



# Financial Statements

Walnuts New Zealand Co-Operative Limited  
For the year ended 31 March 2023

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# Company Directory

## Walnuts New Zealand Co-Operative Limited For the year ended 31 March 2023

### IRD Number

116-730-219

### Issued Capital

\$716,953 (281,132 Class A Shares)

### Registered Office

142 Tricketts Road, West Melton, Christchurch 7676

### Directors

Francis VR Brenmuhl (Retired)

Andrew K Horsbrugh (Chair)

Basil Meyer

Timothy G B Armitage

Colin R Prebble

Maria M Tiede

Clive Marsh

Mark C Wren (appointed)

### Company Number

5645689

### NZ Business Number

9429041729120

### Auditors

BDO Christchurch Audit Limited

### Bankers

Westpac, Rolleston

### Date of Formation

29 April 2015

### Accountants

Rodgers & Co Ltd

6E Pope Street, Addington, Christchurch 8011

Telephone (03) 343 3068

### Solicitors

Simpson Grierson, Christchurch

# Directors' Annual Report

## Walnuts New Zealand Co-Operative Limited For the year ended 31 March 2023

The Directors have pleasure in presenting the Directors' Annual Report, together with the Company's Financial Statements for the year ended 31 March 2023.

As per Section 211 of the Act we disclose the following information:

### Principal Activity

The business of the company is Walnuts processing and marketing. The nature of the company's business has not changed during the year.

### Company Affairs

There have been no changes in the nature of business for the Company.

The results of the year and the state of the Company's affairs are considered satisfactory.

No guarantees were given for debts incurred by a Director, no indemnity was given to, or insurance given for, any Directors or employees of the Company, and no loans were made by the Company to any Director during the year.

### Auditors

BDO Christchurch Audit Limited have been appointed the Company's auditors and it is proposed that they continue in office in accordance with Section 207T of the Companies Act 1993.

As at 31 March 2023, audit fees totaling \$20,000 and audit of the shareholder register totaling \$1,000, were outstanding to BDO Christchurch Audit Limited.

### Directors Holding Office

The following Directors held office during the period:

- Francis VR Brenmuhl (Retired)
- Andrew K Horsbrugh
- Basil Meyer
- Colin R Prebble
- Mark C Wren (appointed)
- Timothy G B Armitage
- Clive Marsh
- Maria M Teide

## Director's Remuneration

Directors' remuneration was as follows:

	2023	2022
Francis VR Brenmuhl (Chair)	\$Nil	\$2,004
Andrew K Horsbrugh (Chair)	\$4,000	\$2,000
Andrew K Horsbrugh (Recruitment of GM)	\$Nil	\$5,500
Heather C North (Secretary)	\$Nil	\$700
Anna Brenmuhl (Secretary – Non-Director)	\$7,200	\$4,983

## Employees' Remuneration

The following number of employees, who were not directors, received remuneration and benefits, which exceeded \$100,000 in value for the 2023 financial year:

1 Employee – \$120,001 – \$130,000 (2022: \$120,001 – \$130,000)

## Directors' Disclosures

Transactions were entered into with the following Directors' entities as transacting shareholders:

- Tim othy G B Armitage – 1,273 Shares issued at \$2.75 each.
- Francis VR Brenmuhl (Aylesbury Walnuts Limited) – 4,886 Shares issued at \$2.75 each.
- Anna Brenmuhi (Courtenay Walnuts Limited) – 3,433 Shares issued at \$2.75 each.
- Andrew K Horsbrugh (Tunlaw Farm Limited) – 17,368 Shares issued at \$2.75 each.
- Colin Prebble (Nut Tree Farm Limited) – 343 Shares issued at \$2.75 each.
- Basil Meyer – 367 Shares issued at \$2.75 each.
- Mark Wren – 184 Shares issued at \$2.75 each.

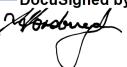
For other related party transactions, refer to Note 6 of the Notes to the Financial Statements.

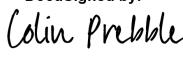
The Board of Directors received no notices from Directors wishing to use company information received in their capacity as Directors, which would not have ordinarily been available.

## Donations

No donations were made by the company during the period.

For and on behalf of the Board of Directors:

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# Statement of Profit or Loss and other comprehensive Income

Walnuts New Zealand Co-Operative Limited  
 For the year ended 31 March 2023

	NOTES	2023	2022
<b>Revenue</b>			
Sales	2	1,678,575	1,530,793
<b>Total Revenue</b>		<b>1,678,575</b>	<b>1,530,793</b>
<b>Cost of Sales</b>			
Cost of Sales	3	1,042,106	1,067,373
<b>Total Cost of Sales</b>		<b>1,042,106</b>	<b>1,067,373</b>
<b>Gross Profit</b>		<b>636,469</b>	<b>463,420</b>
<b>Other Income</b>			
Sundry Income		3,000	600
<b>Total Other Income</b>		<b>3,000</b>	<b>600</b>
<b>Total Income</b>		<b>639,469</b>	<b>464,020</b>
<b>Other Expenses</b>			
Administrative Expenses	4	597,984	572,224
<b>Total Expenses</b>		<b>597,984</b>	<b>572,224</b>
<b>Profit from operations</b>		<b>41,485</b>	<b>(108,204)</b>
<b>Finance Expense</b>			
Finance Expenses		26,262	15,843
<b>Finance Income</b>			
Interest Received		499	33
<b>Profit before tax</b>		<b>15,723</b>	<b>(124,014)</b>
<b>Taxation</b>			
Income Tax	8	(7,279)	(3,547)
<b>Profit</b>		<b>23,002</b>	<b>(120,467)</b>
<b>Total Comprehensive Income</b>		<b>23,002</b>	<b>(120,467)</b>

Note: This Statement is to be read in conjunction with the Notes to the Financial Statements and the Audit Report.

