



ANNUAL REPORT

**New Zealand Fruitgrowers' Charitable Trust Group
For the Year Ended 31 March 2019**

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Entity Information

New Zealand Fruitgrowers' Charitable Trust Group For the Year Ended 31 March 2019

Legal Name of Entity

New Zealand Fruitgrowers' Charitable Trust

Entity Type and Legal Basis

Charitable Trust

Registration Number

CC21071

Entity's Purpose or Mission

Makes grants to fruit growers industry.

Entity Structure

Trust and Group – The Trust is governed by 5 Trustees. The Group comprises the Trust and two wholly owned subsidiaries Huddart Parker Building Limited and New Zealand Fruitgrowers Federation.

Main Source of Entity's Cash and Resources

The main source of income is from an investment property. The property is held by the wholly owned subsidiary Huddart Parker Building Ltd acting as bare Trustee.

Main Methods Used by Entity to Raise Funds

Property income from the property owned as a bare trustee by the wholly owned subsidiary Huddart Parker Building Ltd.

Entity's Reliance on Volunteers and Donated Goods and Services

None

Physical Address

Level 4, Cooperative Bank House, 20 Ballance Street, Wellington 6011.

Approval of Consolidated Financial Report

New Zealand Fruitgrowers' Charitable Trust Group

For the Year Ended 31 March 2019

The Trustees are pleased to present the approved consolidated financial report including the historical financial statements of the New Zealand Fruitgrowers' Charitable Trust for the year ended 31 March 2019

APPROVED



Chair

Date:12.....June.....2019



Trustee

Date:12.....June.....2019

Statement of Service Performance

New Zealand Fruitgrowers' Charitable Trust Group For the Year Ended 31 March 2019

Description of Entity's Outcomes

The application of Trust Funds is governed by a Trust Deed which permits spending in the following areas:

- To promote encourage and foster in the fields of and relating to fruit growing and to disseminate and make available the results thereof for public use and for the improvement of human knowledge and to generally concern itself in fruit growing research within New Zealand; and
- To promote and improve standards of training and education in the New Zealand fruit growing industry; and
- To assist with the education of persons associated with the fruit growing industry in New Zealand; and
- To promote education in the subject of fruit growing; and
- To establish and support professorships, fellowships, lectureships, scholarships and prizes; and
- To relieve poverty of persons who are or were engaged in activities and employment associated with the New Zealand fruit growing industry; and
- To promote encourage and foster in all matters in, or relating to, the New Zealand fruit growing industry; and
- To promote encourage and foster any aspect of the fruit growing industry likely to be of benefit to New Zealand and whether as a result of increased efficiency, improved productivity, improved product or better marketing; and
- To assist in the establishment of organisations or structures as are necessary or desirable to achieve any of the foregoing objectives including, and without limitation, grants:
 - To meet establishment costs
 - For research and development
 - To facilitate dissemination of results from such research and development
 - For education and training of officers and employees of such organisations
 - To meet the operating costs of industry organisations in any of the foregoing charitable purposes
- The Trust generates funds from rent from a commercial building asset and other financial assets in order to be able to provide grants to those in the fruit growers industry.

Outputs and measures of quality and objectives in respect to delivery:	Actual this year \$	Budget this year \$	Budget next year \$
Grants provided to organisations to assist delivering the Trusts outcomes and effect on Society (detailed below)	213,180	400,000	400,000
Central Otago young fruit grower of the year	3,000		
Gisborne young fruit grower of the year	6,000		
Hawke's Bay A&P Society – National horticulture field day	5,000		
Hawke's Bay young fruit grower of the year	9,853		
Hawke's Bay labour governance group	7,500		
Horticulture NZ leadership programme	26,950		
Horticulture NZ Presidents Trophy	4,000		
Kellogg Nuffield scholarships	10,000		
Sponsor young growers to Horticulture NZ conference	10,377		
Mahana Fruitgrowers Association	1,500		
Nelson young fruit grower of the year	6,000		
New Zealand G.A.P. - Global G.A.P. conference in Cologne	3,000		
New Zealand Horticulture Export Authority - Grant to assist funding of "New Zealand Horticulture: Barriers to our Export Trade 2018"	15,000		
Plant & Food Research - Fresh Facts 2018 sponsorship	2,500		
Plant & Food Research - Grant Mary Horner to attend Fire Blight conference in Michigan.	2,500		
The Orchardist magazine	70,000		
United Fresh 5+ a Day	15,000		
Women in Horticulture	15,000		

Additional information

It was expected that we would provide grants of \$400,000 this year. At 31 March there were \$232,000 grants approved but not paid at balance date. Grants are at times approved conditional on the donee being able to confirm sufficient funds are available to complete the project prior to the project starting. In other cases government policy can determine when projects can commence. In these and other instances the Trust withholds funding until the Trustees are sure that the project will proceed with a good chance of success. Excluding asset revaluations and grants 21.87% of profit for the year ended 31 March was distributed by way of grants (2018; 33.58%).

