WALNUTS NEW ZEALAND CO-OPERATIVE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2022

Walnuts New Zealand Co-operative Limited
Financial Statements As at 31 March 2022

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Walnuts New Zealand Co-operative Limited
Company Directory As at 31 March 2022

Issued Capital	$618,657 (245388 Class A Shares)
Registered Office	142 Tricketts Road, West Melton, Christchurch 7676
Directors	Francis VR Brenmuhl
	Andrew K Horsbrugh (Chair)
	Basil Meyer
	Timothy Armitage
	Colin R Prebble
	Maria M Tiede
	Clive Marsh
Company Number	5645689
Auditors	Crowe New Zealand Audit Partnership
Accountants	Walnuts New Zealand Limited
Bankers	Westpac, Rolleston
Solicitors	Simpson Grierson, Christchurch
Date of Formation	29 April 2015
Nature of Business	Walnut processing and marketing
Business Location	West Melton
	Canterbury

Walnuts New Zealand Co-operative Limited
Directors' Annual Report
For the Year Ended 31 March 2022

The Directors hereby present their Annual Report including Financial Statements of the company for the year ended 31 March 2022.

Section 211 of the Companies Act 1993 requires the following disclosures:

Principal Activities

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

Auditors

The company's Auditors for the year ended 31 March 2022 are Crowe New Zealand Audit Partnership.

Fees paid and due to the Auditors are $26,200 for the audit of the financial statements and the Share Register for year ended 31 March 2022 (included in the Statement of Profit or Loss and Other Comprehensive Income).

Directors Holding Office

The following Directors held office during the period:

- Francis VR Brenmuhl
- Andrew K Horsbrugh
- Basil Meyer
- Heather C North (resigned)
- Colin R Prebble
- Paul A Visser (resigned)
- Timothy G B Armitage
- Clive Marsh (appointed)
- Maria May Teide (appointed)

Director's Remuneration

	2022	2021
• Directors' remuneration was as follows:	2022	2021
• Francis VR Brenmuhl (Chair)	$2,004	$4,000
• Andrew K Horsbrugh (Chair)	$2,000	$ -
• Andrew K Horsbrugh (Recruitment of GM)	$5,500	$ -
• Heather C North (Secretary)	$700	$8,400
• Anna Brenmuhl (Secretary – Non-Director))	$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 2022 financial year:

1 Employee –$120,001 – $130,000 (2021: $110.001 - $120,000)

Walnuts New Zealand Co-operative Limited
Directors' Annual Report
For the Year Ended 31 March 2022

Directors' Disclosures

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

- Francis VR Brenmuhl (Aylesbury Walnuts Limited) – 9,022 Shares issued at $2.75 each.
- Andrew K Horsbrugh (Tunlaw Farm Limited) – 10,317 Shares issued at $2.75 each.
- Maria M Tiede (Courtenay Walnuts Partnership) – 1445 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

Walnuts New Zealand Co-operative Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 March 2022

	Note	2022 $	2021 $
Operating Revenue	2	1,530,793	1,502,860
Cost of Sales	3	(1,067,373)	(1,036,646)
GROSS PROFIT		463,420	466,214
Other Income (including COVID-19 Wage Subsidy)	2	633	65,633
Operating Expenses	4	(390,940)	(406,937)
Loss on Disposal of Plant & Equipment		-	(7,325)
Depreciation	13	(71,830)	(62,509)
Finance Costs		(15,843)	(14,937)
Net Operating Profit (Loss)		(14,560)	40,139
Impaired Goodwill	15	(66,500)	-
Brand Development Costs Expensed	15	(42,954)	-
PROFIT/(LOSS) BEFORE INCOME TAX		(124,014)	40,139
Income Tax	10	3,547	(11,173)
TOTAL PROFIT OR (LOSS) AND OTHER COMPREHENSIVE INCOME		(120,467)	28,966

This Statement is to be read in conjunction with the notes to the financial statements and audit report.

