

**The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Financial Statements
For the Year Ended 31 May 2021**

The Management Agency Biosecurity
(National American Foulbrood Pest
Management Plan) Order 1998
Special Purpose Financial Statements
For the Year Ended 31 May 2021

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The Management Agency Biosecurity
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Statement of Financial Performance
For the Year Ended 31 May 2021

	Note	2021 \$	2020 \$
INCOME			
Levy Income			
PMS Bio Security Levy		1,555,345	1,064,201
Penalty on Levy		6,158	8,707
Bad Debts Recovered		814	0
Total Levy Income		1,562,317	1,072,908
Training			
Course Fees Received		127,785	73,174
Total Training		127,785	73,174
Cost Recovery			
S122 Notice Default		6,550	62,655
Default COI Inspections		9,085	0
Total Cost Recovery		15,635	62,655
Levies- Charged Next Year to 31 May	1(b)	1,817,189	1,586,390
Less Income in Advance		(1,817,189)	(1,586,390)
Total Income		1,705,737	1,208,737
LESS EXPENSES			
Training			
Trainer Recruitment & Training		12,687	7,198
AFB Recognition Course Costs		47,475	60,587
Salaries & Remuneration- Training		25,282	0
Total Training		85,444	67,785
Extension, Research & Communications			
Suspect AFB Tests		4,108	2,781
Website		75	2,562
Conference Expenses		2,647	3,083
Magazine Expenditure		27,984	21,743
Beekeeper Communication		2,394	3,504
Total Extension, Research & Communications		37,208	33,672
Monitoring & Audit			
Apiary Inspections		166,047	209,018
AFB Auditor Recruit/Training		39,709	40,940
Salaries & Rem- Monitoring & Audit		79,982	0
Total Monitoring & Audit		285,738	249,958
Apiary Register			
NBHS Operating Expenses		55,884	0
Salaries & Remuneration- NBHS		141,833	0
AssureQuality Contract Charges		79,600	246,434
Total Apiary Register		277,317	246,434
Compliance & Enforcement			
Unregistered Apiary Inspections		2,636	0
S122 Notice Default		10,639	0
COI Default Inspections		74,961	0
Salaries & Rem-Compliance & Enforcement		79,982	0
Total Compliance & Enforcement		168,219	0



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

The Management Agency Biosecurity
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Statement of Financial Performance
For the Year Ended 31 May 2021

	Note	2021 \$	2020 \$
Overheads			
Accounting General		9,588	10,479
Audit Fees		5,202	5,096
Apiweb Replacement Project		0	32,133
Bad Debts written off		22,897	22,836
Bank Fees		294	283
Board Meeting Exps & Honoraria		46,471	39,264
Computer & IT Expenses		21,530	16,631
Debt Collection Expenses		6,450	36,286
Deprecation & Amortisation		50,922	14,065
Five Yr Dvpt/Levy Consultation		10,974	11,050
Insurance		3,795	3,350
Legal Expenses		13,955	9,149
Loss on Disposal of Assets		221	575
Post Print Stationery & Misc Office		59,182	31,609
Premises		50,055	21,803
Salaries & Remuneration-Administration		200,152	265,529
Telephone		13,214	4,266
Travel & Accommodation		18,178	7,377
Total Overheads		533,080	531,779
Total Expenses		1,387,006	1,129,628
Operating Surplus		318,732	79,108
Other Income			
Interest Received		7,774	12,156
Total Other Income		7,774	12,156
Net Surplus		326,506	91,264



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The Management Agency Biosecurity
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Statement of Movements in Equity
For the Year Ended 31 May 2021

	Note	2021 \$	2020 \$
EQUITY AT START OF PERIOD		363,666	272,402
SURPLUS & REVALUATIONS			
Surplus/(Deficit)		326,506	91,264
Total Recognised Revenues & Expenses		326,506	91,264
OTHER MOVEMENTS		-	-
EQUITY AT END OF PERIOD		<u>690,172</u>	<u>363,666</u>



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The Management Agency Biosecurity
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Statement of Financial Position
As at 31 May 2021