# Statement of Changes in Equity

## Walnuts New Zealand Co-Operative Limited For the year ended 31 March 2023

	NOTES	2023	2022
<b>Equity</b>			
<b>Equity at Start of Period</b>			
Share Capital		618,657	611,985
Accumulated Losses		(100,785)	19,682
<b>Total Equity at Start of Period</b>		<b>517,872</b>	<b>631,667</b>
<b>Total Comprehensive Income /(Accumulated Losses)</b>			
Profit/ (Loss) for the Year		23,002	(120,467)
<b>Total Total Comprehensive Income /(Accumulated Losses)</b>		<b>23,002</b>	<b>(120,467)</b>
<b>Share Capital</b>			
Movement in Issued and Paid up Capital	15	98,296	6,672
<b>Total Share Capital Movements</b>		<b>98,296</b>	<b>6,672</b>
Equity at the End of the Period		639,170	517,872
<b>Represented by:</b>			
Share Capital		716,953	618,657
Accumulated Losses		(77,783)	(100,785)
<b>Total Equity</b>		<b>639,170</b>	<b>517,872</b>

*Note: This Statement is to be read in conjunction with the Notes to the Financial Statements and the Audit Report.*

# Statement of Financial Position

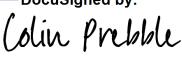
## Walnuts New Zealand Co-Operative Limited As at 31 March 2023

	NOTES	31 MAR 2023	31 MAR 2022
<b>Assets</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	7	58,435	299,930
GST Refund Due		19,819	12,950
Tax Refund Due	8	140	-
Trade & Other Receivables		158,662	131,389
Inventories	9	235,290	39,999
<b>Total Current Assets</b>		<b>472,346</b>	<b>484,268</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	10	605,563	449,763
Investments	11	500	500
Deferred Tax Asset	8	22,678	15,399
<b>Total Non-Current Assets</b>		<b>628,741</b>	<b>465,662</b>
<b>Total Assets</b>		<b>1,101,087</b>	<b>949,930</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Employee Benefit Liability - Holiday Pay	17	23,558	48,563
Income Tax Payable	8	-	16,513
Trade & Other Payables	16	71,421	104,078
Term Loans - Current Portion	12	55,140	71,347
Lease Liability - Current Portion	13	9,680	9,301
Property Lease Liability - Current Portion	13	22,449	-
<b>Total Current Liabilities</b>		<b>182,249</b>	<b>249,802</b>
<b>Non-Current Liabilities</b>			
Term Loans	12	134,708	171,752
Lease Liabilities	13	144,961	10,504
<b>Total Non-Current Liabilities</b>		<b>279,669</b>	<b>182,256</b>
<b>Total Liabilities</b>		<b>461,918</b>	<b>432,058</b>
<b>Net Assets/(Liabilities)</b>		<b>639,170</b>	<b>517,872</b>
<b>Equity</b>			
Share Capital	15	716,953	618,657
Accumulated Losses		(77,783)	(100,785)
<b>Total Equity</b>		<b>639,170</b>	<b>517,872</b>

Note: This Statement is to be read in conjunction with the Notes to the Financial Statements and the Audit Report.

The Financial Statements have been prepared for and signed on behalf of the Board:

DocuSigned by:  
  
Andrew Horsbrugh  
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DocuSigned by:  
  
Colin Prebble  
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Directors  
Authorised for Issue: 25 July 2023

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*Note: This Statement is to be read in conjunction with the Notes to the Financial Statements and the Audit Report.*

# Statement of Cash Flows

## Walnuts New Zealand Co-Operative Limited For the year ended 31 March 2023

2023	2022

### Cash flows

#### Cash flows from operating activities

##### Cash was provided from:

COVID-19 Wage Subsidy	3,000	600
Fees, subscriptions and other receipts from members	-	-
Receipts from providing goods and services	1,902,481	1,826,713
Interest Received	499	42
<b>Total</b>	<b>1,905,980</b>	<b>1,827,355</b>

##### Cash was applied to:

Taxation Paid	(16,653)	(9)
Payments to suppliers and employees	(2,048,162)	(1,777,690)
Short Term Lease Payments	(21,080)	(39,577)
Interest Paid	(26,262)	(15,843)
<b>Total</b>	<b>(2,112,157)</b>	<b>(1,833,119)</b>