Walnuts New Zealand Co-operative Limited
Statement of Changes in Equity
For the Year Ended 31 March 2022

	Note	2022 $	2021 $
EQUITY AT START OF YEAR		575,507	502,950
SURPLUS/(LOSS)			
Profit/(Loss) after Tax		(120,467)	28,966
OTHER MOVEMENTS			
Increase in Share Capital	19(a)	62,832	43,590
EQUITY AT END OF YEAR		517,872	575,507
MOVEMENTS IN RETAINED EARNINGS			
Retained Earnings at start of year		19,682	(9,284)
Profit/(Loss) after Tax		(120,467)	28,966
Retained Earnings at End of Year		(100,785)	19,682
MOVEMENTS IN ISSUED CAPITAL			
Balance at Start of Year	19(a)	555,825	512,235
Net Shares Issued		62,832	43,590
Balance at End of Year		618,657	555,825
Total Equity		517,872	575,507

This Statement is to be read in conjunction with the notes to the financial statements and audit report.

Walnuts New Zealand Co-operative Limited
Balance Sheet
As at 31 March 2022

	Note	2022 $	2021 $
CURRENT ASSETS			
Cash and cash equivalents	8	299,930	394,480
GST refund due		12,950	20,967
Trade and other receivables	20	131,389	197,691
Inventories	12	39,999	71,743
Total Current Assets		484,268	684,881
NON-CURRENT ASSETS			
Plant & Equipment	13	449,763	439,050
Investments	14	500	500
Intangible Assets	15	0	109,454
Deferred Tax Asset	10	15,399	11,852
Total Non-Current Assets		465,662	560,856
TOTAL ASSETS		949,930	1,245,737
CURRENT LIABILITIES			
Income tax payable	10	16,513	20,157
Trade and other payables	21	107,331	275,769
Provisions	22	45,310	42,327
Term loans - current portion	16	71,347	60,636
Vehicle Lease Liability – current portion	17	9,301	8,937
Total Current Liabilities		249,802	407,826
NON-CURRENT LIABILITIES			
Term liabilities	16	171,752	242,599
Lease Liabilities	17	10,504	19,805
Total Non-Current Liabilities		182,256	262,404
TOTAL LIABILITIES		432,058	670,230
NET ASSETS		517,872	575,507

This Statement is to be read in conjunction with the notes to the financial statements and audit report.

Represented by:

EQUITY			
Share capital	19(a)	618,657	555,825
Retained Earnings		(100,785)	19,682
TOTAL EQUITY		$517,872	$575,507

For and on behalf of the Board :

Director

Authorised for Issue: 30 September 2022

This Statement is to be read in conjunction with the notes to the financial statements and audit report.

Walnuts New Zealand Co-operative Limited
Statement of Cash Flows
For the Year Ended 31 March 2022

	Note	2022 $	2021 $
Cash Flows from Operating Activities	9		
Cash was received from:			
Receipts from customers		1,826,713	1,690,524
COVID-19 Wage Subsidy		600	65,610
Interest received		42	23
Total cash Received from Operating Activities		1,827,355	1,756,157
Cash was paid to:			
Payments to suppliers and employees		1,777,690	1,448,031
Rent paid		39,577	35,184
Income Tax paid		9	7
Interest paid		15,843	14,937
Total Cash Paid from Operating Activities		1,833,119	1,498,159
Net Cash Inflow (Outflow) from Operating Activities		(5,764)	257,998
Cash Flows from Investing Activities			
Cash was paid to:			
Payments for Intangible Assets – Brand Development		-	4,601
Purchase of Plant & Equipment		82,545	100,646
Net Cash Inflow (Outflow) from Investing Activities		(82,545)	(105,247)
Cash Flows from Financing Activities			
Cash was received from: Loan advances received		0	85,360
Shares issued less transaction costs		62,832	43,590
		62,832	128,950

This Statement is to be read in conjunction with the notes to the financial statements and audit report.

Cash was paid to:			
Loan principal repayments		69,073	17,502
Net Cash Inflow (Outflow) from Financing Activities		(6241)	111,448
NET INCREASE (DECREASE) IN CASH HELD		(94,550)	264,199
Cash and cash equivalents as at 1 April		394,480	130,281
Cash and Cash Equivalents as at 31 March	8	299,930	394,480

This Statement is to be read in conjunction with the notes to the financial statements and audit report.

