

**The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Financial Statements
For the Year Ended 31 May 2020**

The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Special Purpose Financial Statements
For the Year Ended 31 May 2020

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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 2020, the statement of financial performance for the year then ended 31 May 2020 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 2020 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.

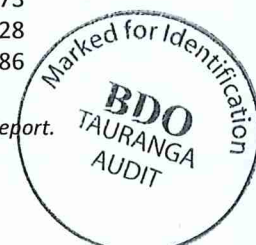


BDO Tauranga
Tauranga
New Zealand
24 November 2020

The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Statement of Financial Performance
For the Year Ended 31 May 2020

	Note	2020 \$	2019 \$
INCOME			
PMS Bio Security Levy		1,064,201	1,002,661
Course Fees Received		73,174	119,687
Penalty on Levy		8,707	14,578
Inspection Charges		62,655	16,026
Interest Received		12,156	21,153
		<u>1,220,893</u>	<u>1,174,105</u>
Levies- Charged Next Year to 31 May	1(b)	1,586,390	1,062,593
Less Income in Advance		(1,586,390)	(1,062,593)
Total Income		<u>1,220,893</u>	<u>1,174,105</u>
LESS EXPENSES			
Accounting General		10,479	7,896
Aerial Surveillance		0	1,376
ADR (AsureQuality)		126,073	121,453
Train the Trainers & Sub Comm		7,198	16,359
AFB Counselling (AsureQuality)		20,830	29,830
AFB Audit Inspec (AsureQuality)		20,985	61,289
AFB Auditor/Industry Inspec's		209,018	158,860
AFB Auditor Recruit/Training		40,940	18,444
AFB Recognition Course Costs		60,587	79,814
Apiary database upgrade		32,133	0
Audit Fees		5,096	5,843
Bad Debts written off		22,836	14,693
Bank Fees		283	728
Beekeeper Communication		3,504	10,853
COI (AsureQuality)		49,232	49,684
Apiary Levy (AsureQuality)		5,362	7,370
COI Default Inspections		0	2,862
Conference Expenses		3,083	3,534
Debt Collection Expenses		36,286	8,048
DECA (AsureQuality)		23,952	36,818
Deprecation & Amortisation		14,065	16,192
Loss on Disposal of Assets		575	0
Honoraria		27,292	28,676
Five Yr Plan Dvpt/Levy Consultation		11,050	60,008
Lab Testing & Sample Collect		2,781	19,600
Insurance		3,350	3,350
Legal Expenses		9,149	0
Magazine Expenditure		21,743	20,083
Management Agency Appointments		3,572	2,638
Research		0	10,000
Board Meeting Expenses		10,322	14,509
MA Premises Wgtn		21,803	23,502
Postage Printing & Stationery		31,609	20,773
Computer & IT Expenses		16,631	8,528
Telephone		4,266	3,886

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 2020

	Note	2020 \$	2019 \$
Travel & Accommodation		7,377	13,692
Website		2,562	3,788
Salaries & Remuneration		263,607	224,779
Total Expenses		1,129,628	1,109,757
NET SURPLUS		<u>91,264</u>	<u>64,348</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 2020

	Note	2020 \$	2019 \$
EQUITY AT START OF PERIOD		272,402	208,053
SURPLUS & REVALUATIONS			
Surplus/(Deficit)		91,264	64,348
Total Recognised Revenues & Expenses		91,264	64,348
OTHER MOVEMENTS		-	-
EQUITY AT END OF PERIOD		<u>363,666</u>	<u>272,402</u>



