

**The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Financial Statements
For the Year Ended 31 May 2018**

The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Special Purpose Financial Statements
For the Year Ended 31 May 2018

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INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE OF THE MANAGEMENT AGENCY BIOSECURITY (NATIONAL
AMERICAN FOULBROOD PEST MANAGEMENT PLAN) ORDER 1998

Opinion

We have audited the financial statements of The Management Agency Biosecurity (National American Foulbrood Pest Management Plan) Order 1998 ("the entity"), which comprise the statement of financial position as at 31 May 2018, the statement of financial performance for the year then ended 31 May 2018 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the entity for the year ended 31 May 2018 are prepared, in all material respects, in accordance with the accounting policies specified in Note 1 to 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 entity 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 abbreviation.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the Ministry of Agriculture, as a body. The special purpose financial statements are prepared to comply with the financial reporting provisions and rules within the Management Agency Biosecurity (National American Foulbrood Pest Management Plan) Order 1998. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for The Management Agency Biosecurity (National American Foulbrood Pest Management Plan) Order 1998 and the Ministry of Agriculture and should not be distributed to other parties. Our opinion is not modified in respect of this matter.

Executive Committee's Responsibilities for the Financial Statements

The executive committee is responsible for the preparation of the financial statements in accordance with the accounting policies specified in Note 1 to the financial statements and for such internal control as the executive committee determines 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 executive committee is responsible for assessing the entity'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 executive committee either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

PARTNERS: Fraser Lellman CA Kenneth Brown CA Janine Hellyer CA Jenny Lee CA
Donna Kemp CA Paul Manning CA

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

We communicate with the executive committee 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 Ministry of Agriculture, as a body, in accordance with the provisions and rules within the Management Agency Biosecurity (National American Foulbrood Pest Management Plan) Order 1998. Our audit has been undertaken so that we might state to the Ministry of Agriculture those matters 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 Ministry of Agriculture, as a body, for our audit work, for this report, or for the opinions we have formed.



BDO Tauranga
Tauranga
New Zealand
15 January 2019

The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Statement of Financial Performance
For the Year Ended 31 May 2018

	Note	2018 \$	2017 \$
INCOME			
PMS Bio Security Levy		906,094	694,661
Course Fees Received		125,325	113,522
Penalty on Levy		8,631	13,949
Bad Debts Recovered		654	0
Interest Received		13,669	6,707
		<u>1,054,373</u>	<u>828,839</u>
Levies- Charged Next Year to 31 May	1(b)	997,035	899,544
Less Income in Advance		(997,035)	(899,544)
Total Income		<u>1,054,373</u>	<u>828,839</u>
LESS EXPENSES	10		
Accounting General		11,526	10,936
Aerial Surveillance		5,040	1,719
ADR Admin		1,976	3,829
ADR (AsureQuality)		93,518	104,082
Train the Trainers & Sub Comm		16,594	1,988
AFB Counselling (AsureQuality)		22,543	16,051
AFB Audit Inspec (AsureQuality)		103,842	83,457
AFB Auditor/Industry Inspec's		69,288	153,271
AFB Auditor Recruit/Training		7,907	36,884
AFB Recognition Course Costs		93,261	70,818
Apiary database upgrade		3,903	1,460
Audit Fees		5,147	5,178
Bad Debts written off		680	808
Bank Fees		728	612
Beekeeper Communication		4,599	3,780
COI (AsureQuality)		44,675	35,454
Apiary Levy (AsureQuality)		5,120	3,740
COI Default Inspections		400	3,010
Conference Expenses		7,507	12,731
Debt Collection Expenses		27,567	16,032
DECA (AsureQuality)		37,495	27,567
Deprecation & Amortisation		11,574	12,285
Honoraria		38,789	33,075
Five Year Plan Development		15,972	0
Lab Testing & Sample Collect		37,261	27,362
Health & Safety Compliance		485	7,852
Insurance		3,050	2,975
Legal Expenses		0	34,017
Magazine Expenditure		16,664	13,334
Management Agency Appointments		13,590	5,081
Board Meeting Exps		12,782	18,567
MA Premises Wgtn		23,143	0
Postage Printing & Stationery		28,926	18,705
Computer & IT Expenses		1,183	888
Telephone		5,258	5,079

The accompanying notes form part of these financial statements and should be read in conjunction with the audit report.



The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Statement of Financial Performance
For the Year Ended 31 May 2018

	Note	2018 \$	2017 \$
Travel & Accommodation		28,584	12,143
Website		4,872	4,438
Salaries & Remuneration		102,490	53,241
Total Expenses		907,936	842,447
NET SURPLUS (DEFICIT)		146,437	(13,608)



The accompanying notes form part of these financial statements and should be read in conjunction with the audit report.

The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Statement of Movements in Equity
For the Year Ended 31 May 2018

	Note	2018 \$	2017 \$
EQUITY AT START OF PERIOD		61,616	75,225
SURPLUS & REVALUATIONS			
Surplus/(Deficit)		146,437	(13,608)
Total Recognised Revenues & Expenses		146,437	(13,608)
OTHER MOVEMENTS		-	-
EQUITY AT END OF PERIOD		<u>208,053</u>	<u>61,616</u>



The accompanying notes form part of these financial statements and should be read in conjunction with the audit report.