Walnuts New Zealand Co-operative Limited
Notes to the Financial Statements
For the Year Ended 31 March 2022

1. STATEMENT OF ACCOUNTING POLICIES

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.

The Company is an Issuer of a regulated product and a reporting entity for the purposes of the Financial Reporting Act 2013.

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

The Financial Statements for the year ended 31 March 2022 present the financial position of the Company as at 31 March 2022 and the financial performance for the year ended on that date.

The Financial Statements presented for the year ended 31 March 2022 were authorised for issue by the Directors on 30 September 2022.

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 profit-oriented entities. The Financial Statements comply with International Financial Reporting Standards. 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 preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are impairment of trade and other receivables, depreciation, right of use assets and right of use liabilities and impairment of goodwill.

In particular:

- Trade and other Receivables Notes 1(m) and 20
- Depreciation Notes 1(b)
- Right of use Liabilities Note 17
- Right of Use Assets Notes 1(b) and 13
- Impairment of Goodwill Note 15

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.

Comparative Figures

The comparative figures shown are for the year ending 31 March 2021.

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 financial year end.

(b) Depreciation

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

Furniture & Fittings	13% to 16%
Office Equipment	16% to 50%
Plant & Equipment	10% to 67%
Right of Use Assets (Vehicle)	3.75 years

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 are reviewed at each balance 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 within the Statement of 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 shall be recognised as an expense in the period in which they are incurred.

(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 the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current period provision is the expected tax payable on the taxable profit for the period based on tax rates enacted at balance date. Current tax for the period is recognised as a liability or asset in the Balance Sheet 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 at cost less impairment losses.

(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 Balance Sheet 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 operating 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. The existing lease is for 12 months from 29 October 2021.

(l) Cash and Cash Equivalents

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

(m) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through Statement of Profit or Loss in which case transaction costs are expensed to the Statement of Profit or Loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. In other circumstances, valuation techniques are adopted.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the Statement of Profit or Loss.

Trade and Other Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost, less any impairment. This is equivalent to fair value, being the receivable face (or nominal) value, less appropriate allowances for estimated irrecoverable amounts. The allowance recognised is the lifetime expected credit losses based on an assessment of each individual debtor. It is estimated based on the Company's historical credit loss experience and general economic conditions. Expected credit loss represents the expected credit losses that will result from all possible default events over the expected life of the debtors. Trade receivables are written off when there is no realistic chance of recovery.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. This is equivalent to the face (or nominal) value of the payables, which is assumed to approximate their fair value.

Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

All impairment losses are recognised in the Statement of Profit or Loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. This reversal is recognised in the Statement of Profit or Loss.

Derecognition of Financial Instruments

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(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) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(p) Employee Entitlements

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

Where the payment is expected to occur more than 12 months after balance date, the liability is recorded at its present value. Where the payment is expected to be made in less than 12 months, the provision is the amount expected to be paid.

(q) 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.

(r) Segment

The Company operates in one industry and geographic segment. All activities are carried out in New Zealand. The directors review the operating results on a regular basis and make decisions on resource allocation based on the review of results. The nature of goods and services provided have similar characteristics within the operating segment.

(s) Current versus Non-Current Classification

The company presents assets and liabilities in the Statement of Financial Position based on a current /non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed within the business's normal operating cycle; and
- is held primarily for the purpose of trading; and
- is expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle; and
- it is held primarily for the purpose of trading; and
- it is due to be settled within twelve months after the reporting period; or

- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. REVENUE

	Note	2022 $	2021 $
Sale of Goods		1,530,793	1,502,860
COVID-19 Wage Subsidy Received		600	65,610
Interest Received		33	23
Total Other Income		633	65,633
Total Revenues		1,531,426	1,568,493