The Trust made a net return, before grants, on average equity of 9.12% for the year ended 31 March 2019 (2018; 6.14%)

Operating costs, exclusive of grants paid, were 4.29% (2018; 4.79%) of average equity.

Real estate makes up 85% (2018, 90%), term deposits 8% (2018; 6%) and equities 7% (2018; 4%) of the Trust's total long term investment portfolio.

The Trust is continuing to rebuild its more liquid reserves after the extensive remedial earthquake work undertaken on its main asset – the commercial property.

Consolidated Statement of Financial Performance

New Zealand Fruitgrowers' Charitable Trust Group

For the year ended 31 March 2019

	Notes	2019 \$	2019 \$	2018 \$
REVENUE				
Revenue from providing goods or services				
Rents			1,725,434	1,741,170
Total revenue from providing goods or services			1,725,434	1,741,170
Dividends received			22,181	4,034
Interest			47,574	40,604
Other revenue			-	21
Fair value movement of equity investments			68,569	(25,206)
Fair value movement of investment property	1		700,000	200,000
Total revenue			2,563,758	1,960,623
EXPENSES				
Audit fees		7,198		7,150
Building maintenance costs		56,967		58,768
Building management		23,167		24,721
Consulting and accounting		25,118		26,332
Depreciation		9,830		8,769
Directors fees		24,750		22,500
General expenses		4,406		3,450
Insurance		191,808		181,794
Legal expenses		5,301		2,921
Light, power and telephone		30,584		4,160
Marketing and valuation		7,025		650
Printing and stationery		1,114		2,202
Rental and lease payments		4,807		5,252
Rates		192,092		187,859
Realised loss on sale of equities		14,553		-
Repairs and maintenance		31,981		129,879
Secretariat		60,865		77,310
Trustee fees		110,000		100,000
Trustee meetings and travel		19,037		17,163
Total expenses			820,603	860,880
SURPLUS FOR THE YEAR			1,743,155	1,099,743
OTHER MOVEMENTS				
Grants			(213,180)	(310,622)
Total other movements			(213,180)	(310,622)
SURPLUS AFTER GRANTS FOR THE YEAR			1,529,975	789,121

This statement should be read in conjunction with the notes to the annual report and statement of accounting policies.

Statement of Changes in Net Assets

New Zealand Fruitgrowers' Charitable Trust Group

For the year ended 31 March 2019


	2019	2019	2018
	\$	\$	\$
ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE			
Opening balance	18,319,849		17,530,728
Comprehensive revenue and expenses			
Surplus for the year	1,529,975		789,121
Transfers in/(out)			
Provision for adverse event reserve	-		-
Total transfers in/(out)	<u>-</u>		<u>-</u>
Total comprehensive revenue and expenses	<u>1,529,975</u>		<u>789,121</u>
Total accumulated comprehensive revenue and expenses	19,849,824		18,319,849
Adverse Event Reserve			
Opening balance	35,000		35,000
Transfers in/(out)	<u>-</u>		<u>-</u>
Total transfers	<u>-</u>		<u>-</u>
Total adverse event reserve	<u>35,000</u>		<u>35,000</u>
TOTAL EQUITY	<u>19,884,824</u>		<u>18,354,849</u>

This statement should be read in conjunction with the notes to the annual report and statement of accounting policies.

Consolidated Statement of Financial Position

New Zealand Fruitgrowers' Charitable Trust Group as at 31 March 2019

	Notes	2019 \$	2019 \$	2018 \$
ASSETS				
Current assets				
Bank accounts and cash		155,725		313,677
Debtors and prepayments	2	104,558		104,794
Term deposits		1,500,000		1,100,000
Total current assets			1,760,283	1,518,471
Non current assets				
Investment in equities		1,323,780		755,489
Plant & equipment		48,733		58,563
Investment property	1	16,800,000		16,100,000
Total non-current assets			18,172,513	16,914,052
Total assets			19,932,796	18,432,523
LIABILITIES				
Current liabilities				
Creditors and accrued expenses	3	47,972		77,674
Total current liabilities			47,972	77,674
Total Liabilities			47,972	77,674
Total assets less total liabilities (Net assets)			19,884,824	18,354,849
ACCUMULATED FUNDS				
Accumulated surpluses			19,849,824	18,319,849
Provision for Adverse Events Reserve	10		35,000	35,000
Total accumulated funds			19,884,824	18,354,849


 _____ A G Fenton
 CHAIR

12 June 2019 Date


 _____ R C Curtis
 TRUSTEE

12 June 2019 Date

This statement should be read in conjunction with the notes to the annual report and statement of accounting policies.