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 Position
As at 31 May 2020

	Note	2020 \$	2019 \$
Current Assets			
Cash at Bank		943,813	587,987
Term Deposits		452,294	603,695
Interest Accrued		1,127	5,467
Accounts Receivable	1(b)	881,191	377,002
Total Current Assets		2,278,425	1,574,151
Non Current Assets			
Fixed Assets	2	16,166	17,793
Deferred Expenditure Strategic Plan	2	7,506	15,012
Total Non Current Assets		23,672	32,805
TOTAL ASSETS		<u>2,302,097</u>	<u>1,606,956</u>
Current Liabilities			
GST Payable	1(c)	218,212	128,350
Accounts Payable		133,829	143,612
Income in Advance		1,586,390	1,062,593
Total Current Liabilities		<u>1,938,431</u>	<u>1,334,555</u>
TOTAL LIABILITIES		<u>1,938,431</u>	<u>1,334,555</u>
NET ASSETS		<u><u>363,666</u></u>	<u><u>272,402</u></u>
Represented by:			
EQUITY			
Retained Earnings		<u>363,666</u>	<u>272,402</u>
TOTAL EQUITY		<u><u>363,666</u></u>	<u><u>272,402</u></u>

Board Member

Chairperson

Date

23/11/2020

23/11/2020



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 2020

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 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 2021 have been invoiced prior to 31 May 2020. The amounts unpaid at 31 May 2020 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 2017 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
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Management Plan) Order 1998
Notes to the Financial Statements
For the Year Ended 31 May 2020

2 FIXED ASSETS

a. Fixed Assets

	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Signage	\$3156	\$193	\$2705	\$451
Software	\$13500	\$4140	\$7290	\$6210
Office Equip	\$3420	\$447	\$780	\$2640
<u>Computers</u>	<u>\$11496</u>	<u>\$1778</u>	<u>\$4631</u>	<u>\$6865</u>
Total	\$31572	\$6559	\$15406	\$16166

b. Deferred Expenditure- Strategic Plan

	<u>Cost</u>	<u>Amortisation</u>	<u>Accumulated Amortisation</u>	<u>Net Book Value</u>
Strategic Plan	\$ 37531	\$7506	\$ 30025	\$7506

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

In June 2020 The Management Agency agreed to a contract with Smartapps Pty Ltd to develop and support a new IT system to replace the existing Apiary Database System. The contract value is \$837,600, of this \$684,600 relates to the implementation costs incurred between 30 June 2020 and 24 February 2021. The cost of the new IT system will be capitalised. The balance of the contract includes support for the new system which represents \$3,284 per month from 25 January 2021 until 25 July 2025. The ongoing support costs will be recognised as an expense as they are incurred. Additionally a lease for a new Rolleston office was entered from August 2020 until March 2023 for a total of \$1,917 per month.

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, Val Graham and Jason Ward.

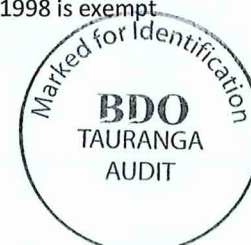
The following members of the Board are related to businesses who are engaged to provide services to the Management Agency: John Hartnell and Gabriel Torres. These services are provided on the same commercial terms as provided to any other unrelated customer.

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.



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

Notes to the Financial Statements For the Year Ended 31 May 2020

9 TERM DEPOSITS

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

10 COVID 19 AND GOING CONCERN

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March, New Zealand increased its' COVID-19 alert level to level 4 and a nationwide lockdown commenced. As part of this lockdown all businesses were closed and international travel was restricted. Subsequently The Management Agency Biosecurity cancelled all training courses from the 26th of March through to the middle of June. At the date of issuing the financial statements, The Management Agency has been able to absorb much of the impact from the nationwide lockdown and subsequent restrictions.

We note that The Management Agency is an Essential Service and levy income has not been disrupted by the pandemic. The business may continue its core business of performing hive inspections during Alert Levels 2, 3 and 4, but training courses will only be conducted in Alert Level 2 where the maximum gathering size remains at 100 people. Where training courses do not continue, cost savings also results, so the overall financial impact of scaling back training courses is considered to be minimal. Management are therefore confident that there are no significant threats to the continuance of the core business.

Based on the matters noted above the board considers that the entity has sufficient financial resources to enable the entity to continue to operate for the foreseeable future.