3. COST OF SALES

	Note	2022 $	2021 $
Purchases		742,917	711,856
Freight		69,333	64,436
Purchases - Additional Payout**		32,451	29,974
Employee Expenses - Direct Wages		222,672	230,380
Total Cost of Sales		1,067,373	1,036,646

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

4. OPERATING EXPENSES

	Note	2022 $	2021 $
Employee Expenses - Wages		121,424	161,603
Employee Expenses - Other		2,281	5,447
Employee Expenses - Recruitment, HR		8,084	0
Accident Compensation Levy		2,694	1,961
Accountancy Fees		10,245	8,250
Advertising & Marketing		14,591	7,984
Administration Outwork		18,338	13,540
Audit Fees		26,100	13,075
Bank Charges		(147)	708
Cleaning & Rubbish Disposal		7,161	5,383
Compliance Costs		12,391	14,710
Consultancy Fees		1,840	41,996
Entertainment		253	275
General Expenses		372	857
General Expenses - Factory		18,400	4,609
Governance & Company Secretary Costs		16,150	14,744
Insurance		16,578	15,664
Legal Expenses		5,262	0
Light Power & Heating		4,694	5,486
Motor Vehicle Expenses		7,058	3,570
Motor Vehicle Lease payments		0	2,792
Plant & Equipment		2,052	13,084
Printing, Stationery & Computer Expenses		7,618	10,047
Rents and Rates		35,347	35,184
Rent - Plant & Equipment		0	3,529
Repairs & Maintenance		15,219	12,826
Rodent Control		0	3,507
Sales and Marketing		32,008	0
Subscriptions & Registrations		1,770	1,724
Telephone, Tolls & Internet		3,130	3,660
Travel & Parking Expenses		27	772
Total Operating Expenses		**$390,940**	**$406,937**

Governance costs include payments to Directors for Company Secretary and Chair roles. Refer to Note 6 – Related Parties for details.

Employee Superannuation costs included are as follows.

	2022 $	2021 $
Employee Superannuation Contributions	8,276	9,542

5. AUDITOR'S REMUNERATION

Amounts received or receivable by Crowe New Zealand for auditing the financial statements

	2022 $	2021 $
Audit Fees	26,100	13,075

The above amount includes an estimated charge of $2200 plus GST (2021: $850 plus GST) for the audit of the Share Register.

6. 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 $402,005 (2021: $325,949). $37,461 was outstanding to the Directors at 31 March 2022 (2021: $103,062).

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 $4,760 for waste disposal services during the year (2021: $3,500).

Aylesbury Walnuts Ltd, of which Francis Brenmuhl is a Director, was paid $3,000 for management of bin services. (2021: $2,400)

FLV Holdings Ltd, of which Colin Prebble is a Director, was paid $360 for due diligence advice in relation to a possible business acquisition which did not proceed. (2021: $240)

Shares were issued to the following Directors during the year:

- Francis VR Brenmuhl (Aylesbury Walnuts Limited) – 9,022 Shares issued at $2.75 each.
- Andrew K Horsbrugh (Tunlaw Farm Limited) – 10,317 Shares issued at $2.75 each.
- Maria M Tiede (Courtenay Walnuts Partnership) – 1445 Shares issued at $2.75 each.

There were no payments of interest to Directors for the year ended 31 March 2022. (2021: $nil)

(b) Key management compensation and transactions

An amount of $2,004 to Francis Brenmuhl, Director for the role of Chairman during the period of 6 months to 30 September 2021. (2021: $4,000).

An amount of $2,000 to Andrew Horsbrugh for the role of Chairman for the 6 months to 31 March 2022. (2021 nil). An amount of $5500 paid to Andrew Horsbrugh, being a fee for recruiting the new General Manager as agreed in the board meeting 24 February 2022 and all of which was outstanding at 31 March 2022. (2021: nil)

Heather North, retired Director and Company Secretary, was paid for the role of Company Secretary for one month during the year and the total remuneration was $700 (2021: $8,400). Nil was outstanding at 31 March 2022 (2021: $nil).

