



# Walnuts New Zealand Co-operative Limited

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## ANNUAL REPORT FY2024

For the year 1 April 2023 to 31 March 2024



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## About us

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Walnuts New Zealand Co-operative Limited is a grower-owned co-operative company whose main activities are to purchase, process, market and sell walnuts. We operate a walnut processing factory in West Melton, Canterbury. Our range of products is sold



nation-wide and includes kernel pieces for snacking and baking, in-shell walnuts, ground walnuts for food manufacturers, and specialist items such as oil, flour and dukkah. Our retail products carry our brand Trickett's Grove, and our ingredients (non-retail) products are sold under the Co-operative's logo.



Walnuts New Zealand Co-operative Limited commenced business on 1 May 2015. On 23 December 2015 we registered a Product Disclosure Statement to offer shareholding to walnut suppliers. Shareholding is based on volume of supply, with the share standard being one share per kilogram of walnuts supplied. As at 3 April 2024 we had 42 shareholders, holding a total of 306,631 shares.

This annual report covers our ninth year in business, from 1 April 2023 to 31 March 2024.

### Our statement of purpose

The purpose of our co-operative company is to grow the wealth and security of our New Zealand walnut producer-shareholders through our common goals of:

- Reliable supply of premium-value product to our consumers;
- Providing a path to market for our shareholders;
- Efficient and effective processing and cohesive marketing;
- Unity of purpose amongst our suppliers;
- Behaviour that is socially, financially and environmentally responsible.

### Board of directors

Our constitution requires a board of seven directors. Generally, directors must be shareholders of the Company, though our constitution allows one Appointed Director who is not a shareholder. To date, other than the Chair, the board members have not been paid for their role as directors. The Company Chair receives a payment for time spent and to help cover expenses. Current directors are:

Andrew Horsbrugh (Company Chair)

*Andrew and his wife Jo own and operate Tunlaw Farm Limited, a 45-ha walnut orchard in West Melton. Andrew is an orchardist, a business advisor, a director, and a member of the Institute of Directors New Zealand. Andrew and Jo are the New Zealand agents for AMB Rousset walnut harvesting and processing equipment.*

Colin Prebble

*Colin and his wife Karen have a 25-year-old orchard they developed from scratch. Colin is a retired Chartered Accountant with experience on various boards and committees. He is also a partner in some Christchurch-based hospitality businesses.*

Tim Armitage

*Tim and Cherry have a 28-year-old walnut orchard at Eyreton. Tim worked internationally as an Institutional Development consultant. He became a Fellow of Engineering New Zealand and assesses the competence of applicants for infrastructure-related diplomas.*

Basil Meyer

*Basil farms in partnership with Trudi; they have 1000 walnut trees on their property near Charing Cross, Darfield. Both are originally from Switzerland and settled in New Zealand in 1987. Basil and Trudi are the New Zealand contact for Feucht Obsttechnik, the German manufacturer of walnut harvesting equipment.*

Maria Tiede

*Maria has a 1300 tree walnut orchard, in partnership with husband Damien and sister Anna, which they planted 16 years ago. Maria works for Wyma Solutions as a design planner and compliance manager.*

Mark Wren

*Mark and Denise have a 250 tree walnut orchard on Banks Peninsula. Mark works for Synlait as the Lead With Pride Manager.*

Clive Marsh

*Clive has a 17Ha orchard that is over 25 years old. Off farm work includes self-employed consultant Process Engineer specialising in Food, Medical Device and Pharmaceutical manufacture. Clive has skills in Process & product development, quality systems and regulatory affairs (ISO & GMP compliance). Clive has a PhD in engineering and many years working in research roles.*

## **Report of the Company Chair and General Manager**

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### **Overview**

As a growing co-operative, we are at a difficult stage for our business. The supply of walnuts to the Co-op has grown but we have not yet developed new markets for this extra volume. It is a positive we have increased walnut supply to help decrease our fixed costs per kg, but this only works if we can sell this increased volume.

Historically our sales have largely been to NZ's discerning customers who are prepared to pay for the premium fresh NZ walnut and its associated health benefits, but we now need to go beyond this to sell our increased volume. We know our long-term success requires us to develop new products and an export market, but we have yet to do this. To sell the increased walnut crop today our sales efforts have had to focus on import substitution which is the commodity end of the market. This sales channel has proven to be harder to crack than anticipated with many customers having established supply lines. As a result, we

entered 2023 with a carryover of walnuts from the previous year, which has further increased into 2024.

Our challenges have been compounded by the difficulties faced by the New Zealand economy. With the country in a recession and walnuts not seen as an essential food item, our sales have decreased over this last year.

Our General Manager Kevin Parish has worked hard to grow new customers, but this new business has not offset the across-the-board sales decline.

The net effect was a FY2024 financial loss of \$40,082 and a payout to our growers the lowest it has been. It is cold comfort that this low grower payout reflects the walnut grower fortunes worldwide, particularly when the forecast for the coming year looks to be even more challenging.

The importance to our business of getting new large volume customers quickly cannot be underestimated, however, our fortunes could change overnight. We have a super product that not only tastes good but is good for you and good for the planet. Walnuts are a superfood, fresh is best, and our orchards sequester carbon. Our fortunes could change instantly if one of the large importers or potential new customers wanted to align their brand with ours.