Net cash (outflow)/inflow from operating activities	(206,177)	(5,764)
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#### Cash flows from investing activities

##### Cash was applied to:

(Payments) of Property, Plant & Equipment	(63,868)	(82,545)
<b>Total</b>	<b>(63,868)</b>	<b>(82,545)</b>

Net cash (outflow)/inflow from investing activities	(63,868)	(82,545)
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#### Cash flows from financing activities

##### Cash from provided from:

Shares Issued less transaction costs	98,296	62,832
<b>Total</b>	<b>98,296</b>	<b>62,832</b>

##### Cash was applied to:

Payment of loans borrowed from other parties (net)	(53,252)	(69,073)
Principal paid on lease liabilities	(16,494)	-
<b>Total</b>	<b>(69,746)</b>	<b>(69,073)</b>

Net cash (outflow)/inflow from financing activities	28,550	(6,241)
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Net Increase (Decrease) in Cash Held	(241,495)	(94,550)
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#### Cash Balances

Opening Cash Brought Forward	299,930	394,480
Ending Cash Carried Forward	58,435	299,930

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*Note: This Statement is to be read in conjunction with the Notes to the Financial Statements and the Audit Report.*

# Notes to the Financial Statements

## Walnuts New Zealand Co-Operative Limited For the year ended 31 March 2023

### 1. Reporting Entity

These are the Financial Statements of Walnuts New Zealand Co-operative Limited ('the company'). Walnuts New Zealand Co-operative Limited is a Co-operative Company incorporated and domiciled in New Zealand and registered under the Companies Act 1993 and Co-operative Companies Act 1996. Walnuts New Zealand Co-operative Limited is engaged in the business of Walnuts processing and marketing. Its goal is to grow the wealth and security of producer-shareholders by providing them with a path to market for their product.

Walnuts New Zealand Co-operative Limited does not constitute as an FMC reporting entity under section 452 of the Financial Markets Conduct Act 2013 as; the Co-operative has fewer than 50 shareholders; and would only be an FMC reporting entity by reason only of being an issuer of equity securities that are both voting products and regulated products.

The Company is designated as a Tier 2 for-profit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards.

The Financial Statements for the year ended 31 March 2023 present the financial position of the Company as at 31 March 2023 and the financial performance for the year ended on that date.

The Financial Statements presented for the year ended 31 March 2023 were authorised for issue by the Directors on 30 September 2023.

### Basis of Preparation

The Financial Statements of Walnuts New Zealand Co-operative Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for Tier 2 profit-oriented entities. The Financial Statements have been prepared in accordance with the Companies Act 1993, the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis have been followed by the company.

The information is presented in New Zealand dollars, which is the Company's functional and presentation currency and all values are rounded to the nearest dollar(\$).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). These financial statements have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

The Company is a Tier 2 for-profit entity and has elected to report in accordance with NZ IFRS RDR as issued by the New Zealand External Reporting Board (XRB). The Company is eligible to report in accordance with NZ IFRS RDR on the basis that it does not have public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the group has applied a number of disclosure concessions.

### Accounting Standards and Interpretations

During the year the company adopted all mandatory new and amended standards and interpretations.

### New Accounting Standards and Interpretations Issued but not yet adopted

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but are not yet effective. The Company expects to adopt these standards and interpretations when they become mandatory. None are expected to materially impact the Company's financial statements although may result in changes to disclosure.

## Changes in Accounting Policies

The Company has elected to apply the RDR exemptions this year. Other than this, the accounting policies adopted are consistent with those of the previous financial year.

## Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

### (a) Plant & Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Where an item of plant and equipment is disposed of or when no further economic benefits are expected from its use; the gain or loss (calculated as the difference between net sales price and carrying amount of the asset) is recognised in the Statement of Profit or Loss and Other Comprehensive Income (Statement of Profit or Loss).

The assets residual values, useful lives and depreciation methods are reviewed annually and adjusted if appropriate at each reporting date.

### (b) Depreciation

Depreciation was provided for in the Statement of Profit or Loss over the estimated useful life of each asset. The principal rates in use were:

Furniture & Fittings 13% to 16% Diminishing Value

Office Equipment 16% to 50% Diminishing Value

Plant & Equipment 10% to 67% Diminishing Value

Right of Use Assets (Vehicle) 26.6% Straight Line

Right of Use Assets (Property) 16.6% Straight Line

Leased assets are depreciated over the unexpired term of the lease or over the estimated useful life, whichever is shorter.

### (c) Impairment - Non-financial Assets

Assets other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Profit or Loss. Any reversal of the impairment loss is recognised as income immediately.

### (d) Shares Issued

Shares issued by the Company are recorded at the value of proceeds received, net of costs directly attributable to the issue of the shares.

### (e) Intangible Assets

Intangible assets consist of Goodwill.

Goodwill represents the excess of the purchase consideration over the fair value of net tangible and identifiable intangible assets acquired, at the time of acquisition. Goodwill is deemed to have an indefinite useful life and, therefore, is not amortised, but tested annually for impairment (Refer to Note 15). Any impairment is recognised in Profit or Loss and may not be subsequently reversed.