Anna Brenmuhl (the daughter of Director Frank Brenmuhl) was paid for the role of Company Secretary for 8 months from August 2021, and the total remuneration was $4800, (2021: nil). $600 was outstanding at 31 March 2022. (2021: nil)

The current General Manager's remuneration is between $120,001 and $130,000. (2021: between $95,001 and $105,000)

No post retirement or long-term benefits are available to any party.

Summary:

Name	Role	2022	2021
Francis Brenmuhl	Chairman (Retired)	$2,004	$4,000
Andrew Horsbrugh	Chairman (Appointed)	$2,000	-
Andrew Horsbrugh	Recruitment Fee	$5500	-
Heather North	Company Secretary (Retired)	$700	$8400
Anna Brenmuhl	Company Secretary (Appointed)	$4,800	-
General Manager	Salary Range	$120,001 - $130,000	$95,001 - $105,000

(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 May 2015 with MF & JM Lawrence Partnership.

Renewal confirmed on 15 March 2018 for a further three years for $33,000 plus GST per annum. A short-term lease was agreed to 31 October 2022.

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

7. SECURITIES AND GUARANTEES

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

8. CASH & CASH EQUIVALENTS

	2022 $	2021 $
Cash and bank accounts	299,930	394,480

9. CASH FLOW INFORMATION

	2022 $	2021 $
Net Profit/(Loss) after Taxation	(120,467)	28,966
Plus/(Less) Non-Cash Items:		
Depreciation and Gain/Loss on Disposal	71,830	69,834
Deferred Tax	(3,547)	(5,355)
Goodwill Impairment	66,500	-
Branding Project Expensed	42,954	-
	177,737	64,479
Plus/(Less) Movements in Working Capital		
Decrease (Increase) in accounts receivable	66,302	(36,943)
Decrease (Increase) in inventories	31,744	(15,376)
Increase (Decrease) in accounts payable, GST due	(160,419)	181,227
Provisions added	2,983	19,124
Income Tax	(3,644)	16,521
	(63,034)	164,553
Net Cash Inflow/(Outflow) from Operating Activities	(5,764)	257,998

10. TAXATION

	2022 $	2021 $
Net Operating Loss Before Tax, Goodwill Impairment and Branding	(14560)	40,139
Less Increase in Holiday Pay Accrual	2983	19,124
Add Non-deductible Expenses	135	138
Effect of application of NZ IFRS 16 Leases	(264)	(371)
Net Surplus/(Deficit) for Taxation	(11,706)	59,030
The Taxation Charge is Represented by		
Current year tax at 28%	0	16,528
Deferred tax	(3,547)	(5,355)
	(3,547)	11,173
Current year tax	0	16,528
Less		
RWT credits	9	7
Outstanding from prior years	(16,522)	(3,636)
Total Income tax Refund/(Due) per Tax Return	(16,513)	(20,157)

Deferred Tax

	2022 $	2021 $
Opening balance	(11,852)	(6,497)
Deferred portion of current year's tax expense	(3,547)	(5355)
Deferred Tax Closing Balance at 28%	**($15,399)**	**($11,852)**

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.	12,687	11,852
Tax Losses available to carry forward	2,712	-
Total	**$15,399**	**$11,852**

11. IMPUTATION CREDIT ACCOUNT

At balance date imputation credits available to the shareholders were

	Note	2022 $	2021 $
Opening Balance		1,317	1,310
Payments to/ (Refunds from) IRD		0	0
Tax Payments to Inland Revenue		3636	
RWT credits attached to Interest income received		9	7
Closing Balance		**$4962**	**$1,317**

12. INVENTORIES

	2022 $	2021 $
Raw Materials	9,612	-
Finished Goods	7,262	41,600
Packaging	23,125	30,143
Total Inventories	**$39,999**	**$71,743**