### **Supply / Sales**

The year-end FY2024 volumes (from the 2023 harvest) were 245MT. We entered the year with a carryover of 47 MT giving a total of 292MT to sell. Our sales volume for FY2024 was 177MT, an 8.5% decrease from last year's 193MT. This leaves us with a carryover into FY2025 of 115MT.

Within these volumes it was positive to see the lift in organic supply from 25 to 42MT, a surprising 68% growth. Unfortunately, this growth well exceeded our organic demand leaving us with significant carryover which ends up in the conventional channel. Compounding this was the tough economic conditions which decreased the organic market more-so than the conventional. Despite this, the new grower payout model ensured the premium was still achieved for our organic growers. Specific organic market development continues.

The 2024 new season walnut harvest is 220MT. It is our single priority to develop the business so we can sell the carry-over and this new season crop.

Our long-term success will come from new value-add products and export opportunities. We continue to invest in this area with our export license to China achieved this year and our General Manager recently visiting China to develop new relationships. However, as a small co-operative with limited resources, this has taken a back seat to the immediate priority of selling all our carryover and annual crop.

Over 2300MT of in-shell equivalent walnuts are imported as kernel into NZ every year. We need to convert 5% from imports to NZ walnuts to sell our carryover. Due to well-established supply lines and our lack of scale winning this new business is proving to be difficult to achieve but we are not deterred, and this remains a key priority.

An area of consistent sales with growth opportunities is inshell sales. Last year demand exceeded our supply and we are looking for more growers to meet the inshell specification.

WNZC has a unique position with the 'inshell market' with foreign competition limited in their ability to import inshell into New Zealand for bio security reasons.

As I mentioned last year most orchards supplying the Co-op have yet to reach full maturity. If we have no new plantings, we still have the potential to triple our volumes over the next 10 years. This extra volume will give us scale over our fixed cost structure but will require investment into new products, markets, processing, and material handling equipment. We have an opportunity but there is much work ahead of us.

## **Results**

The financial result for FY2024 was a loss of \$40k, \$63k behind last year's result. The decrease in year-on-year performance was materially due to \$190k less sales. In challenging times our gross margin as a % was maintained and despite inflationary pressure our costs were below last year.

Our cash reserves have been depleted by \$146k, materially due to our increased inventory. These payments to shareholders for walnuts that we have yet to sell will convert to cash when the excess inventory is sold – our key challenge.

## **Grower Payout**

The grower payout for the FY2024 year was the lowest in our co-operative's existence. The payout reflected our co-ops financial performance as detailed above and unfortunately is forecast to remain low in this depressed market.

We see a path to increased grower returns but this will be subject to several things happening - we need to develop sales that will release our carryover stocks, develop new high value products and markets, and achieve more scale over our fixed cost structure.

## **Grading**

Our payout this year was based on the new grading system with the payout determined by the earnings achieved by the separate areas of conventional or organic walnuts, with these then split into the amount of A grade and B grade kernel that was supplied by the individual growers.

We are confident this is a fairer grading system that gives better individual feedback on the quality of walnuts we supply, and a payment that relates to what the supplier's walnuts earn the cooperative.

## **Audit**

We are pleased to report that the audit report from BDO was an unmodified and unqualified opinion, i.e., no issues were noted and a clean audit report was issued. This is a credit to Kevin, our staff and Lottie our contract accountant.

## **Customers**

We have a group of loyal customers who love our products, and we are grateful for their continued support. We are thankful to our new customers and look forward to the market conditions improving so all our customers can see a demand return to more normal levels. An important initiative for us this year was to develop a sales relationship with Mark Donovan. Mark has years of food industry experience and many associated contacts. Mark is helping us develop new business with manufacturing and distribution customers. His value

to our business has already been shown with the addition of Service Foods as a key distributor.

Unfortunately, a lot of the work on developing new products and higher-value propositions for the market has been put on hold as we spend the majority our time “pounding the pavement” working hard to develop new sales. Thank you Kevin for the many hours you have spent on this.

### **Factory**

Our factory's loyal and hardworking team meets our customer requirements daily. We are fortunate to have such a dedicated team who also focus on steady and ongoing factory improvements. Thank you.

We have enjoyed a few shareholder open days and information exchanges during the year and it has been great to see the level of attendance at these events.

### **Acknowledgments**

I would like to especially thank Kevin for his dedication to making our business successful.

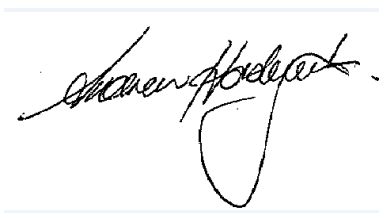
I would like to thank and acknowledge the board for the many hours of work they do for all shareholders.

Thank you to the Walnut Industry Group (WIG) for your important work in supporting all growers and helping improve yield and quality.

Finally, I would like to thank you, our shareholders, for your continued support, particularly during these tough economic conditions and during this difficult stage of our Co-op's growth. Your support of our co-operative is important and appreciated.

The world needs quality, nutritious, climate-positive food. Our time will come.

Ngā Mihi



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**Andrew Horsbrugh**  
Chair



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**Kevin Parish**  
General Manager



## Summary of financial performance

Here we review some of the key financial results for the year; for details please see the full audited accounts included in this Annual Report.

