



ANNUAL REPORT

**New Zealand Fruitgrowers' Charitable Trust Group
For the Year Ended 31 March 2018**

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Entity Information

New Zealand Fruitgrowers' Charitable Trust Group For the Year Ended 31 March 2018

Legal Name of Entity

New Zealand Fruitgrowers' Charitable Trust

Entity Type and Legal Basis

Charitable Trust

Registration Number

CC21071

Entity's Purpose or Mission

Makes grants to fruit growers industry,

Entity Structure

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

Main Source of Entity's Cash and Resources

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

Main Methods Used by Entity to Raise Funds

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

Entity's Reliance on Volunteers and Donated Goods and Services

None

Physical Address

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

Approval of Consolidated Financial Report

New Zealand Fruitgrowers' Charitable Trust Group For the Year Ended 31 March 2018

The Trustees are pleased to present the approved consolidated financial report including the historical financial statements of the New Zealand Fruitgrowers' Charitable Trust for the year ended 31 March 2018

APPROVED



Chair

Date: 12 June2018



Trustee

Date: 12 June2018

Statement of Service Performance

New Zealand Fruitgrowers' Charitable Trust Group For the Year Ended 31 March 2018

Description of Entity's Outcomes

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

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

Outcomes and measures of quality and objectives in respect to delivery:	Actual this year \$	Budget this year \$	Budget next year \$
Grants provided to organisations to assist delivering this Trusts outcomes and effect on Society (detailed below)	310,622	400,000	400,000
Fresh Facts booklet	2,500		
Central Otago labour market survey	10,000		
Hawke's Bay Young labour governance group	7,500		
Hawke's Bay Young Fruitgrower	10,000		
Horticulture NZ Brown Marmorated Stink Bug research	5,000		
Horticulture NZ Nelson labour force co-ordinator	20,000		
Horticulture NZ Northland labour force co-ordinator	20,000		
Horticulture NZ leadership programme	20,000		
Horticulture NZ new entrant programme	20,000		
Horticulture NZ – women in horticulture	10,000		
Kellogg Nuffield scholarships	10,000		
NZ Citrus Growers Inc funding to develop an industry strategy report	50,000		
NZ Kiwifruit Growers Assn – funding for a book on history of commercial kiwifruit growing in NZ	10,000		
Nelson Young Fruitgrower	4,000		
Persimmon Industry Council travel grant to China Fruit & Vegetable Fair	4,000		
Sponsor young growers to Horticulture NZ conference	9,079		
The Orchardist magazine	70,000		
United Fresh 5+ a Day	28,043		

Additional information

While it was expected to provide grants of \$400,000 this year insufficient requests for grants complying with our Trust criteria were received. Excluding asset revaluations and grants 33.58% of profit for the year ended 31 March was distributed by way of grants (2017; 22.92%).

The Trust made a net return, before grants, on average equity of 6.14% for the year ended 31 March 2018 (2017; 11.86%)

Operating costs, exclusive of grants paid, were 4.79% (2017; 4.25%) of average equity.

Real estate makes up 90% (2017, 92%), term deposits 6% (2017; 8%) and equities 4% (2017; NIL) of the Trust's total long term investment portfolio.

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

Consolidated Statement of Financial Performance

New Zealand Fruitgrowers' Charitable Trust Group

For the year ended 31 March 2018

	Notes	2018 \$	2018 \$	2017 \$
REVENUE				
Revenue from providing goods or services				
Rents			1,741,170	1,561,930
Total revenue from providing goods or services			1,741,170	1,561,930
Dividends received			4,034	
Interest			40,604	37,624
Other revenue			21	10,161
Fair value movement of equity investments			(25,206)	-
Fair value movement of investment property	1		200,000	1,075,000
Total revenue			1,960,623	2,684,715
EXPENSES				
Adverse events		-		5,000
Audit fees		7,150		11,592
Building maintenance costs		58,768		20,705
Building management		24,721		14,160
Consulting and accounting		26,332		63,927
Depreciation		8,769		-
Directors fees		22,500		22,500
General expenses		3,450		10,325
Insurance		181,794		138,639
Legal expenses		2,921		3,692
Light, power and telephone		4,160		3,288
Marketing and valuation		650		5,035
Printing and stationery		2,202		1,086
Rental and lease payments		5,252		5,567
Rates		187,859		179,870
Repairs and maintenance		129,879		73,542
Secretariat		77,310		20,000
Trustee fees		100,000		100,000
Trustee meetings and travel		17,163		30,027
Total expenses			860,880	708,955
SURPLUS FOR THE YEAR			1,099,743	1,975,760
OTHER MOVEMENTS				
Grants			(310,622)	(206,433)
Total other movements			(310,622)	(206,433)
SURPLUS AFTER GRANTS FOR THE YEAR			789,121	1,769,327