**(f) Goods & Services Tax**

These financial statements have been prepared on a GST exclusive basis with the exception of trade receivables and trade creditors and other trade payables which are shown inclusive of GST.

Cash flows have been presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing, which has been disclosed as operating cash flows.

**(g) Finance Costs**

Finance costs are recognised as an expense in the period in which they are incurred on an effective interest basis.

**(h) Income Tax**

The income tax expense recognised for the period includes both the current period provision and the income tax effects of timing differences, being deferred income tax. Income tax is recognised in Profit or Loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current period provision is the expected tax payable on the taxable profit for the period based on tax rates enacted at reporting date. Current tax for the period is recognised as a liability or asset in the Statement of Financial Position to the extent that it is not yet paid or refunded.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or the liabilities are settled.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable profits will be available in the future to utilise deductible temporary differences. Deferred tax has been calculated on the assumption that there will be no change in tax law or circumstances of the Company that will result in tax losses not being available to the Company in the future.

**(i) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of processed inventories includes the cost of direct product, direct labour and a proportion of the factory overhead, based on normal operating capacity.

**(j) Investments**

Investments are stated amortised cost.

**(k) Leases**

NZ IFRS 16 requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right of control the use of an identified asset for a period of time in exchange for consideration.

If the Company is a lessee, the Company recognises on the Statement of Financial Position the right-of-use asset and the corresponding lease liabilities, based on the present value of the lease payments. The right-of-use asset is depreciated as set out in Note (b) Depreciation.

For lease on land and buildings, the company has applied the short-term lease recognition exemption (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

**(l) Cash and Cash Equivalents**

Cash in the balance sheet comprise cash at bank and in hand.

**(m) Financial Instruments**

Financial instruments are recognised when the Company becomes party to a financial contract. Financial instruments for the Company comprise cash & cash equivalents, trade and other receivables, investments, and trade and other payables and borrowings.

**Financial Liabilities**

The Company recognises financial liabilities when the Company becomes party to a financial contract. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company classifies non-derivative financial liabilities into the financial liabilities at amortised cost category. Such financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

**Financial Assets**

The Company recognises financial assets when the company becomes party to a financial contract. The Company derecognises a financial asset when the rights to receive cashflows from investments have expired, or the Company has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following specific categories:

- Amortised Cost

**(i) Amortised Cost**

Cash and cash equivalents, term deposits and trade and other receivables that meet the following conditions are measured at amortised cost:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows: and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised costs are initially measured a fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

**(ii) Impairment of Financial Assets**

The Company recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cashflows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cashflows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade receivables, the Company applies a simplified approach in calculating ECLs and does not consider a material ECLs allowance to be recognised.

**(n) Revenue**

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods which is generally at the time of delivery.

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attached to the grants. Government grants are recognised in the Statement of Comprehensive Income on a systematic basis over the periods in which the Company recognises as an expense the related costs for which the grant is intended to compensate. During the year, and as a result of the COVID-19 pandemic, the Company applied for and received the government wages subsidy.

Interest revenue is recognised on an accruals basis using the effective interest method.

**(o) Employee Entitlements**

A liability for holiday pay entitlements is recognised in the balance sheet.

Where the payment is expected to be wholly within 12 months, the liability is the amount expected to be paid.

**(p) Statement of Cash Flows**

Definitions of the terms used in the Statement of Cash Flows.

"Cash and cash equivalents" comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

"Operating Activities" are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

"Investing Activities" are those activities relating to the acquisition and disposal of non-current assets.

"Financing Activities" are those activities relating to changes in the equity and debt capital structure of the Company and those activities relating to the cost of servicing the Company's equity capital.

	2023	2022
<b>2. Revenue</b>		
Sales	1,678,575	1,530,793
<b>Total Revenue</b>	<b>1,678,575</b>	<b>1,530,793</b>
	2023	2022
<b>3. Cost of Sales</b>		
Purchases	855,564	711,173
Freight	83,460	69,333
Purchases - Additional Payout**	38,271	32,451
Movement in Stock	(195,291)	31,744
Direct Wages & Salaries	260,101	222,672
<b>Total Cost of Sales</b>	<b>1,042,106</b>	<b>1,067,373</b>

\*\* Note Premium paid to growers based on walnuts supplied.

	2023	2022
<b>4. Operating Expenses</b>		
Accident Compensation Levy	1,862	2,694
Accountancy Fees	20,485	10,245
Administration Outwork	20,978	18,338
Advertising	7,933	14,591
Audit Fees	36,915	26,100
Bank Charges	920	(147)
Brand Development Costs Expensed	-	42,954
Cleaning & Rubbish Disposal	7,469	7,161
Commissions	2,063	-
Compliance Costs	14,168	12,391
Consultancy	3,978	1,840
Depreciation	81,848	71,830
Entertainment Deductible	1,497	253
Entertainment Non Deductible	1,420	-
General Expenses	2,943	372
General Expenses - Factory	7,841	18,400
Governance & Company Secretary Costs	13,607	16,150
Impaired Goodwill	-	66,500
Insurance	17,350	16,578
Legal Expenses	11,946	5,262
Light Power & Heating	5,096	4,694
Loss on Sale of Property, Plant & Equipment	12,211	-
Minor Assets	1,997	-
Motor Vehicle Expenses	6,383	7,058
Pest Control	2,572	-
Plant & Equipment Hire	-	2,052