Consolidated Statement of Cash Flows

New Zealand Fruitgrowers' Charitable Trust Group

	2019	2019	2018
	\$	\$	\$
CASH FLOW			
Cash from operating activities			
Cash was provided from:			
Receipts from providing goods or services	1,695,924		1,689,826
Interest and dividends	69,755		44,659
Other cash receipts	-		-
Cash provided from operating activities		1,765,679	1,734,485
Cash was applied to:			
Payments to suppliers and employees	(795,950)		(852,119)
Charitable grants	(213,179)		(310,622)
Cash applied to operating activities		(1,009,129)	(1,162,741)
Net cash flow from operating activities		756,550	571,744
Cash from investing and financing activities			
Cash was provided from:			
Sale of investments	1,201,215		2,300,000
Total cash provided from investing and financing activities		1,201,215	2,300,000
Cash was applied to:			
Purchase of investments	(2,115,717)		(2,780,696)
Purchase fixed assets	-		(62,581)
Total cash applied to investing and financing activities		(2,115,717)	(2,843,277)
Net cash flow from investing and financing activities		(914,502)	(543,277)
Net increase/decrease in cash held		(157,952)	28,467
ADD opening cash held		313,677	285,210
Ending cash to carry forward		155,725	313,677
Bank accounts and cash		155,725	313,677

This statement should be read in conjunction with the notes to the annual report and statement of accounting policies.

Statement of Consolidated Accounting Policies

New Zealand Fruitgrowers' Charitable Trust Group For the Year Ended 31 March 2019

Basis of Preparation

The entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting – Accrual (Not For Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2million. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

The Trust is a group that includes Huddart Parker Building Ltd and the NZ Fruitgrowers Federation.

Presentation Currency

The consolidated financial statements are presented in New Zealand Dollars (NZ\$) and all values are rounded to the nearest NZ\$ except where otherwise indicated.

Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of GST except for accounts payable and accounts receivable which are stated inclusive of GST. Cash flows are presented in the Statement of Cashflows on a net basis.

Income Tax

New Zealand Fruitgrowers' Charitable Trust is a registered charity and is exempt from income tax. Its subsidiary Huddart Parker Building Ltd acts as a "Bare Trustee" for the Trust in respect of the ownership of the Huddart Parker Building. While subject to confirmation from the Inland Revenue Department the Huddart Parker Building Ltd has been treated as a non taxable entity and previously accumulated tax losses have been written off.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cashflows comprise cash balances and bank balances available at call.

Tier 2 PBE Accounting Standards Apply

The Trust has applied PBE IPSAS 16 Investment Property.

Statement of Consolidated Accounting Policies (continued)

The Trust has chosen to apply a fair value policy and will undertake a valuation on a regular basis. Any movement in fair value will be reflected as a part of the surplus or deficit in the relevant year in accordance with the standard.

This standard has been adopted as the Trustees consider it the most appropriate for delivering the most accurate information to the Trustees and stakeholders.

The Trust has applied PBE IPSAS 6 Consolidated Financial Statements.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised:

Rental Income

Rental income is received in relation to a commercial building which is rented to third parties at market rates. Revenue is recognised when it is derived.

Interest income

Interest income is recognised as it accrues using the effective interest method.

Investment Properties

Investment properties are properties that are held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business or for the supply of goods or services or for administrative purposes. In the absence of guidance from PBE SFR-A (NFP) framework PBE IPSAS16 - Investment Property has been applied. Investment properties are measured initially at cost including transaction costs. Investment properties acquired through non exchange transactions are measured at fair value at the date of acquisition.

Subsequent to initial recognition investment properties are measured at fair value. Fair value is determined without any deductions for transaction costs that may be incurred on sale or disposal. Any gains or losses arising from a change in fair value of the investment property are recognised as a surplus or a deficit in the period that it is incurred.

Basis of Consolidation

The Trust has consolidated all entities over which it has control. Control as defined in PBE IPSAS 6 (NFP) is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The entities defined as controlled entities are Huddart Parker Building Ltd and the New Zealand Fruitgrowers Federation (wholly owned subsidiaries) as they exclusively benefit the Trust.