### *Selected financial information for 2024 financial year compared to previous years*

*For details please see the Financial Statements section of this Annual Report, including the auditor's report. Financial Statements from previous years can be found on the Product Disclosure Statement Offer Register at <https://disclose-register.companiesoffice.govt.nz> offer number OFR10376.*

SELECTED FINANCIAL INFORMATION	For the Year Ending 31 March 2018 (\$)	For the Year Ending 31 March 2019 (\$)	For the Year Ending 31 March 2020 (\$)	For the Year Ending 31 March 2021 (\$)	For the Year Ending 31 March 2022 (\$)	For the Year Ending 31 March 2023 (\$)	For the Year Ending 31 March 2024 (\$)
Revenues – Sales	1,237,484	1,137,610	1,326,568	1,502,860	1,530,793	1,678,575	1,488,126
Earnings before interest, tax, depreciation and amortisation (EBITDA)	42,652	53,609	85,434	117,585	(36,374)	123,333	81,850
Net profit after tax	5,437	15,717	16,032	28,966	(120,467)	23,002	(40,082)
Total assets	630,803	932,021	868,652	1,245,737	949,930	1,101,087	1,121,950
Cash and cash equivalents	85,557	266,136	130,281	394,480	299,930	58,435	(87,622)
Total liabilities	204,856	451,226	365,702	670,230	432,058	461,918	452,740
Total interest-bearing liabilities	16,277	0	225,377	272,084	243,099	189,848	134,548
Net cash flows from operating activities	(123,359)	195,958	(87,064)	257,998	(5,764)	(206,177)	(146,057)
'Current value' of share as at end of financial year <i>(total assets minus total liabilities divided by number of shares on issue)</i>	\$2.24	\$2.35	\$2.43	\$2.59	\$2.11	\$2.27	\$2.18



One indicator of the financial strength of the Company is the 'current value' (the underlying net asset position per share) as shown in the table above. In FY2022 this declined as a result of the Goodwill and Branding investments being written off against earnings. In this latest year this declined due to the capital raised from the increased shareholding being used to support operational cashflow requirements.

Since the 2020/21 year the Company's financial position has allowed for an interim payment to suppliers in August/September, followed by a second in December, with final payment at the end of the financial year. Prior to this there was only one interim payment in Oct/Nov with final payment at the end of the financial year.

No dividends were paid to shareholders in respect of the 2023/24 financial year.

## Shareholding and participation by walnut suppliers

As at 3 April 2024, the Co-operative had 42 shareholders, holding a total of 306,631 shares. This is an increase of 25,499 shares during the financial year. With a nominal share price of \$2.75, the total (gross) capital investment by walnut growers at 31 March 2024 was \$843,235.

As at 3 April 2024, substantial shareholders (holding 5% or more of the issued shares) were those listed in the table below.

<b>Substantial shareholders</b> (holding 5% or more of the issued shares)	<b>Number and percentage of shares as at 3 April 2024</b>
Tunlaw Farm Limited	57,156 shares (18.6%)
Clive Marsh & Heather North	56,450 shares (18.4%)
Aylesbury Walnuts Limited	39,314 shares (12.8%)
Stephen Thomas & Sonya Olykan	17,541 shares (5.7%)
Wilhelmina Hubber	15,756 shares (5.1%)

Shareholders are continuing to make use of their ability to transfer shares between one another.

Growers supplying under 2 tonnes of walnuts per year do not have to own shares under the Company's constitution, though many do.

## Sales, marketing and brand development



### SALES

In 2023 we saw a slowing in sales to our existing customers as economic conditions worsened and we were faced with having to compete with imported products. This combined with an increase in harvest in 2023 compounded the challenge. Moving inventory into sales (cash) became the priority and this saw Jenny start supporting our GM in the sales function and Mark Donovan join as a part time contractor to help boost our resources and target the B2B markets. As part of this development, we have established a new customer database using Hubspot to track interactions with current and potential customers and develop a sales pipeline. Additionally, we have also mapped the imported walnut landscape to understand the players, product and pricing to take advantage of opportunities for our business to supplement and/or replace imported product.

### MARKETING

The business introduced several campaigns via social media channels over the past year. One of note was the 'Eat your Walnuts' promotion that was a subtle hint at the connection between walnut consumption and cognitive maintenance and development. The movement from the baking aisle to the health and wellness aisle is a challenging proposition, especially as we navigate the regulatory environment around claims. We continue to get traction from the 2022 Country Calendar episode and gained exposure in the 'Rural Delivery' show in June 2023.



## BRAND DEVELOPMENT

The business continues to invest in the Trickett's Grover retail brand. With Jenny joining the team part time in 2023 we have been able to lift the game in the production and deployment of social media assets and campaigns. Some examples of this work are showcased below. We continue to promote the nutritious, healthy aspects of freshly grown NZ walnuts in the messaging. Work is underway on new packaging concepts that will reflect the healthy, fresh, convenient and nutritious pillars that we are building.





## Other non-financial performance

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The board would like to thank our dedicated General Manager and team at the factory for their hard work and commitment, particularly through what proved to be a challenging year with less than favourable economic conditions.

