

**The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Financial Statements
For the Year Ended 31 May 2019**

The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Special Purpose Financial Statements
For the Year Ended 31 May 2019

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**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD MEMBERS 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 2019, the statement of financial performance for the year then ended 31 May 2019 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 2019 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 Minister of Biosecurity. 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 Minister for Biosecurity and should not be distributed to other parties. Our opinion is not modified in respect of this matter.

Board Members Responsibilities for the Financial Statements

The Board Members are 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 board 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 board members 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 board 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 board members.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the board members 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 management 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 Minister of Biosecurity, 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 Minister of Biosecurity 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 Minister of Biosecurity, for our audit work, for this report, or for the opinions we have formed.



BDO Tauranga
Tauranga
New Zealand
22 October 2019

The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Statement of Financial Performance
For the Year Ended 31 May 2019

	Note	2019 \$	2018 \$
INCOME			
PMS Bio Security Levy		1,002,661	906,094
Course Fees Received		119,687	125,325
Penalty on Levy		14,578	8,631
Inspection Charges		16,026	0
Bad Debts Recovered		0	654
Interest Received		21,153	13,669
		<u>1,174,105</u>	<u>1,054,373</u>
Levies- Charged Next Year to 31 May	1(b)	1,062,593	997,035
Less Income in Advance		(1,062,593)	(997,035)
Total Income		<u>1,174,105</u>	<u>1,054,373</u>
LESS EXPENSES			
Accounting General		7,896	11,526
Aerial Surveillance		1,376	5,040
ADR Admin		0	1,976
ADR (AsureQuality)		121,453	93,518
Train the Trainers & Sub Comm		16,359	16,594
AFB Counselling (AsureQuality)		29,830	22,543
AFB Audit Inspec (AsureQuality)		61,289	97,191
AFB Auditor/Industry Inspec's		158,860	69,288
AFB Auditor Recruit/Training		18,444	7,907
AFB Recognition Course Costs		79,814	93,261
Apiary database upgrade		0	3,903
Audit Fees		5,843	5,147
Bad Debts written off		14,693	680
Bank Fees		728	728
Beekeeper Communication		10,853	4,599
COI (AsureQuality)		49,684	44,675
Apiary Levy (AsureQuality)		7,370	5,120
COI Default Inspections		2,862	7,051
Conference Expenses		3,534	7,507
Debt Collection Expenses		8,048	27,567
DECA (AsureQuality)		36,818	37,495
Deprecation & Amortisation		16,192	11,574
Honoraria		28,676	38,789
Five Yr Plan Dvpt/Levy Consultation		60,008	15,972
Lab Testing & Sample Collect		19,600	37,261
Health & Safety Compliance		0	485
Insurance		3,350	3,050
Magazine Expenditure		20,083	16,664
Management Agency Appointments		2,638	13,590
Research		10,000	0
Board Meeting Expenses		14,509	23,148
MA Premises Wgtn		23,502	23,143
Postage Printing & Stationery		20,773	28,926
Computer & IT Expenses		8,528	1,183



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 2019

	Note	2019 \$	2018 \$
Telephone		3,886	5,258
Travel & Accommodation		13,692	18,218
Website		3,788	4,872
Salaries & Remuneration		224,779	102,490
Total Expenses		1,109,757	907,936
NET SURPLUS		<u><u>64,348</u></u>	<u><u>146,437</u></u>



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The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Statement of Movements in Equity
For the Year Ended 31 May 2019

	Note	2019 \$	2018 \$
EQUITY AT START OF PERIOD		208,053	61,616
SURPLUS & REVALUATIONS			
Surplus/(Deficit)		64,348	146,437
Total Recognised Revenues & Expenses		64,348	146,437
OTHER MOVEMENTS		-	-
EQUITY AT END OF PERIOD		<u>272,401</u>	<u>208,053</u>



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

(National American Foulbrood Pest
Management Plan) Order 1998
Statement of Financial Position
As at 31 May 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash at Bank		587,987	423,128
Term Deposits		603,695	715,231
Interest Accrued		5,467	6,185
Accounts Receivable	1(b)	377,002	200,649
Total Current Assets		1,574,151	1,345,193
Non Current Assets			
Fixed Assets	2	17,793	7,496
Deferred Expenditure Strategic Plan	2	15,012	22,518
Total Non Current Assets		32,805	30,014
TOTAL ASSETS		1,606,956	1,375,207
Current Liabilities			
GST Payable	1(c)	128,350	81,768
Accounts Payable		143,612	88,351
Income in Advance		1,062,593	997,035
Total Current Liabilities		1,334,555	1,167,154
TOTAL LIABILITIES		1,334,555	1,167,154
NET ASSETS		272,401	208,053
Represented by:			
EQUITY			
Funds Settled		(52,064)	(52,064)
Retained Earnings		324,465	260,118
TOTAL EQUITY		272,401	208,053

Board Member

[Signature]

Chairperson

[Signature]

Date

21/10/19

21/10/19

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 2019

1 REPORTING BASIS AND NATURE OF BUSINESS

Apiculture 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 Apiculture 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 for Biosecurity 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 2020 have been invoiced prior to 31 May 2019. The amounts unpaid at 31 May 2019 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. Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year. The following rates of depreciation and amortisation have been used:

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

e. Strategic planning expenditure incurred during the year has been capitalised and is being 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 2019

2 FIXED ASSETS

a. Fixed Assets

	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Signage	\$3156	\$276	\$2512	\$644
Software	\$13500	\$5985	\$3150	\$10350
Office Equpt	\$2492	\$332	\$332	\$2160
Computers	<u>\$10015</u>	<u>\$2093</u>	<u>\$5376</u>	<u>\$4639</u>
Total	\$29163	\$8686	\$11370	\$17793

b. Deferred Expenditure- Strategic Plan

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

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, Gabriel Torres 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 invoiced. 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.