(National American Foundation Trust
Management Plan) Order 1998
Statement of Financial Position
As at 31 May 2018

	Note	2018 \$	2017 \$
Current Assets			
Cash at Bank		423,128	526,305
Term Deposits		715,231	310,000
Interest Accrued		6,185	3,709
Accounts Receivable	1(b)	200,649	240,171
Total Current Assets		1,345,193	1,080,185
Non Current Assets			
Fixed Assets	2	7,495	7,637
Deferred Expenditure Strategic Plan	2	22,518	30,025
Total Non Current Assets		30,014	37,662
TOTAL ASSETS		1,375,207	1,117,847
Current Liabilities			
GST Payable	1(c)	81,768	81,835
Accounts Payable		88,351	74,851
Income in Advance		997,035	899,544
Total Current Liabilities		1,167,154	1,056,231
TOTAL LIABILITIES		1,167,154	1,056,231
NET ASSETS		208,053	61,616
Represented by:			
EQUITY			
Funds Settled		(52,064)	(52,064)
Retained Earnings		260,117	113,681
TOTAL EQUITY		208,053	61,616

Board Member



Chairperson



Date

20/12/18

20/12/18

The accompanying notes form part of these financial statements and should be read in conjunction with the audit report.



The Management Agency Biosecurity (National American Foulbrood Pest Management Plan) Order 1998

Notes to the Financial Statements For the Year Ended 31 May 2018

1 REPORTING BASIS AND NATURE OF BUSINESS

The National Beekeepers Association of New Zealand Incorporated is a non-profit organisation that acts for and facilitates on industry matters for the benefit of its members.

Further to this the National Beekeepers Association of New Zealand Incorporated has been appointed as the Management Agency for the American Foulbrood National Pest Management Strategy (AFB NPMS). The duties relating to this appointment are set out in the Biosecurity (National American Foulbrood Pest Management Plan) Order 1998. Levies used to pay for the running of the AFB NPMS are collected through the Biosecurity (American Foulbrood - Apiary & Beekeeper Levy) Order 2003. Pursuant to the Biosecurity Act 1993 the Management Agency must provide transparent financial records with respect to the management of the AFB NPMS Levy Order and this is what is reported in these statements.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

These are special purpose financial statements prepared for accounting to the Minister of Agriculture in terms of The Management Agency Biosecurity (National Foulbrood Pest Management Plan) Order 1998.

a. Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

b. Receivables

Receivables are stated at their estimated realisable value after making appropriate provision for any doubtful debts. Bad debts are written off in the year in which they are identified.

Member levies for the year ended 31 May 2019 have been charged prior to 31 May 2018. The amounts unpaid at 31 May 2018 are included in the Accounts Receivable balance. An adjustment for levies charged in advance is shown in the Statement of Financial Performance.

c. Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable which are shown inclusive of GST.

d. Fixed Assets are stated at cost less accumulated depreciation and amortisation. Depreciation and amortisation have been calculated using rates permitted by the Income Tax Act 2007. Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year. The rates of depreciation and amortisation used are as follows:

	<u>Rate</u>	<u>Method</u>
Signage	30%	Diminishing Value
Software & Computers	40%	Diminishing Value
Intangible Assets	20%	Straight Line

e. Strategic planning expenditure incurred during the year has been capitalised and is to be amortised on a straight line basis over a period of five years. This policy reflects the enduring nature of this expenditure in terms of lasting benefit to the entity in the medium term. Any remaining unamortised cost is to be written off immediately if the strategic plan is no longer in use.



The Management Agency Biosecurity (National American Foulbrood Pest Management Plan) Order 1998

Notes to the Financial Statements For the Year Ended 31 May 2018

2 FIXED ASSETS

a. Fixed Assets

	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Signage	\$ 3156	\$ 394	\$ 2236	\$ 920
Software	\$16409	\$1890	\$13573	\$2835
<u>Computers</u>	<u>\$ 7024</u>	<u>\$1782</u>	<u>\$ 3283</u>	<u>\$3741</u>
Total	\$26588	\$ 4067	\$19092	\$7496

b. Deferred Expenditure- Strategic Plan

	<u>Cost</u>	<u>Amortisation</u>	<u>Accumulated Amortisation</u>	<u>Net Book Value</u>
Strategic Plan	\$ 37531	\$7506	\$ 15012	\$22518

3 AUDIT

These financial statements have been subject to audit; please refer to Independent Auditor's Report.

4 NON ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

No events after balance date.

5 SECURITIES AND GUARANTEES

There was no secured overdraft as at balance date nor was any facility arranged. The Management Agency Biosecurity (National American Foulbrood Pest Management Plan) Order 1998 has not granted any securities or guarantees in respect of liabilities payable by any other party whatsoever.

6 RELATED PARTIES

The following members of the Board pay levies to the Management Agency, either directly or via associated entities: Kim Poynter, Russell Marsh, and Jason Ward.