### *Health and safety –*

- Fortnightly staff meetings at the factory include discussion of health & safety and food safety, as well as quality/process improvements.
- The board undertook an internal health & safety audit during the year. The key finding was the physical nature of many of the roles. As a result, an inline conveyer now mitigates the need for the cracking operator to lift bins above his head. New guarding was also introduced and an updated SOP for the operation of the forklift.
- For the full year, no injuries or near-miss incidents were recorded. Staff identified 12 potential hazards during the year, enabling mitigation actions to be planned and monitored.
- Many of the functions at the plant are still very manual and this places more stress on the team involved. We have moved to bulk handling at the cracking / sorting process but there is still work to do on the packaging area. The introduction of lifting equipment and reduction in pack sizes has helped and we continue to focus on minimising manual handling where possible.

### *Compliance –*

- In 2018, the Ministry of Primary Industries (MPI) brought nut and seed producers and processors in under the new Food Act 2014. The Co-operative is operating under a custom food control plan to meet the requirements of the Act. We have recently been audited and again approved under this system until September 2025.
- The Food Act also requires growers to meet standards, with regular verification. To ease this process for growers, the Co-operative developed a set of recording and verification forms within the Safe Food Pro mobile app. Implementation of this programme began in September 2020. The Co-operative and MPI can then carry out audits remotely using the data that growers submit.
- We have passed our BioGro certification again and this is in place now until May 2025.
- In April we gained approval from GACC (via MPI) to export walnut oil directly from New Zealand to China. We are the first walnut company to achieve this in New Zealand.
- We have a part-time staff member covering roles in Quality & Assurance and Health & Safety, which allows for dedicated attention to these important areas.

### *Equipment and premises –*

- Space is still a constraint at the plant, especially with the larger harvests we have had in the past two seasons. The loading area has been a huge benefit to the business with the increase in trucks for both inward and outward goods and the ability to store bins and waste shell outside.
- Due to the age of some of the equipment extensive repairs have been required throughout the year to maintain production levels and mitigate downtime. The most important area is the cracking operation, and this has been the focus to ensure business continuity.
- During the year we have improved our internal processing and now can crack and sort over 2MT in one day. This has been achieved through some small investment in equipment and more streamlined processing. This has tripled our capacity since 2022.
- The new grading system has been in play for a full year now and we have been able to build a profile of the quality of walnuts being sent to the plant. Our intention is to make this data more readily available to growers so adjustments in the orchard where required can be made to improve quality outcome and pricing.
- In March 2024 we trialled a larger batch production of walnut oil pressing 2.3MT of feedstock and settling in IBC's. The aim is to increase our capacity here as we look for new high value markets for walnut oil. We are also investigating alternative pressing options to maximise yield and minimise settling / filtration requirements.





## **AUDITED FINANCIAL STATEMENTS AS AT 31 MARCH 2024**

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# Financial Statements

Walnuts New Zealand Co-Operative Limited  
For the year ended 31 March 2024

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## Company Directory

### Walnuts New Zealand Co-Operative Limited For the year ended 31 March 2024

**IRD Number**

116-730-219

**Issued Capital**

\$787,075 (306,631 Class A Shares)

**Registered Office**

142 Tricketts Road, West Melton, Christchurch 7676

**Directors**

Andrew K Horsbrugh (Chair)  
Basil Meyer  
Timothy G B Armitage  
Colin R Prebble  
Maria M Tiede  
Clive Marsh  
Mark C Wren

**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 2024

The Directors have pleasure in presenting the Directors' Annual Report, together with the Company's Financial Statements for the year ended 31 March 2024.

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 Directory 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 2024, audit fees totaling \$21,000 and audit of the shareholder register totaling \$1,050, were outstanding to BDO Christchurch Audit Limited.

### Directors Holding Office

The following Directors held office during the period:

- Andrew K Horsbrugh
- Basil Meyer
- Colin R Prebble
- Mark C Wren
- Timothy G B Armitage
- Clive Marsh
- Maria M Teide

## Director's Remuneration

Directors' remuneration was as follows:

	2024	2023
Andrew K Horsbrugh (Chair)	\$6,464	\$4,000
Anna Brenmuhl (Secretary – Non-Director)	\$7,200	\$7,200

## Employees' Remuneration

The following number of employees, who were not directors, received remuneration and benefits, which exceeded \$100,000 in value for the 2024 financial year:

1 Employee – \$140,001 – \$150,000 (2023: \$120,001 – \$130,000)

## Directors' Disclosures

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

- Clive Marsh (Lightfoot Walnuts) – 11,725 Shares issued at \$2.75 each
- Colin Prebble (Nut Tree Farm Limited) – 5,478 Shares issued at \$2.75 each.
- Basil Meyer – 2,138 Shares issued at \$2.75 each.
- Maria Tiede (Courtenay Walnuts Limited) – 1,754 Shares issued at \$2.75 each.
- Mark Wren – 552 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:

Colin Prebble

Signed by:  
  
 BAF6E825CF01708E

30/07/2024

Andrew Horsbrugh

Signed by:  
  