	2023	2022
Printing, Stationery & Computer Expenses	12,399	7,618
Repairs & Maintenance - Factory	33,048	15,219
Sales and Marketing	42,396	32,008
Short Term Lease Payments	21,080	35,347
Staff Expenses	2,640	-
Subscriptions & Registrations	3,832	1,770
Telecommunications	2,607	3,130
Travel & Parking Expenses	4,627	27
Wages & Salaries	191,873	131,789
<b>Total Operating Expenses</b>	<b>597,984</b>	<b>572,224</b>

Governance costs include payments to Directors for Company Secretary and Chair roles. Refer to Note 5 – Related Parties for details.

Employee Superannuation costs included are as follows.

	2023	2022
	\$	\$
Employee Superannuation Contributions	12,213	8,276

## 5. Related Parties

The following transactions with related parties occurred during the period:

(a) Purchases of goods and services, Shares issued and Interest on balances owed to Directors

The Directors, who are growers/suppliers of walnuts, undertook trade with the Co-operative during the year at arm's length. The value of these transactions as a group was \$515,966 (2022: \$402,005). \$Nil was outstanding to the Directors at 31 March 2023 (2022: \$37,461).

Basil Meyer, a Director, is the NZ Agent for Feucht Obsttechnik, an overseas supplier for walnut processing equipment. There were no transactions with this supplier during the year. Basil Meyer was paid \$6,259 for waste disposal services during the year (2022: \$4,760).

Aylesbury Walnuts Ltd, of which Francis Brenmuhl is a Director, was paid \$2,400 for management of bin services. (2022: \$3,000)

FLV Holdings Ltd, of which Colin Prebble is a Director, was paid \$21,325 for consulting services. (2022: \$Nil). In 2022, an amount of \$360 was paid for due diligence advice in relation to a possible business acquisition which did not proceed.

Shares were issued to the following Directors during the year:

- Timothy G B Armitage – 1,273 Shares issued at \$2.75 each.
- Francis VR Brenmuhl (Aylesbury Walnuts Limited) – 4,886 Shares issued at \$2.75 each.
- Anna Brenmuhi (Courtenay Walnuts Limited) – 3,433 Shares issued at \$2.75 each.
- Andrew K Horsbrugh (Tunlaw Farm Limited) – 17,368 Shares issued at \$2.75 each.
- Colin Prebble (Nut Tree Farm Limited) – 343 Shares issued at \$2.75 each.
- Basil Meyer – 367 Shares issued at \$2.75 each.
- Mark Wren – 184 Shares issued at \$2.75 each.

There were no payments of interest to Directors for the year ended 31 March 2023. (2022: \$nil)

**(b) Key management compensation and transactions**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the company listed on page 3 and the General Manager of the company.

Summary:

	2023	2022
Salary	\$144,606	\$145,004

**(c) Deed of Lease**

A Deed of Lease for the lease of the premises and car parks at 142 Trickets Road, West Melton, Christchurch was entered into on 1 November 2022 with P & A Partnership. Peter Andrew & Angela Leigh Collier are shareholders as well as partners of the partnership.

The lease entered into is for a term of 6 years for \$39,585 plus GST per annum (refer to Note 15). During the 2023 year, \$12,470 of outgoings was also paid to P & A Partnership.

No amounts with any related parties have been written off or foregone during the period.

**6. Securities and Guarantees**

The only securities and guarantees relate to Term Liabilities (refer to Note 16).

	2023	2022
<b>7. Cash &amp; Cash Equivalents</b>		
Cash and Bank Accounts	58,435	299,930
<b>Total Cash &amp; Cash Equivalents</b>	<b>58,435</b>	<b>299,930</b>

	2023	2022
<b>8. Income Tax</b>		
Profit before tax	15,723	(14,560)
<b>Add/(Less) Non Taxable Timing Differences</b>		
Increase in Holiday Pay Accrual	(28,080)	2,983
Non-Deductible Expenses	-	135
Effect of Application of IFRS 16 Leases	3,251	(264)
Net Surplus/(Deficit) for Taxation	(9,106)	(11,706)
<b>Add/(Less) Other Adjustments</b>		
Tax Losses Brought Forward	(11,706)	-
Additional Losses Brought Forward	(42,954)	-
Tax Losses to Carry Forward	63,766	11,706
Net Surplus/(Deficit) as per Tax Return	-	-
Current Year Provision at 28%	-	-
<b>Deferred Tax</b>		
Deferred Income Tax Expense	(7,279)	(3,547)
Total Income Tax Expense/(Benefit)	(7,279)	(3,547)

During the preparation of the 2022 tax return, there were additional tax deductions discovered resulting in additional losses to bring forward into the 2023 tax year of \$42,954.

