors

In accordance with section 140(2) of the Companies Act 1993, the Directors have made general disclosures of their relevant interests for entry in the Groups interest register.

Directors have disclosed interests in transactions with associated and subsidiary companies and these are disclosed in Note 11 to the Financial Statements.

All of the farmer and industry directors of Beef + Lamb New Zealand Limited are directors of the New Zealand Meat Board and all plus the independent director are directors of Meat & Wool Trust Ltd.

Board of Directors Fees

	2021 (\$000)	2020 (\$000)
Chairman	74	70
Directors	37	34
Chair of Board Committees	4	-
Beef + Lamb NZ Genetics Ltd (Group Only) – Independent Chairman	-	8

The above fees represent the annualised fees payable to Directors. The Company pays no other fees to Directors for their representation on subsidiary or other related organisations.

Farmers approved an increase in total director fees to \$370,240 at the 2020 annual meeting. The Board elected not to apply the increase or the pool in the 2020 financial year.

The 2021 annual meeting approved an increase in director fees as follows:

- Chairman's remuneration is increased from \$72,800 to \$74,000 an increase of \$1,200 or 2%;
- B+LNZ Director fees are increased from \$34,680 to \$37,000 an increase of \$2,320 or 7%; and

The B+LNZ Board approved an additional \$4,000 per annum from the director fees pool paid to each of the Audit & Risk Committee and People & Culture Committee chairs (Martin Coup and Scott Gower).

The total director fees pool approved by farmers is \$390,000.

Directors' Indemnity and Insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of Beef + Lamb New Zealand Limited, the company has insured all its Directors and Officers against liabilities to other parties that may arise from their positions as Directors of the company. This insurance does not cover liabilities arising from criminal actions and deliberate and reckless acts or omissions by the Directors.

Use of Company Information by Directors

No notices were received from Directors pursuant to section 145 of the Companies Act 1993 requesting use of company information received in their capacity as Directors which would otherwise not have been available to them.

(\$,000)	Number of Employees	
	2021	2020
Remuneration Range		
100-109	6	4
110-119	10	5
120-129	4	6
130-139	2	2
140-149	6	3
150-159	1	2
160-169	4	3
170-179	4	1
180-189	4	7
190-199	-	1
210-219	2	-
220-229	2	4
270-279	1	-
280-289	-	1
330-339	1	1

Employee Remuneration

Set out on the left is the number of employees of Beef + Lamb New Zealand Limited and its subsidiaries who received remuneration and other benefits of \$100,000 or more during the year in their capacity as employees. The remuneration of staff resident outside New Zealand has been converted to New Zealand dollars for the purpose of this disclosure.

The People & Culture Committee of the company's Board approves the company's remuneration policy.

Subsidiary and Associated Company Directors

The following persons held the office of Director of the respective subsidiaries and associates during the year to 30 September 2021. Directors appointed (A) or who resigned (R) during the year are indicated. Staff appointments do not receive Directors fees or other benefits as a Director.

Meat and Wool Trust Ltd (Shareholder Beef + Lamb New Zealand Ltd)	Kate Acland (A), Bayden Barber (A), Melissa Clark-Reynolds (R), Mark Clarkson (R), Martin Coup, Tony Egan, Scott Gower, Alex Guilleux (A), Nicky Hyslop, Andrew Morrison, George Tatham, Philip Smith (R).
Subsidiary Companies and Associates	
B+LNZ Clover Company Ltd Holds B+LNZ interest in Pastoral Genomics Research Consortium	Sam Mclvor
B+LNZ Emissions Company Ltd Holds B+LNZ interest in Pastoral Greenhouse Gas Research Consortium	Sam Mclvor
B+LNZ Investments Ltd Holds B+LNZ interest in the North Canterbury Future Farm	Sam Mclvor
Taste Pure Nature Ltd Licences meat exporters with Taste Pure Nature branding	Sam Mclvor
Primary Resources Ltd Non-trading	Andrew Morrison
B+LNZ Genetics Ltd Non-trading	George Tatham, Sam Mclvor, Cros Spooner
Beef + Lamb New Zealand Incorporated	Andrew Morrison, Sam Mclvor
North Canterbury Future Farm Management Ltd (fully owned from 1 July 2020)	Sam Mclvor
Red Meat Profit Partnership General Partner Ltd. Ceased operating 31 March 2021	Malcolm Bailey, Graham Brown, Alan McDermott, Sam Mclvor, Jane Smith, George Tatham, Bob Cottrell, Wayne Allan
Pastoral Genomics Ltd Ceased operating 30 June 2021	Nicky Hyslop
Pastoral Greenhouse Gas Research Ltd	Andrew Morrison

Independent Auditor's Report

To the stakeholders of Beef + Lamb New Zealand

Report on the audit of the company and group financial statements

Opinion

In our opinion, the accompanying company and group financial statements of Beef + Lamb New Zealand (the 'company') and its subsidiaries (the 'group') on pages 1 to 21:

- i. present fairly in all material respects the company's and group's financial position as at 30 September 2021 and their financial performance and cash flows for the year ended on that date; and
- ii. comply with Public Benefit Entity Standards (Not For Profit).

We have audited the accompanying company and group financial statements which comprise:

- the company and group statements of financial position as at 30 September 2021;
- the company and group statements of comprehensive revenue and expenses, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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



Use of this independent auditor's report

This independent auditor's report is made solely to the stakeholders as a body. Our audit work has been undertaken so that we might state to the stakeholders those matters we are required to state to them in the independent 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 stakeholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the company and group financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the company and group financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards (Not For Profit));
- implementing necessary internal control to enable the preparation of a company and group set of financial statements that are fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the company and group financial statements

Our objective is:

- to obtain reasonable assurance about whether the company and group financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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. They 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 financial statements.

A further description of our responsibilities for the audit of these company and group financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

This description forms part of our independent auditor's report.

For and on behalf of



KPMG
Wellington

8 December 2021