 8F8EF3CD6E6E30B7

30/07/2024

# Statement of Profit or Loss and other comprehensive Income

## Walnuts New Zealand Co-Operative Limited For the year ended 31 March 2024

	NOTES	2024	2023
<b>Revenue</b>			
Sales	2	1,488,126	1,678,575
<b>Total Revenue</b>		<b>1,488,126</b>	<b>1,678,575</b>
<b>Cost of Sales</b>			
Cost of Sales	3	926,704	1,042,106
<b>Total Cost of Sales</b>		<b>926,704</b>	<b>1,042,106</b>
<b>Gross Profit</b>		<b>561,421</b>	<b>636,469</b>
<b>Other Income</b>			
Sundry Income		1,200	3,000
<b>Total Other Income</b>		<b>1,200</b>	<b>3,000</b>
<b>Total Income</b>		<b>562,621</b>	<b>639,469</b>
<b>Other Expenses</b>			
Administrative Expenses	4	580,972	597,984
<b>Total Expenses</b>		<b>580,972</b>	<b>597,984</b>
<b>Profit from operations</b>		<b>(18,351)</b>	<b>41,485</b>
<b>Finance Expense</b>			
Finance Expenses		35,395	26,262
<b>Finance Income</b>			
Interest Received		1,267	499
<b>Profit before tax</b>		<b>(52,479)</b>	<b>15,723</b>
<b>Taxation</b>			
Income Tax	9	(12,397)	(7,279)
<b>Profit</b>		<b>(40,082)</b>	<b>23,002</b>
<b>Total Comprehensive Income</b>		<b>(40,082)</b>	<b>23,002</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 2024

	NOTES	2024	2023
<b>Equity</b>			
<b>Equity at Start of Period</b>			
Share Capital		716,953	618,657
Accumulated Losses		(77,783)	(100,785)
<b>Total Equity at Start of Period</b>		<b>639,170</b>	<b>517,872</b>
<b>Total Comprehensive Income /(Accumulated Losses)</b>			
Profit/ (Loss) for the Year		(40,082)	23,002
<b>Total Total Comprehensive Income /(Accumulated Losses)</b>		<b>(40,082)</b>	<b>23,002</b>
<b>Share Capital</b>			
Movement in Issued and Paid up Capital	16	70,122	98,296
<b>Total Share Capital Movements</b>		<b>70,122</b>	<b>98,296</b>
Equity at the End of the Period		669,210	639,170
<b>Represented by:</b>			
Share Capital		787,075	716,953
Accumulated Losses		(117,865)	(77,783)
<b>Total Equity</b>		<b>669,210</b>	<b>639,170</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 2024

	NOTES	31 MAR 2024	31 MAR 2023
<b>Assets</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	7	-	58,435
GST Refund Due		19,412	19,819
Tax Refund Due	8	355	140
Trade & Other Receivables		82,773	158,662
Inventories	10	446,524	235,290
<b>Total Current Assets</b>		<b>549,064</b>	<b>472,346</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	11	537,311	605,563
Investments	12	500	500
Deferred Tax Asset	9	35,075	22,678
<b>Total Non-Current Assets</b>		<b>572,886</b>	<b>628,741</b>
<b>Total Assets</b>		<b>1,121,950</b>	<b>1,101,087</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Cash & Cash Equivalents	7	87,622	-
Employee Benefit Liability - Holiday Pay	18	21,901	23,558
Trade & Other Payables	17	63,707	71,421
Term Loans - Current Portion	13	60,978	55,140
Lease Liability - Current Portion	14	824	9,680
Property Lease Liability - Current Portion	14	25,033	22,449
<b>Total Current Liabilities</b>		<b>260,066</b>	<b>182,249</b>
<b>Non-Current Liabilities</b>			
Term Loans	13	73,570	134,708
Lease Liabilities	14	119,104	144,961
<b>Total Non-Current Liabilities</b>		<b>192,674</b>	<b>279,669</b>
<b>Total Liabilities</b>		<b>452,740</b>	<b>461,918</b>
<b>Net Assets/(Liabilities)</b>		<b>669,210</b>	<b>639,170</b>
<b>Equity</b>			
Share Capital	16	787,075	716,953
Accumulated Losses		(117,865)	(77,783)
<b>Total Equity</b>		<b>669,210</b>	<b>639,170</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:

Directors

Authorised for Issue:

Colin Prebble

Signed by:  
  
BAF6E825CF01708E

30/07/2024

Andrew Horsbrugh

Signed by:  
  