#### Deferred Tax

	2023	2022
Opening balance	\$ (15,399)	\$ (11,852)
Deferred portion of current year's tax expense	(7,279)	(3,547)
Deferred Tax Closing Balance at 28%	<b>(\$22,678)</b>	<b>(\$15,399)</b>

The tax charge in the Statement of Profit or Loss reflects the movements in deferred tax on holiday pay and income tax losses available to carry forward.

Holiday Pay Liability	4,824	12,687
Tax Losses available to carry forward	17,854	2,712
Total	<b>\$22,678</b>	<b>\$15,399</b>

	2023	2022
<b>9. Inventories</b>		
Stock on Hand	235,290	39,999
<b>Total Inventories</b>	<b>235,290</b>	<b>39,999</b>

## 10. Property, Plant & Equipment

	Note	2023 \$	2022 \$
<b>Furniture &amp; Fittings</b>			
At Cost		5,947	6,763
Less accumulated depreciation		(2,807)	(3,197)
Book Value		3,140	3,566
Current year depreciation		422	650
<b>Office Equipment</b>			
At Cost		44,225	43,725
Less accumulated depreciation		(39,214)	(36,961)
Book Value		5,011	6,764
Current year depreciation		6,094	4,043
<b>Plant &amp; Equipment</b>			
At Cost		695,265	653,651
Less accumulated depreciation		(271,060)	(233,388)
Book Value		425,205	420,263
Current year depreciation		54,157	57,936
<b>Right of Use Assets (Vehicle)</b>			
Under NZ IFRS 16 Leases		34,505	34,505
Less accumulated depreciation		(24,537)	(15,335)
Book Value		9,968	19,170
Current year depreciation		9,202	9,201
<b>Right of Use Assets (Property)</b>			
Under NZ IFRS 16 Leases		175,241	-
Less accumulated depreciation		(12,003)	-
Book Value		163,238	-
Current year depreciation		12,003	-

**2023 Reconciliation between Opening and Closing Carrying Amount**

	<b>Furniture &amp; Fittings</b> \$	<b>Office Equipment</b> \$	<b>Plant &amp; Equipment</b> \$	<b>Right of Use Assets (Vehicle)</b> \$	<b>Right of Use Assets (Property)</b> \$	<b>Total</b> \$
<b>Gross carrying amount</b>						
Balance at 1 April 2022	3,566	6,764	420,263	19,170		449,763
Additions	-	2,849	82,262	-	175,241	260,352
Disposals	-	(257)	(22,445)	-		(22,702)
Less						
Current year Depreciation	(422)	(6,064)	(54,157)	(9,202)	(12,003)	(81,848)
Balance at 31 March 2023	3,144	3,292	425,923	9,968	163,238	605,563

Please refer to note 16 for security held over assets.

	2023	2022
<b>11. Investments</b>		
Farmland Shares	500	500
<b>Total Investments</b>	<b>500</b>	<b>500</b>

**12. Term Liabilities**

Term Liabilities, are detailed below along with the original term, security and interest rate as at balance date.

**Business Loan - Inland Revenue**

Closing Balance:	\$15,208
Maturity date:	3 years commencing May 2022
Repayments:	Principal and Interest Monthly Payments of \$605
Interest Rate:	3.00%

**Loan - Westpac Back**

Closing Balance:	\$174,640
Maturity date:	18 February 2026
Repayments:	Principal and Interest Monthly Payments of \$5,416
Interest Rate:	10.40%

	2023 \$	2022 \$
Total Term Liabilities	\$189,848	243,099
Repayable as follows:		
Less than one year	55,140	71,347
One to five years	134,708	171,752
<b>Total repayable</b>	<b>\$189,848</b>	<b>\$243,099</b>

#### **Securities & Guarantees**

Westpac Bank holds a Registered General Security Agreement, dated 23 August 2019 over all present and after-acquired property, and a Specific Security Agreement, dated 23 August 2019 over Sortex EIC BioVision Optical Sorter (ID: 700154379) and accessories and all present and after-acquired property.

### 13. Leases Liabilities & Commitments

The company has a lease contract for a motor vehicle which has a term of 3.75 years. Motor vehicles have lease terms between 3 to 3.75 years. The company's obligations under the lease is secured by the lessor's title to leased motor vehicle.

Generally, the company is restricted from assigning and subleasing the leased motor vehicle.

The right of use asset relating to the motor vehicle lease is included within Property, Plant & Equipment (Note 13).

At Balance Date \$10,504 was outstanding (2022: \$19,805) of which \$9,680 is due within the next twelve months.

Lease Instrument:	2021 Mazda CX-5 GSX, Regn No. MZZ116
Closing Balance:	\$ 10,504
Termination Date:	27 April 2024
Interest Rate:	4.00%
Term:	3.75 years
Interest Expense on Lease Liabilities	\$ 623

	2023	2022
Opening Balance	19,805	28,742
Additions	-	-
Payments	(9,924)	(9,924)
Interest	623	987
<b>Closing Balance</b>	<b>10,504</b>	<b>19,805</b>
Current	9,680	9,301
Term	824	10,504
<b>Total</b>	<b>10,504</b>	<b>19,805</b>

The company has a lease contract for a property which has a term of 6 years. The company's obligations under the lease is secured by the lessor's title to leased property.