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

Statement of Changes in Net Assets

New Zealand Fruitgrowers' Charitable Trust Group

For the year ended 31 March 2018

	2018	2018	2017
	\$	\$	\$
ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE			
Opening balance	17,530,728		15,756,401
Comprehensive revenue and expenses			
Surplus for the year	789,121		1,769,327
Transfers in/(out)			
Provision for adverse event reserve	-		5,000
Total transfers in/(out)	<u>-</u>		<u>5,000</u>
Total comprehensive revenue and expenses	789,121		1,774,327
Total accumulated comprehensive revenue and expenses	18,319,849		17,530,728
Adverse Event Reserve			
Opening balance	35,000		40,000
Transfers in/(out)	<u>-</u>		<u>(5,000)</u>
Total transfers	<u>-</u>		<u>(5,000)</u>
Total adverse event reserve	<u>35,000</u>		<u>35,000</u>
TOTAL EQUITY	18,354,849		17,565,728

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

Consolidated Statement of Financial Position

New Zealand Fruitgrowers' Charitable Trust Group as at 31 March 2018

	Notes	2018 \$	2018 \$	2017 \$
ASSETS				
Current assets				
Bank accounts and cash		313,677		285,210
Debtors and prepayments	2	104,794		52,849
Term deposits		<u>1,100,000</u>		1,400,000
Total current assets			1,518,471	1,738,059
Non current assets				
Investment in equities		755,489		-
Plant & equipment		58,563		4,750
Investment property	1	<u>16,100,000</u>		15,900,000
Total non-current assets			16,914,052	15,904,750
Total assets			18,432,523	17,642,809
LIABILITIES				
Current liabilities				
Creditors and accrued expenses	3	<u>77,674</u>		77,081
Total current liabilities			77,674	77,081
Total Liabilities			77,674	77,081
Total assets less total liabilities (Net assets)			18,354,849	17,565,728
ACCUMULATED FUNDS				
Accumulated surpluses			18,319,849	17,530,728
Provision for Adverse Events Reserve	10		<u>35,000</u>	35,000
Total accumulated funds			18,354,849	17,565,728


 CHAIR _____ A G Fenton

12 June 2018 Date


 TRUSTEE _____ R C Curtis

12 June 2018 Date

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

Consolidated Statement of Cash Flows

New Zealand Fruitgrowers' Charitable Trust Group

For the year ended 31 March 2018

	2018	2018	2017
	\$	\$	\$
CASH FLOW			
Cash from operating activities			
Cash was provided from:			
Receipts from providing goods or services	1,689,826		1,595,735
Interest and dividends	44,659		37,603
Other cash receipts	-		-
Cash provided from operating activities	<u>1,734,485</u>	1,734,485	<u>1,633,338</u>
Cash was applied to:			
Payments to suppliers and employees	(852,119)		(864,045)
Charitable grants	(310,622)		(211,433)
Cash applied to operating activities	<u>(1,162,741)</u>	(1,162,741)	<u>(1,075,478)</u>
Net cash flow from operating activities		<u>571,744</u>	<u>557,860</u>
Cash from investing and financing activities			
Cash was provided from:			
Sale of investments	2,300,000		-
Adjustment to equity for prior period error	-		10,020
Repayment of loan	-		40,447
Total cash provided from investing and financing activities	<u>2,300,000</u>	2,300,000	<u>50,467</u>
Cash was applied to:			
Purchase of investments	(2,780,696)		(600,000)
Purchase fixed assets	(62,581)		(4,750)
Total cash applied to investing and financing activities	<u>(2,843,277)</u>	(2,843,277)	<u>(604,750)</u>
Net cash flow from investing and financing activities		<u>(543,277)</u>	<u>(554,283)</u>
Net increase/decrease in cash held		28,467	3,577
ADD opening cash held		<u>285,210</u>	<u>281,633</u>
Ending cash to carry forward		<u>313,677</u>	<u>285,210</u>
Bank accounts and cash		<u>313,677</u>	<u>285,210</u>

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

Statement of Consolidated Accounting Policies

New Zealand Fruitgrowers' Charitable Trust Group For the Year Ended 31 March 2018

Basis of Preparation

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

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

Presentation Currency

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

Goods and Services Tax (GST)

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

Income Tax

New Zealand Fruitgrowers' Charitable Trust is a registered charity and is exempt from income tax. Its subsidiary Huddart Parker Building Ltd while performing taxable activity has significant tax losses carried forward.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cashflows comprise cash balances and bank balances including term deposits with original maturity of 90 days or less.