8F8EF3CD6E6E30B7

30/07/2024

*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 2024

	2024	2023
<b>Cash flows</b>		
<b>Cash flows from operating activities</b>		
<b>Cash was provided from:</b>		
COVID-19 Wage Subsidy	1,200	3,000
Fees, subscriptions and other receipts from members	-	-
Receipts from providing goods and services	1,788,919	1,902,481
Interest Received	1,267	499
<b>Total</b>	<b>1,791,386</b>	<b>1,905,980</b>
<b>Cash was applied to:</b>		
Taxation Paid	(215)	(16,653)
Payments to suppliers and employees	(1,851,431)	(2,048,162)
Short Term Lease Payments	(1,148)	(21,080)
Interest Paid	(35,395)	(26,262)
<b>Total</b>	<b>(1,888,189)</b>	<b>(2,112,157)</b>
Net cash (outflow)/inflow from operating activities	(96,803)	(206,177)
<b>Cash flows from investing activities</b>		
<b>Cash was applied to:</b>		
(Payments) of Property, Plant & Equipment	(31,948)	(63,868)
<b>Total</b>	<b>(31,948)</b>	<b>(63,868)</b>
Net cash (outflow)/inflow from investing activities	(31,948)	(63,868)
<b>Cash flows from financing activities</b>		
<b>Cash from provided from:</b>		
Shares Issued less transaction costs	70,122	98,296
<b>Total</b>	<b>70,122</b>	<b>98,296</b>
<b>Cash was applied to:</b>		
Payment of loans borrowed from other parties (net)	(55,299)	(53,252)
Principal paid on lease liabilities	(32,129)	(16,494)
<b>Total</b>	<b>(87,428)</b>	<b>(69,746)</b>
Net cash (outflow)/inflow from financing activities	(17,306)	28,550
Net Increase (Decrease) in Cash Held	(146,057)	(241,495)
<b>Cash Balances</b>		
Opening Cash Brought Forward	58,435	299,930
Ending Cash Carried Forward	(87,622)	58,435

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 2024

### 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 2024 present the financial position of the Company as at 31 March 2024 and the financial performance for the year ended on that date.

The Financial Statements presented for the year ended 31 March 2024 were authorised for issue by the Directors on 30/07/2024

### 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 accounting policies adopted are consistent with those of the previous financial year.

## Material 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) 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.

**(f) Finance Costs**

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

**(g) 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.

**(h) 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.

**(i) 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.

**(j) Cash and Cash Equivalents**

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

**(k) 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.

#### (l) 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.



(m) 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.

(n) 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.

	2024	2023
<b>2. Revenue</b>		
Sales	1,488,126	1,678,575
<b>Total Revenue</b>	<b>1,488,126</b>	<b>1,678,575</b>

	2024	2023
<b>3. Cost of Sales</b>		
Purchases	592,097	855,564
Freight	80,078	83,460
Purchases - Additional Payout**	-	38,271
Movement in Stock	(17,184)	(195,291)
Direct Wages & Salaries	271,713	260,101
<b>Total Cost of Sales</b>	<b>926,704</b>	<b>1,042,106</b>

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

	2024	2023
<b>4. Operating Expenses</b>		
Accident Compensation Levy	3,652	1,862
Accountancy Fees	22,495	20,485
Administration Outwork	21,125	20,978
Advertising	11,663	7,933
Audit Fees	22,994	36,915
Bad Debts	2,210	-
Bank Charges	2,046	920
Cleaning & Rubbish Disposal	2,336	7,469
Commissions	2,132	2,063
Compliance Costs	15,734	14,168
Consultancy	9,203	3,978
Depreciation	100,201	81,848
Entertainment Deductible	788	1,497
Entertainment Non Deductible	906	1,420
General Expenses	3,193	2,943
General Expenses - Factory	7,520	7,841
Governance & Company Secretary Costs	14,854	13,607
Insurance	20,263	17,350
Legal Expenses	3,010	11,946
Light Power & Heating	4,095	5,096
Loss on Sale of Property, Plant & Equipment	(1,214)	12,211
Minor Assets	1,030	1,997
Motor Vehicle Expenses	6,133	6,383
Pest Control	4,088	2,572
Plant & Equipment Hire	840	-
Printing, Stationery & Computer Expenses	8,495	12,399

	2024	2023
Repairs & Maintenance - Factory	30,351	33,048
Sales and Marketing	15,206	42,396
Short Term Lease Payments	1,148	21,080
Staff Expenses	6,358	2,640
Subscriptions & Registrations	3,709	3,832
Telecommunications	3,774	2,607
Travel & Parking Expenses	9,256	4,627
Wages & Salaries	221,377	191,873
<b>Total Operating Expenses</b>	<b>580,972</b>	<b>597,984</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.

	2024 \$	2023 \$
Employee Superannuation Contributions	12,189	12,213

## 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 \$552,840 (2023: \$515,966). \$Nil was outstanding to the Directors at 31 March 2024 (2023: \$Nil).

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 \$220 for waste disposal services during the year (2023: \$6,259).

Aylesbury Walnuts Ltd, of which Francis Brenmuhl is a Director, was paid \$2,400 for management of bin services. (2023: \$2,400)

FLV Holdings Ltd, of which Colin Prebble is a Director, was paid \$Nil for consulting services. (2023: \$21,325). In 2023, an amount of \$Nil was paid for due diligence advice in relation to a possible business acquisition which did not proceed (2023: \$360).

Shares were issued to the following Directors during the year:

- Clive Marsh (Lightfoot Walnuts) - 11,725 Shares issued at \$2.75 each
- Colin Prebble (Nut Tree Farm Limited) – 5,478 Shares issued at \$2.75 each.
- Basil Meyer – 2,138 Shares issued at \$2.75 each.
- Maria Tiede (Courtenay Walnuts Limited) – 1,754 Shares issued at \$2.75 each.
- Mark Wren – 552 Shares issued at \$2.75 each.

There were no payments of interest to Directors for the year ended 31 March 2024. (2023: \$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:

	2024	2023
Salary	\$149,373	\$144,606

## (c) Deed of Lease

A Deed of Lease for the lease of the premises and car parks at 142 Tricketts 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 14). During the 2024 year, \$1,148 of outgoings was also paid to P & A Partnership. (2023: \$12,470)

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

**6. Securities and Guarantees**

The bank overdraft is an extension to the loan and is secured over assets of the co-operative.