Generally, the company is restricted from assigning and subleasing the leased property.

The right of use asset relating to the property lease is included within Property, Plant & Equipment (Note 13).

At Balance Date \$166,586 was outstanding (2022: \$Nil) of which \$22,449 is due within the next twelve months.

Lease Instrument:	142 Tricketts Road, West Melton
Closing Balance:	\$ 166,586
Termination Date:	1 November 2028
Interest Rate:	10.95%
Term:	6 years
Interest Expense on Lease Liabilities	\$ 7,839

	2023	2022
Opening Balance	-	-
Additions	175,241	-
Payments	(16,494)	-
Interest	7,839	-
<b>Closing Balance</b>	<b>166,586</b>	-
Current	22,449	-
Term	144,137	-
<b>Total</b>	<b>166,586</b>	-

For additions, carrying amount and depreciation charge of right of use assets, refer to Note 13.

	2023	2022
Lease of Vehicles	\$	\$
Less than one year	9,680	9,301
Greater than one year and no greater than five years	824	10,504
<b>Total</b>	<b>\$10,504</b>	<b>\$19,805</b>

	2023	2022
Rent of Property	\$	\$
Less than one year	22,449	20,075
Greater than one year and no greater than five years	144,137	-
<b>Total</b>	<b>\$166,586</b>	<b>\$20,075</b>

The Company applies NZIAS36 to determine whether a ROU asset is impaired and accounts for any identified loss under the same policy adopted for property, plant and equipment.

#### 14. Capital Expenditure Commitments

At year end Walnuts New Zealand Co-operative Limited has committed \$0 (2022: \$0) to capital expenditure.

#### 15. Shareholders Equity

(a) Share Capital

	2023 \$	2022 \$
Opening Balance – 245,388 Shares (2022: 222,540)	618,657	611,985
Transaction Costs	-	(56,160)
	618,657	555,825
Share Capital Issued – 35,744 Shares (2022: 22,848)	98,296	62,832
Closing Balance – 281,132 Class A Shares	716,953	618,657

At year end Walnuts New Zealand Co-operative Limited has Class A Shares (with voting rights), which can only be held by suppliers and intending suppliers of walnuts to Walnuts New Zealand Co-operative Limited.

The holder of Class A shares has one vote at shareholder meetings for every 500 shares held in the company (or part thereof). The shares are transferable, with the agreement of the Board.

The shares were authorised and issued at \$2.75 each, and are fully paid up.

	2023	2022
<b>16. Trade &amp; Other Payables</b>		
Trade Creditors	(44,205)	(74,081)
Accrued Expenses	(25,342)	(25,372)
Westpac Mastercard	(1,874)	(4,625)
<b>Total Trade &amp; Other Payables</b>	<b>(71,421)</b>	<b>(104,078)</b>

The amount for Trade Creditors includes \$Nil (2022: \$40,181) owed to growers.

	2023	2022
<b>17. Employee Benefit Liability</b>		
Employee Benefit Liability for Holiday Pay	(17,230)	(45,310)
Accrued Wages	(6,328)	(3,253)
<b>Total Employee Benefit Liability</b>	<b>(23,558)</b>	<b>(48,563)</b>

## 18. Financial Instruments

2023	
Financial Assets at Amortised Cost	
Cash & Cash Equivalents	58,435
Trade & Other Receivables	158,662
Investments	500
<b>Total Financial Assets at Amortised Cost</b>	<b>217,597</b>
Liabilities at Amortised Cost	
Trade & Other Payables	67,764
Loans & Borrowings	200,352
<b>Total Financial Liabilities at Amortised Cost</b>	<b>268,116</b>

2022	Assets at Amortised Cost
Financial Assets at Amortised Cost	
Cash & Cash Equivalents	299,930
Trade & Other Receivables	131,389
Investments	500
<b>Total Financial Assets at Amortised Cost</b>	<b>431,819</b>
Liabilities at Amortised Cost	
Trade & Other Payables	107,331
Loans & Borrowings	262,904
<b>Total Financial Liabilities at Amortised Cost</b>	<b>370,235</b>

## 19. Going Concern

The company has completed a forecasted cashflow assessment. It is considered it has adequate cash and banking facilities combined with support of its shareholders and financiers. The directors are satisfied with the trading results post year end to support the going concern assumption.

## 20. Contingent Assets and Liabilities

As at 31 March 2023 there are no known contingent assets or liabilities. Walnuts New Zealand Co-operative Limited has not granted any securities in respect of liabilities payable by any other party.

## 21. Significant Events after Balance Date

There have not been any significant events since balance date to affect the results shown in these statements.

BDO Christchurch  
PO Box 246  
Christchurch

25 July 2023

Dear Warren Johnstone

**Audit of financial statements**

**Audit of financial statements for the year ending 31 March 2023**

This representation letter is provided in connection with your audit of the financial statements of Walnuts New Zealand Co-Operative Limited (“the Company”) for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime and fairly present the financial position of the Company as at 31 March 2023 and the results of its operations and its cash flows for the year then ended.