For the purpose of consolidation the Trust has opted to use IPSAS 6 from the framework applied to Tier 2 entities. The Trust has applied the standards taking advantage of reduced disclosure requirements.

Changes in Accounting Policies

There have been no changes in accounting policies this year.

Notes to the Consolidated Performance Report

New Zealand Fruitgrowers' Charitable Trust Group For the Year Ended 31 March 2019

1. Investment Property

	2019	2018
Land	\$	\$
Fair Value	5,400,000	5,400,000
Total Land	5,400,000	5,400,000
Property		
Fair Value	11,400,000	10,700,000
Total Property	11,400,000	10,700,000
Total Investment Property	16,800,000	16,100,000

The valuation for the Huddart Parker Building, 2 Jervois Quay Wellington has been performed by Martin Veale ANZIV SPINZ B.Com (VPM) from Telfer Young (Wellington Ltd) as an independent registered valuer. As at 31 March 2019 the land and building was valued at \$16,800,000 (2018; \$16,100,000).

2. Debtors and Prepayments

	2019	2018
	\$	\$
Sundry debtors	16,301	9811
GST	7,289	
Advance payments	80,968	94,983
Total debtors and prepayments	104,558	104,794

3. Creditors and Accrued Expenses

	2019	2018
	\$	\$
Sundry creditors and accrued expenses	47,972	67,579
GST	-	10,095
Total creditors and accrued expenses	47,972	77,674

Notes to the Consolidated Performance Report (continued)

4. Tax Note

The New Zealand Fruitgrowers' Charitable Trust is a registered charity that is exempt from tax. Its subsidiary Huddart Parker Building Ltd is a tax paying company. Due to changes over time the way the company now operates is as a bare Trustee for its parent New Zealand Fruitgrowers' Charitable Trust. Application has been made to Inland Revenue to reassess the tax position of the Huddart Parker Building Ltd. If approved previously accrued tax losses of \$3,268,687 will be written off.

5. Commitments

At balance date there were \$232,000 grants approved subject to the donee fulfilling certain conditions set by the Trustees (2018; NIL). It is expected that these grants will be paid in the 2020 financial year.

6. Contingent Liabilities and Guarantees

There were no contingent liabilities or guarantees at balance date (2018; NIL).

7. Ability to continue operating

The entity will continue to operate for the foreseeable future.

8. Events After Balance Date

No events have occurred after balance date that would have a material impact on the Performance Report.

9. Related Party Note

Parent and Ultimate Controlling Party

The New Zealand Fruitgrowers' Charitable Trust is the ultimate controlling party of the Group.

Related Parties

The Trust is related to the following subsidiaries through 100% ownership of each entity:

- Huddart Parker Building Limited (the "Company")
- New Zealand Fruitgrowers Federation (the "Federation")

Related Party Transactions

The Company acts as a bare Trustee of the investment property for the Trust. The Trust pays a levy to the Company to cover the operational costs of the property. These transactions are eliminated on consolidation of the Group financial statements. The Federation does not trade.

Notes to the Consolidated Performance Report (continued)

10. Provision for Adverse Events Reserve

This consists of a provision the Board has set aside for earthquakes or other adverse events in the future.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NEW ZEALAND FRUITGROWERS CHARITABLE TRUST**

Opinion

We have audited the performance report of New Zealand Fruitgrowers Charitable Trust ("the trust"), which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 March 2019, the statement of financial position as at 31 March 2019 and the statement of accounting policies and other explanatory information.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the accompanying performance report presents fairly, in all material respects:
 - the entity information for the year ended 31 March 2019
 - the service performance for the year then ended; and
 - the financial position of the trust as at 31 March 2019 and its financial performance, and cash flows for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE (NZ) 3000 (Revised)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the trust 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 trust.

Responsibilities of the Trustees for the Performance Report

The trustees are responsible for:

- a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- b) the preparation and fair presentation of the performance report on behalf of the trust which comprises:
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board; and

- c) such internal control as the trustees determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the trustees are responsible on behalf of the trust for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report is 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) and ISAE (NZ) 3000 (Revised) 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 economic decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, 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 management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust'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 performance report 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 trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.



BDO Wellington Audit Limited

We communicate with the trustees 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 trustee's members, as a body. Our audit work has been undertaken so that we might state those matters which 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 trust and the trust's members, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Wellington Audit Limited

BDO Wellington Audit Limited
Wellington
New Zealand
12 June 2019