Any other securities and guarantees relate to Term Liabilities (refer to Note 13).

	2024	2023
<b>7. Cash &amp; Cash Equivalents</b>		
Cash and Bank Accounts	(87,622)	58,435
<b>Total Cash &amp; Cash Equivalents</b>	<b>(87,622)</b>	<b>58,435</b>

	2024	2023
<b>8. Income Tax</b>		
Profit before tax	(52,479)	15,723
<b>Add/(Less) Non Taxable Timing Differences</b>		
Increase in Holiday Pay Accrual	(1,412)	(28,080)
Non-Deductible Expenses	2,326	-
Effect of Application of IFRS 16 Leases	5,882	3,251
Net Surplus/(Deficit) for Taxation	(45,683)	(9,106)
<b>Add/(Less) Other Adjustments</b>		
Tax Losses Brought Forward	(63,766)	(11,706)
Additional Losses Brought Forward	-	(42,954)
Tax Losses to Carry Forward	109,449	63,766
Net Surplus/(Deficit) as per Tax Return	-	-
Current Year Provision at 28%	-	-
	2024	2023

**9. Reconciliation of income tax expense**

Profit before tax	(52,479)	15,723
Current year tax at the tax rate of 28% (2023: 28%)	(14,694)	4,402
<b>Tax Effects</b>		
Increase in Holiday Pay Accrual	(395)	(7,862)
Non-Deductible Expenses	651	-
Effect of Application of IFRS 16 Leases	1,647	910
Current Tax Losses not recognised	12,791	2,550
Deferred Tax Movement	(12,397)	(7,279)
Income Tax expense/(benefit)	(12,397)	(7,279)

**Deferred Tax**

	2024 \$	2023 \$
Opening balance	(22,678)	(15,399)
Deferred portion of current year's tax expense	(12,397)	(7,279)
Deferred Tax Closing Balance at 28%	<b>(\$35,075)</b>	<b>(\$22,678)</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	4,429	4,824
Tax Losses available to carry forward	30,646	17,854
Total	<b>\$35,075</b>	<b>\$22,678</b>

2024

2023

**10. Inventories**

Stock on Hand	446,524	235,290
<b>Total Inventories</b>	<b>446,524</b>	<b>235,290</b>

**11. Property, Plant & Equipment**

	<b>Note</b>	<b>2024 \$</b>	<b>2023 \$</b>
<b>Furniture &amp; Fittings</b>			
At Cost		5,947	5,947
Less accumulated depreciation		(3,270)	(2,807)
Book Value		2,677	3,140
Current year depreciation		464	422

<b>Office Equipment</b>			
At Cost		46,025	44,225
Less accumulated depreciation		(42,374)	(39,214)
Book Value		3,651	5,011
Current year depreciation		3,160	6,094

<b>Plant &amp; Equipment</b>			
At Cost		721,264	695,265
Less accumulated depreciation		(325,477)	(271,060)
Book Value		395,785	425,205
Current year depreciation		58,569	54,157

<b>Right of Use Assets (Vehicle)</b>			
Under NZ IFRS 16 Leases		34,505	34,505
Less accumulated depreciation		(33,738)	(24,537)
Book Value		767	9,968
Current year depreciation		9,201	9,202

<b>Right of Use Assets (Property)</b>			
Under NZ IFRS 16 Leases		175,241	175,241
Less accumulated depreciation		(40,810)	(12,003)
Book Value		134,431	163,238
Current year depreciation		28,807	12,003

**2024 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 2023	3,141	5,011	424,205	9,968	163,238	605,563
Additions	-	1,800	33,323	-	-	35,123
Disposals	-	-	(3,174)	-		(3,174)
Less						
Current year Depreciation	(464)	(3,160)	(58,569)	(9,201)	(28,807)	(100,201)
Balance at 31 March 2024	2,677	3,651	395,785	767	134,431	537,311

Please refer to note 16 for security held over assets.

	2024	2023
<b>12. Investments</b>		
Farmland Shares	500	500
<b>Total Investments</b>	<b>500</b>	<b>500</b>

**13. 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:	\$8,312
Maturity date:	3 years commencing May 2022
Repayments:	Principal and Interest Monthly Payments of \$605
Interest Rate:	3.00%

**Loan - Westpac Back**

Closing Balance:	\$126,237
Maturity date:	18 February 2026
Repayments:	Principal and Interest Monthly Payments of \$5,416
Interest Rate:	10.90%



	2024 \$	2023 \$
Total Term Liabilities	134,549	189,848
Repayable as follows:		
Less than one year	60,979	55,140
One to five years	73,570	134,708
Total repayable	<b>\$134,549</b>	<b>\$189,848</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 ELC BioVision Optical Sorter (ID: 700154379) and accessories and all present and after-acquired property.

#### 14. 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 11).

At Balance Date \$824 was outstanding (2023: \$10,504) of which \$824 is due within the next twelve months.