We confirm that the representations we make in this letter are in accordance with the definitions set out in Appendix A to this letter.

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial statements**

1. We have fulfilled our responsibilities on behalf of the Company, as set out in the terms of the audit engagement letter dated 29 March 2023 for the preparation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; in particular the financial statements are fairly presented in accordance therewith.
2. Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements in accordance with the requirements of New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.
4. All events subsequent to the date of the financial statements for which New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime require adjustment or disclosure have been adjusted or disclosed.
5. We confirm that the selection and application of accounting policies is appropriate.

6. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
7. The company has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed, nor has any asset been pledged as collateral that has not been disclosed in the financial statements.
8. There are no other liabilities that are required to be recognised and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, including liabilities or contingent liabilities arising from illegal or possible illegal acts.
9. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole

A list of the uncorrected misstatements is attached to the representation letter at Appendix B.

### **Information provided**

10. We have provided you with:
  - i. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - ii. Additional information that you have requested from us for the purpose of the audit; and
  - iii. Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.
11. All transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We confirm the following:
  - i. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - ii. There have been no instances of fraud or suspected fraud that we are aware of and that affect the Company and involves/involve:
    - Management;
    - Employees who have significant roles in internal control; or
    - Others where the fraud could have a material effect on the financial statements.

- iii. There have been no allegations of fraud, or suspected fraud, affecting the Company's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, we acknowledge our responsibility for such internal control as we determine is necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, we acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

- 13. We have communicated to you all deficiencies in internal control of which we are aware.
- 14. There have been no instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Further, we confirm that there are no known actual or possible litigation or claims whose effects should be considered when preparing the financial statements.

- 15. There have been no communications from regulatory agencies, governmental representatives, tax authorities or others concerning investigations or allegations of non-compliance with laws or regulations, deficiencies in financial reporting practices or other matters that could have a material impact on the financial statements.
- 16. We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.
- 17. Taking into account all available information about the future, we have assessed the Company's ability to continue as a going concern for the period of at least, but not limited to, twelve months from the date on which the financial statements will be signed. We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

We have appropriately considered our ultimate company's ability and intent to continue to support the Company and consider the use of the going concern assumption to be appropriate.

- 18. We will provide the final version of the documents determined to comprise the annual report to the auditor when available, and prior to its issuance by the Company.

Yours faithfully

DocuSigned by:  
  
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**DIRECTOR**

Andrew Horsbrugh

DocuSigned by:  
  
893BAD8AB0D546F...

**DIRECTOR**

Colin Prebble

## APPENDIX A

<u>Term</u>	<u>Definition</u>
<b>Financial statements</b>	<p>NZ IAS 1.10 states that a complete set of financial statements comprises:</p> <ul style="list-style-type: none"> <li>• a statement of financial position as at the end of the period;</li> <li>• a statement of profit or loss and other comprehensive income for the period;</li> <li>• a statement of changes in equity for the period;</li> <li>• a statement of cash flows for the period;</li> <li>• notes, comprising significant accounting policies and other explanatory information;</li> <li>• comparative information in respect of the preceding period; and</li> <li>• a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.</li> </ul>
<b>Material matters</b>	<p>Certain representations in this letter are described as being limited to matters that are material.</p> <p>NZ IAS 1.7 and NZ IAS 8.5 state the following:</p> <p>Material Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.</p>
<b>Fraud</b>	<p>Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users. [ISA (NZ) 240.A2]</p> <p>Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization. [ISA (NZ) 240.A5]</p>
<b>Error</b>	<p>An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure. [IFAC Glossary of Terms].</p> <p>Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:</p>

	<p>(a) was available when financial statements for those periods were authorised for issue; and</p> <p>(b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud. [NZ IAS 8.5]</p>
<b>Management</b>	<p>For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”. [ISA (NZ) 580.8]</p>
<b>Related party</b>	<p>A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in NZ IAS 24 <i>Related Party Disclosures</i> as the “reporting entity”).</p> <p>(a) A person or a close member of that person’s family is related to a reporting entity if that person:</p> <ul style="list-style-type: none"> <li>(i) has control or joint control of the reporting entity;</li> <li>(ii) has significant influence over the reporting entity; or</li> <li>(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.</li> </ul> <p>(b) An entity is related to a reporting entity if any of the following conditions applies:</p> <ul style="list-style-type: none"> <li>(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).</li> <li>(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).</li> <li>(iii) Both entities are joint ventures of the same third party.</li> <li>(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.</li> <li>(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.</li> <li>(vi) The entity is controlled or jointly controlled by a person identified in (a).</li> </ul>

	<p>(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).</p> <p>(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.</p>
<b>Related party transaction</b>	A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. [NZ IAS 24.9]

**Appendix B**

<b>Description of Proposed Audit Adjustment</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Profit &amp; Loss</b>
	<b>Dr/(Cr)</b>	<b>Dr/(Cr)</b>	<b>Dr/(Cr)</b>	<b>Dr/(Cr)</b>
Audit fee		2,342		(2,342)
ROU liability understated		13,821		(13,821)
Prior period error - understated Deferred Tax Asset			12,027 / (12,027)	