	Note	2021 \$	2020 \$
Current Assets			
Cash at Bank		841,942	943,813
Term Deposits		730,000	452,294
Interest Accrued		415	1,127
Accounts Receivable	1(b)	621,274	881,191
Total Current Assets		2,193,631	2,278,425
Non Current Assets			
Fixed Assets	2	14,866	16,166
Intangible Assets	2	682,575	-
Deferred Expenditure Strategic Plan	2	-	7,506
Total Non Current Assets		697,441	23,672
TOTAL ASSETS		<u>2,891,072</u>	<u>2,302,097</u>
Current Liabilities			
GST Payable	1(c)	238,908	218,212
Accounts Payable		144,803	133,829
Income in Advance		1,817,189	1,586,390
Total Current Liabilities		<u>2,200,900</u>	<u>1,938,431</u>
TOTAL LIABILITIES		<u>2,200,900</u>	<u>1,938,431</u>
NET ASSETS		<u>690,172</u>	<u>363,665</u>
Represented by:			
EQUITY			
Retained Earnings		<u>690,172</u>	<u>363,666</u>
TOTAL EQUITY		<u>690,172</u>	<u>363,666</u>

Board Member

Chairperson

Date

29/11/2021

29/11/2021

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 2021



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 2022 have been invoiced prior to 31 May 2021. The amounts unpaid at 31 May 2021 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. Low value assets (under \$1000) are expensed in the year of purchase. 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 & Database	20%	Straight Line

e. Intangible Assets Policy

Measurement: Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the cost of materials and services, employee costs and any directly attributable overheads. Costs of software updates or upgrades are capitalised only when they increase the usefulness or value of the asset. All other costs are expensed when incurred.

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Amortisation: The carrying value of an intangible asset is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases when the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit. The amortisation rate for intangible assets is listed in Note 1 d above.

- f. Strategic planning expenditure incurred during 2017 has been capitalised and 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. This expenditure is now fully written off.

2 NON CURRENT ASSETS

a. Fixed Assets

	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Signage	\$3155	\$136	\$2840	\$315
Software	\$13500	\$2484	\$9774	\$3726
Office Equpt	\$5565	\$921	\$1701	\$3864
Computers	\$14794	\$3950	\$7833	\$6961
Total	\$37014	\$7491	\$22148	\$14866

b. Intangible Assets

	<u>Cost</u>	<u>Amortisation</u>	<u>Accumulated Amortisation</u>	<u>Net Book Value</u>
Database	\$718500	\$35925	\$35925	\$682575

c. Deferred Expenditure- Strategic Plan

	<u>Cost</u>	<u>Amortisation</u>	<u>Accumulated Amortisation</u>	<u>Net Book Value</u>
Strategic Plan	\$37531	\$7506	\$ 37531	\$0

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: Russell Marsh, Gabriel Torres, Val Graham and Jason Ward.

The following member of the Board is related to businesses who are engaged to provide services to the Management Agency: 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.

The Management Agency Biosecurity
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Notes to the Financial Statements
For the Year Ended 31 May 2021



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.

10 COVID-19 AND THE ABILITY OF THE MANAGEMENT AGENCY TO CONTINUE AS A 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 non-essential businesses were closed and international travel was restricted. On 17 August 2021 Covid-19 was once again detected in the community, leading to another level 4 national lockdown. At the present time the majority of New Zealand is at alert level 2 and there is currently no evidence to suggest that a new widespread Covid-19 event could occur in New Zealand nor specifically in the proximity of the Bay of Plenty, but it is now well known that the virus can transmit rapidly.

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. As a result the financial statements have been prepared on the going concern basis.

11 LEASE COMMITMENTS

The Management Agency has a lease on office premises in Rolleston, expiring in March 2023. The cost is \$1917 plus GST per month.

12 OTHER COMMITMENTS

The Management Agency has a contract until July 2025 with Smartapps to maintain and support the Hivehub database. The cost of this maintenance and support is \$2833 plus GST per month.

13 PRIOR YEAR ADJUSTMENT

During 2021, a restructure of the internal accounting system took place in order to better reflect expenditure classifications. This has necessitated restating 2020 expenses under the amended classifications in the Statement of Financial Performance. There has been no change to 2020 total expenses.

14 POST BALANCE DATE EVENTS

On 17 August 2021 Covid-19 was once again detected in the community in Auckland, leading to another level 4 national lockdown. There is currently renewed uncertainty around the extent of this latest Covid-19 outbreak, and the length of time that the latest restrictions and business disruptions might last. Management note that there is currently no community transmission in the local region of the Incorporation, but also note that that the virus is extremely transmissible. See Note 10 to these accounts for the wider impacts of Covid-19 on the business.

**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 2021, the statement of financial performance for the year then ended 31 May 2021 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 2021 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
Donna Taylor CA

Janine Hellyer CA
Paul Manning CA

Jenny Lee CA

ASSOCIATE: Michael Lim CA

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
1 December 2021