The following members of the Board are related to businesses who are engaged to provide services to the Management Agency: John Hartnell and Gabriel Torres. These services are provided on the same commercial terms as provided to any other unrelated customer.

7 REVENUE RECOGNITION

Invoiced levies are recognised as income in the year to which they relate. Levies received for future years are treated as Income in Advance in the year received. Penalties are recognised as income when invoiced. Interest income from deposit accounts and term deposits is recognised on an accruals basis in the period in which it was earned. Course fees are recognised when received.

8 INCOME TAX

The Management Agency; Biosecurity (National American Foulbrood Management Plan) Order 1998 is exempt from income tax under Section CW49 of the Income Tax Act 2007.

9 TERM DEPOSITS

Term Deposits comprises all funds held at ANZ Bank under a term deposit arrangement, regardless of the original time to maturity.



The Management Agency Biosecurity
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Management Plan) Order 1998
Notes to the Financial Statements
For the Year Ended 31 May 2018

10 PRIOR YEAR ADJUSTMENT

During 2018, a restructure of the internal accounting system took place in order to better reflect expenditure classifications. This has necessitated restating 2017 expenses under the amended classifications in the Statement of Financial Performance. Analysis of the 2017 expense changes is as follows:

Expenses (2017)	Restated	Original	Change
Accounting & Reporting	10,936	26,622	(15,686)
Aerial Surveillance	1,719	1,719	0
ADR Admin	3,829	3,829	0
ADR (AsureQuality)	104,082	104,082	0
Train the Trainers & Sub Comm	1,988	1,988	0
AFB Counselling (AsureQuality)	16,051	16,051	0
AFB Counselling & Audit Admin		1,059	(1,059)
AFB Videos (DVD)		1,100	(1,100)
AFB Audit Inspec (AsureQuality)	83,457	83,457	0
AFB Auditor/Industry Inspect's	153,271	153,271	0
AFB Auditor Recruit/Training	36,884	36,884	0
AFB Recognition Course Costs	70,818	70,818	0
Apiary database upgrade	1,460	1,460	0
Audit Fees	5,178	5,178	0
Bad Debts written off	808	808	0
Bank Fees	612	612	0
Beekeeper Communication	3,780	3,780	0
Beekeeper Education		730	(730)
Beekeeper Mediation		19,394	(19,394)
Biosecurity NZ		11,633	(11,633)
COI Admin		2,289	(2,289)
COI (AsureQuality)	35,454	33,165	2,289
Apiary Levy (AsureQuality)	3,740	3,740	0
COI Default Inspections	3,010	3,010	0
Conference Attendance	12,731	12,731	0
Debt Collection Expenses	16,032	16,032	0
DECA (AsureQuality)	27,567	25,217	2,350
DECA Scheme Admin		2,350	(2,350)
Deprecation & Amortisation	12,285	12,285	0
Honoraria	33,075	33,075	0
Plant & Food Research	27,362	27,362	0
Health & Safety Compliance	7,852	7,852	0
Insurance	2,975	2,975	0
Legal Expenses	34,017	14,622	19,394
Magazine Expenditure	13,334	13,334	0
Management Agency Appointments	5,081	15,042	(9,961)
Board Meeting Exps	18,567		18,567



The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Notes to the Financial Statements
For the Year Ended 31 May 2018

Manager Regional Visits		6,002	(6,002)
Official Info Act Requests		5,605	(5,605)
Operations Manual/Policy Dvpt		4,907	(4,907)
Management Agency Meeting Exps		21,205	(21,205)
Postage Printing & Stationery	18,705	18,684	21
Computer & IT Expenses	888		888
Reporting Government		1,947	(1,947)
Telephone	5,079	4,879	200
Travel & Accommodation	12,143	6,323	5,819
Website Costs	4,438	3,338	1,100
Salaries & Remuneration	53,241		53,241
Total Expenses	842,447	842,447	



Asset Register

For the Year Ended 31 May 2018

Plant & Equipment

	Purch Date	Opening Cost	Opening BV	Add'ns at Cost	Depreciation Rate %	Amount	Basis	Closing Cost	Closing BV	Accum Dep
AFB Auditor Magnetic Signage	Dec-14	3156	1314		30.0%	394 DV		3156	920	2236
Iphone App Development	Dec-14	16409	4726		40.0%	1890 DV		16409	2835	13573
Desktop PC & Software	Oct-15	1423	626		40.0%	251 DV		1423	376	1048
Desktop Computer System	May-16	1675	971		40.0%	388 DV		1675	583	1092
Lenovo IdeaPad V310 Laptop	Jul-17			970	40.0%	355 DV		970	614	355
Microsoft Surface Pro Tablet/Laptop	Nov-17			2957	40.0%	788 DV		2957	2168	788
		22662	7638	3926		4067		26588	7496	19092

Strategic Plan

	Purch Date	Opening Cost	Opening BV	Add'ns at Cost	Amortisation Rate %	Amount	Basis	Closing Cost	Closing BV	Accum Amort
Five Year Plan development	Oct-16	37531	30025		20.0%	7506 SL		37531	22518	15012
		37531	30025	0		7506		37531	22518	15012
TOTAL		60193	37662	3926		11574	0	64119	30014	34104