13. PLANT & EQUIPMENT

	Note	2022 $	2021 $
Furniture & Fittings			
At cost		6,763	6,763
Less accumulated depreciation		(3,197)	(2,547)
Book Value		3,566	4,216
Current year depreciation		650	768
Office Equipment			
At cost		43,725	34,362
Less accumulated depreciation		(36,961)	(29,992)
Book Value		6,764	4,370
Current year depreciation		4,043	4,245
Plant & Equipment			
At cost		653,651	579,656
Less accumulated depreciation		(233,388)	(177,563)
Book Value		420,263	402,093
Current year depreciation		57,936	51,362
Right of Use Assets (Vehicle)			
Under NZ IFRS 16 Leases		34,505	34,505
Less accumulated depreciation		(15,335)	(6,134)
		19,170	28,371
Current year depreciation		9,201	6,134
Total Fixed Assets		**$449,763**	**$439,050**
Total Depreciation for the year		**$71,830**	**$62,509**

2022 Reconciliation between Opening and Closing Carrying Amount

	Furniture & Fittings	Office Equipment	Plant & Equipment	Right of Use of Vehicle	Total
Gross carrying amount					
Balance at 1 April 2021	4,216	4370	402,093	28,371	439,050
Additions	0	6,437	76,106	0	82,543
Disposals	0	0	0	0	0
Less					
Current Year Depreciation	(650)	(4043)	(57,936)	(9201)	(71,830)
Balance at 31 March 2022	3,566	6,764	420,263	19,170	449,763

2021 Reconciliation between Opening and Closing Carrying Amount

	Furniture & Fittings	Office Equipment	Plant & Equipment	Right of Use of Vehicle	Total
Gross carrying amount					
Balance at 1 April 2020	4,984	8,615	365,896	0	379,495
Additions			95,232	34,505	129,737
Disposals			(7,673)	0	(7,673)
Less Current Year Depn	(768)	(4,245)	(51,362)	(6,134)	(62,509)
Balance at 31 March 2021	4,216	4,370	402,093	28,371	439,050

Please refer to note 16 for security held over assets.

14. INVESTMENTS

	2022 $	2021 $
Farmlands Shares	500	500

15. INTANGIBLE ASSETS

Goodwill

The purchase price of the original Cracker of A Nut business was $201,500, which was made up of Plant and Equipment $135,000 and Goodwill $66,500. Goodwill is based at cost.

The model previously adopted by the board was revised in the 2022 year and combined with the revised projected future maintainable earnings, required the full impairment of goodwill. Accordingly, an impairment charge of $66,500 has been made against Profit and Loss.

	2022 $	2021 $
Goodwill Opening Balance	66,500	66,500
Impairment	(66,500)	-
Goodwill Closing Balance	-	66,500

Brand Development

To the year ended 31 March 2021, the amount of $42,954 was invested in developing the "Tricketts Road" brand and packaging design project. Pending completion of the project this expenditure was capitalised and reported as an Intangible Asset in the Annual Report for the year ended 31 March 2021.

The branding project was concluded during the 2022 financial year and in accordance with IAS 38 the total cost has been expensed in the 31 March 2022 financial year.

	2022 $	2021 $
Branding Opening Balance	42,954	38,353
Additions	-	4,601
Impairment	(42,954)	-
Branding Closing Balance	-	42,954

16. TERM LIABILITIES

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

	2022 $	2021 $
Business Loan - Inland Revenue	20,800	20,800
Interest Rate: 3%		
Term: 3 Years commencing May 2022.		
Monthly Repayments: $605		
Loan - NZ Walnut Industry Group Interest rate: 0% per annum	0	10,000
Term: Repaid in full during the year		
Loan - Westpac Bank	222,299	272,435
Interest rate 6.8% per annum. Maturity date 18/2/2026		
Monthly Repayments: $5,416		
Total Term Liabilities	243,099	303,235
Repayable as follows:		
Less than one year	71,347	60,636
One to five years	171,752	242,599
Total repayable	**$243,099**	**$303,235**

Securities & Guarantees

The loan from NZ Walnut Industry Group was unsecured.

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.

17. LEASE 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 $28,742 was outstanding (2021: $Nil) of which $8,937 is due within the next twelve months.