Tier 2 PBE Accounting Standards Apply

The Trust has applied PBE IPSAS 16 Investment Property.

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

Statement of Consolidated Accounting Policies (continued)

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

The Trust has applied PBE IPSAS 6 Consolidated Financial Statements.

Revenue Recognition

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

Rental Income

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

Interest income

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

Investment Properties

Investment properties are properties that are held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business or for the supply of goods or services or for administrative purposes. Investment properties are measured initially at cost including transaction costs. Investment properties acquired through non exchange transactions are measured at fair value at the date of acquisition.

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

Basis of Consolidation

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

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

Changes in Accounting Policies

There have been no changes in accounting policies this year.

Notes to the Consolidated Performance Report

New Zealand Fruitgrowers' Charitable Trust Group For the Year Ended 31 March 2018

1. Investment Property

	2018	2017
Land	\$	\$
Fair Value	5,400,000	5,400,000
Total Land	5,400,000	5,400,000
Property		
Fair Value	10,700,000	10,500,000
Total Property	10,700,000	10,500,000
Total Investment Property	16,100,000	15,900,000

The valuation for the Huddart Parker Building, 2 Jervois Quay Wellington has been performed by Martin Veale ANZIV SPINZ B.Com (VPM) from Telfer Young (Wellington Ltd) as an independent registered valuer. As at 31 March 2018 the land and building was valued at \$16,100,000 (2017; \$15,900,000).

2. Debtors and Prepayments

	2018	2017
	\$	\$
Sundry debtors	9,811	6,445
Advance payments	94,983	46,404
Total debtors and prepayments	104,794	52,849

3. Creditors and Accrued Expenses

	2018	2017
	\$	\$
Sundry creditors and accrued expenses	67,579	53,361
GST	10,095	23,720
Total creditors and accrued expenses	77,674	77,081

4. Tax Note

The New Zealand Fruitgrowers' Charitable Trust is a registered charity that is exempt from tax. Its subsidiary Huddart Parker Building Ltd is a tax paying company. Huddart Parker Building Ltd has \$3,241,784 (2017; \$3,268,687) tax losses available to carry forward.

Notes to the Consolidated Performance Report (continued)

5. Commitments

There were no significant commitments at balance date (2017; NIL).

6. Contingent Liabilities and Guarantees

There were no contingent liabilities or guarantees at balance date (2017; NIL).

7. Ability to continue operating

The entity will continue to operate for the foreseeable future.

8. Events After Balance Date

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

9. Related Party Note

Parent and Ultimate Controlling Party

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

Related Parties

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

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

Related Party Transactions

The Company acts as a bare Trustee of the investment property for the Trust. The Trust pays a levy to the Company to cover the operational costs of the property. These transactions are netted off upon consolidation of the Group financial statements.

10. Provision for Adverse Events Reserve

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

Notes to the Consolidated Performance Report (continued)

11. Investment in Subsidiaries

Huddart Parker Building Ltd is a bare Trustee of the investment property held on behalf of the Trust.

The New Zealand Fruitgrowers Federation is a non-trading company with no transactions.

	Parent Trust 2018 \$	Parent Trust 2017 \$	Ownership Interest %
Huddart Parker Building Ltd	14,982,224	14,982,224	100
New Zealand Fruitgrowers Federation	10,309	10,309	100

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

Opinion

We have audited the financial statements of New Zealand Fruitgrowers Charitable Trust Group ("the Trust"), which comprise the entity information, statement of service performance, consolidated statement of financial position as at 31 March 2018, statement of changes in net assets, consolidated statement of financial performance 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 of the Trust for the year ended 31 March 2018 are prepared, in all material respects, in accordance with the accounting policies specified in the Statement of Accounting Policies in the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Trust.

Other Matter

The financial statements of New Zealand Fruitgrowers Charitable Trust for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those statements.

Boards' Responsibilities for the Financial Statements

The Board are responsible on behalf of the Trust for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Board 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 Board are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Trust 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 Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

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

BDO Wellington Audit Limited

BDO Wellington Audit Limited
12 June 2018
Wellington
New Zealand