Lease Instrument:	2021 Mazda CX-5 GSX, Regn No. MZZ116
Closing Balance:	\$824
Termination Date:	27 April 2024
Interest Rate:	4.00%
Term:	3.75 years
Interest Expense on Lease Liabilities	\$244

	2024	2023
Opening Balance	10,504	19,805
Additions	-	-
Payments	(9,924)	(9,924)
Interest	244	623
<b>Closing Balance</b>	<b>824</b>	<b>10,504</b>
Current	824	9,680
Term	-	824
<b>Total</b>	<b>824</b>	<b>10,504</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 11).

At Balance Date \$144,137 was outstanding (2023: \$166,586) of which \$25,033 is due within the next twelve months.

Lease Instrument:	142 Tricketts Road, West Melton
Closing Balance:	\$ 144,137
Termination Date:	1 November 2028
Interest Rate:	10.95%
Term:	6 years
Interest Expense on Lease Liabilities	\$ 17,136

	2024	2023
Opening Balance	166,586	-
Additions	-	175,241
Payments	(39,585)	(16,494)
Interest	17,136	7,839
<b>Closing Balance</b>	<b>144,137</b>	<b>166,586</b>
Current	25,033	22,449
Term	119,104	144,137
<b>Total</b>	<b>144,137</b>	<b>166,586</b>

	2024 \$	2023 \$
Lease of Vehicles		
Less than one year	824	9,680
Greater than one year and no greater than five years	-	824
<b>Total</b>	<b>\$824</b>	<b>\$10,504</b>

	2024 \$	2023 \$
Rent of Property		
Less than one year	25,033	22,449
Greater than one year and no greater than five years	119,104	144,137
<b>Total</b>	<b>\$144,137</b>	<b>\$166,586</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.

## 15. Capital Expenditure Commitments

At year end Walnuts New Zealand Co-operative Limited has committed \$Nil (2023: \$Nil) to capital expenditure.

## 16. Shareholders Equity

### (a) Share Capital

	2024 \$	2023 \$
Opening Balance – 281,132 Shares (2023: 245,388)	716,953	618,657
Transaction Costs	-	-
	716,953	618,657
Share Capital Issued – 25,499 Shares (2023: 35,744)	70,122	98,296
Closing Balance – 306,631 Class A Shares (2023: 281,132)	787,075	716,953

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.

	2024	2023
<b>17. Trade &amp; Other Payables</b>		
Trade Creditors	(27,477)	(44,205)
Accrued Expenses	(32,004)	(25,342)
Westpac Mastercard	(4,227)	(1,874)
<b>Total Trade &amp; Other Payables</b>	<b>(63,707)</b>	<b>(71,421)</b>

The amount for Trade Creditors includes \$Nil (2023: \$Nil) owed to growers.

	2024	2023
<b>18. Employee Benefit Liability</b>		
Employee Benefit Liability for Holiday Pay	(15,818)	(17,230)
Accrued Wages	(6,083)	(6,328)
<b>Total Employee Benefit Liability</b>	<b>(21,901)</b>	<b>(23,558)</b>

## 19. Financial Instruments

2024	
Financial Assets at Amortised Cost	
Trade & Other Receivables	82,773
Investments	500
<b>Total Financial Assets at Amortised Cost</b>	<b>83,273</b>
Liabilities at Amortised Cost	
Cash & Cash Equivalents	87,622
Trade & Other Payables	63,707
Loans & Borrowings	279,509
<b>Total Financial Liabilities at Amortised Cost</b>	<b>430,838</b>

2023	Assets at Amortised Cost
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>

## 20. 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.

## 21. Contingent Assets and Liabilities

As at 31 March 2024 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.

## 22. Significant Events after Balance Date

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF WALNUTS NEW ZEALAND CO-OPERATIVE LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Walnuts New Zealand Co-Operative Limited ("the Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR") issued by the New Zealand Accounting Standards Board.

**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 Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) 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 Company.

**Other Information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, and for such internal control as the directors determine 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 directors are responsible on behalf of the Company for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## 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.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>.

This description forms part of our auditor's report.

## Who we Report to

This report is made solely to the Company's shareholders, 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

*BDO Christchurch Audit Limited*

BDO Christchurch Audit Limited  
Christchurch  
New Zealand  
30 July 2024

# SPECIAL RESOLUTION OF CO-OPERATIVE STATUS

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## Special resolution of the Board regarding co-operative status (page 29)

### WALNUTS NEW ZEALAND CO-OPERATIVE LIMITED (Company) SPECIAL RESOLUTION OF THE BOARD REGARDING CO-OPERATIVE STATUS

It is resolved that:


In the opinion of the Board, the Company has operated through the year ended 31 March 2024 as a co-operative company within the meaning of the Co-operative Companies Act 1996.

The grounds for this opinion are:

- The Company is operating under a constitution in accordance with the Co-operative Companies Act 1996; and
- The Company is trading in the processing of walnuts where walnut suppliers to the Company are shareholders in the co-operative.

DATED: 21st May 2024

  
\_\_\_\_\_  
Andrew Horsbrugh

  
\_\_\_\_\_  
Colin Prebble

  
\_\_\_\_\_  
Mark Wren

  
\_\_\_\_\_  
Timothy Armitage

  
\_\_\_\_\_  
Basil Meyer

  
\_\_\_\_\_  
Clive Marsh

  
\_\_\_\_\_  
Maria Tiede