Lease Instrument	2021 Mazda CX-5 GSX, Regn No. MZZ116
Closing Balance	$19,805
Termination Date	27 April 2024
Implied Interest Rate	4%
Term	3.75 years
Interest Expense on Lease Liabilities	$988 (2021: $853)

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

	2022 **$**	**2021** **$**
Lease of Vehicles		
Less than one year	9,301	8,937
Greater than one year and no greater than five years	10,504	19,805
Total	**$19,805**	**$28,742**
Rent of Property		
Less than one year	20,075	2,750
Greater than one year and no greater than five years	-	-
Total	**$20,075**	**$2,750**

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.

18. CAPITAL EXPENDITURE COMMITMENTS

At year end Walnuts New Zealand Co-operative Limited has committed $0 (2021: $0) to capital expenditure.

19. SHAREHOLDERS' EQUITY

(a) Share Capital

	2022 $	2021 $
Opening Balance – 222,540 Shares (2021: 206,689)	611,985	568,395
Transaction Costs	(56,160)	(56,160)
	555,825	512,235
Share Capital Issued – 22,848 Shares (2021: 15851}	62,832	43,590
Closing Balance – 245,388 Class A Shares	618,657	555,825

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.

20. TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Trade Receivables	125,577	191,139
Payments in Advance	5,812	6 552
Total	**$131,389**	**$197,691**

The Company has performed an assessment of any expected Trade Receivables credit losses. Based on trading relationships, the company's position in the markets and credit loss history the company has determined that there are no grounds to provide for expected credit losses (ECL's).

Aging of Trade receivables.

As at 31 March 2022	Gross	ECL's	Net
Not past due (Current)	112,599	-	112,599
Past Due 1-30 days	6,304	-	6,304

Past Due 31-60 days	2,637	-	2,637
Past Due > 60 days	4,037	-	4,037
Total	$**125,577**	**-**	**$125,577**

As at 31 March 2021	Gross	ECL's	Net
Not past due (Current)	125,599	-	125,599
Past Due 1-30 days	55,800	-	55,800
Past Due 31-60 days	5,299	-	5,299
Past Due > 60 days	4,441	-	4,441
Total	**$191,139**	**-**	**$191,139**

21. TRADE AND OTHER PAYABLES

	2022 $	**2021 $**
Trade Creditors	74,081	246,373
Accrued Expenses	25,372	16,441
Accrued Wages	3,253	9,066
Westpac – Mastercard	4,625	3,889
Total	**$107,331**	**$275,769**

The amount for Trade Creditors includes $40,181 (2021: $200,390) owed to growers.

22. PROVISIONS

	2022 $	2021 $
Current		
Employee Benefits		
Provision for Holiday Pay	45,310	42,327
Total Current Provisions	**45,310**	**42,327**
Total Provisions	**$45,310**	**$42,327**

23. FINANCIAL INSTRUMENTS

The Company does not enter into any off Balance Sheet debt financial instruments. All financial instruments are recognised in the Financial Statements.

The Company's activities expose it to a variety of credit risk, market risk and liquidity risk.

(a) Credit Risk

Credit risk is the risk of the failure of a debtor or counterparty to honor its contractual obligation resulting in financial loss to the Company.

Financial assets which potentially subject the Company to credit risk consist of bank balances, trade receivables, and balances due from the Inland Revenue Department. The Company considers the maximum exposure to credit risk is for trade receivables of $125,577 (2021: $191,139). Cash equivalents are placed with New Zealand banks holding high credit ratings. Collateral is held in respect to financial assets. There were no material impaired or past due debtors as at 31 March 2022.

Financial assets comprise:

	2022 $	2021 $
Current Financial Assets		
Cash and Cash Equivalents	299,930	394,480
Trade Receivables	125,577	191,139
Payments in Advance	5,811	6,552
Total	**$431,318**	**$592,171**

(b) Market Risk

Market risk is the risk that changes in market prices will affect the Company's profitability. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

The Company considers the most significant market risk to be as follows:

Interest Rate Risk:

The interest rate for the Inland Revenue Loan is 0% increasing to 3% fixed from May 2022.

The Westpac Loan has a floating interest rate of 6.8%

Interest rate sensitivity analysis:

The sensitivity analysis outlined below has been based on the exposure to interest rates for financial instruments at the end of the reporting period.

Based on the Company's average net level of interest bearing debt, the profit and equity for the year ended 31 March 2022 would decrease/increase by $4862 if there was a movement of plus/minus 200 basis points.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The directors are responsible for the Liquidity Risk Management and as such have built an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Management also determines the timing and level of payout to the growers.

The following table details exposure to liquidity risk:

2022	Less than 1 year	1-2 Years	2-5 Years	Greater than 5 Years	Total
Trade and Other Payables #	169,154	-	-	-	169154
Loans and ROU Liabilities*	68,091	73,028	121,744	-	262,863
Gross Liability	250,113	82,169	128,436	-	460,718
Less interest	12,868	9,141	6,692	-	28,701
Principal	237,245	73,028	121,744	-	432,017

2021	Less than 1 year	1-2 Years	2-5 Years	Greater than 5 Years	Total
Trade and Other Payables #	338,254	-	-	-	338,254
Loans and ROU Liabilities*	69,069	68,091	194,772	-	331,932
Gross Liability	423,166	80,959	210,605	-	714,730
Less interest	15,843	12,868	15,833	-	44,544
Principal	407,323	68,091	194,772	-	670,186

Trade and Other Payables include Provisions and Income Tax.

* Term Loans and Right of Use Liability for vehicle including interest

(d) Fair Values

Walnuts New Zealand Co-operative Limited has financial instruments carried at fair value, with the fair value of all financial instruments equivalent to their carrying value. The following hierarchy defines the valuation method used to value these instruments.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities. Level 2: Valuation techniques for which the lowest level input that is significant to the fair vc1lue measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. •

(e) Capital Management

The Company's capital structure consists of share capital and retained earnings.

Capital Management is the responsibility of the directors to sustain growth and maximise shareholder value. The Company has a mandatory share purchase scheme with members based on their supplies of crops in which members must acquire one share at $2.75 for each kilo of walnuts supplied to the company.

24. INTERESTS IN OTHER ENTITIES

On 23 December 2016, 100% of the shares in Kernelz Limited and Walnuts New Zealand Limited were transferred to the Company at nil consideration by transacting shareholders, Malcolm and Jennifer Lawrence. The companies are currently shelf companies, and are being held by Walnuts NZ

Co-operative Limited, for the right to the names only.

25. 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.

26. CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2022 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.

27. EXCEPTIONAL OPERATING RISKS

The Company does not have any exceptional operating risks.

28. SIGNIFICANT EVENTS AFTER BALANCE DATE

No significant events occurred after the balance date.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Walnuts New Zealand Co-operative Limited

Opinion

We have audited the financial statements of Walnuts New Zealand Co-operative Limited (the Company) on pages 6 to 36, which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the Key Audit Matter
Valuation of Intangible Assets (Goodwill) $66,500	
Goodwill has been recognised on the acquisition of the business. As at 31 March 2022, it is recorded at $nil (2021 $66,500). As a result of our audit procedures goodwill, was fully impaired in the current year see note 15. We have included the valuation and impairment of goodwill as a key audit matter due to : ▪ Management performs an annual impairment test in relation to the carrying value of goodwill using a model to determine the recoverable amount. This model relies on various estimates and assumptions such as future maintainable earnings and earnings multiplier.	Our procedures included, but were not limited to: ▪ Evaluated management methodology for determining the carrying value of intangible assets (goodwill) against generally accepted valuation methodology and the required accounting standards ▪ Challenged key assumptions and assessed evidence used in managements valuation and forecast cashflows. ▪ Assessed appropriateness of disclosures

Information Other Than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in Company Directory and Directors' Report on pages 3 to 5, 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, 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.

Other Matter

The financial statements of Walnuts New Zealand Co-operative Limited for the year ended 31 March 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 28 July 2021.

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, 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 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 economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on Use

This report is made solely to the Company's Shareholders, as a body. Our audit has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Michael Lee

For and on behalf of:

Crowe

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Christchurch this 30th day of September 2022

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.