



Consolidated Financial Statements

For the year ended
30 June 2023





Directors

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Consolidated Statement of Service Performance

For the year ended 30 June 2023

Description of OSPRI New Zealand Limited's (OSPRI) outcomes

TBfree New Zealand Limited's overall outcome is to continue reduction of measurements with the goal of eradicating tuberculosis (TB) from cattle and deer by 2026, possums by 2040 and biological eradication of TB by 2055. NAIT is committed to ensuring all cattle and deer are recorded and traced effectively throughout their lives.

This report has been prepared in accordance with PBE FRS 48 Service Performance Reporting. The Board of OSPRI believes that the statements contained in this report accurately reflect the overall performance of OSPRI for the year ended 30 June 2023.

Outputs	Measures	2023 Outcome	2022 Outcome
The number of bovine TB infected status cattle or deer herds.	The infected herd status is recorded in Disease Management System (DMS) and stored in OSPRI databases and can be accessed via a Power BI tool and reports directly out of DMS. Number recorded as at 30 June.	19	24
The total hectares of TB Vector Risk Area declared free of bovine TB in each financial year.	Number of hectares (within +/- 5%) where eradication has been achieved and reclassified from a vector-risk area to a vector-free area. This is an annual assessment by an independent panel and confirms whether we have proved, to 95% probability, the eradication of TB infection from Vector Risk Areas (areas where wildlife has been or remains infected with TB).	194,068	243,575
Completion of planned vector operations contracts in the financial year on time.	Percentage of vector operation projects completed during the year on time.	73%	72%
Completion of planned vector operations contracts in the financial year within budget.	Percentage of vector operation projects completed during the year within budget.	72%	80%
Annual infected herd period prevalence.	Annual period prevalence of TB infection in deer and cattle herds as a percentage of herds. Period prevalence is calculated by the total number of infected herds in a given period divided by (non-infected herds at the beginning of the period (normally a financial year) plus non-infected herds at the end of the period divided by two). The calculation inputs are from DMS.	0.05%	0.08%

Outputs	Measures	2023 Outcome	2022 Outcome
Percentage of NAIT animals that are registered in the NAIT system prior to their first off-farm movement.	<p>This measure shows where an animal was registered in the NAIT system prior to being recorded in an animal movement. Person in Charge of Animals (PICAs) are obligated to ensure all animals are correctly tagged and registered within 180 days of birth or their first off farm movement, whichever comes first. This measure takes all animals that were registered in the NAIT system within a given time frame and determines if they were registered correctly or if they were registered by the recording of a movement, and therefore failed to be registered correctly.</p> <p>As it is not possible to retrospectively register an animal, this figure is static.</p>	94.5%	93.7%
Percentage of animal movements recorded within 48 hours.	<p>This measure shows timeliness of all movements recorded within a time frame. PICAs are obligated to record all animal movements on and off their NAIT location within 48 hours (starting from the end of the day that the movement took place). This measure is dynamic, and it is important to include the collection date when providing this figure. As more movements are recorded retrospectively, the percentage of compliant movements will decrease over time.</p>	59.3%	54.7%
Average wait time for Support Centre to answer calls.	Average speed of a phone call answer over the course of the year in minutes and seconds.	6mins 6 secs	5mins 15 secs

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Revenue			
Revenue from non-exchange transactions	6	73,418	67,263
Revenue from exchange transactions		1,214	623
Total revenue		74,632	67,886
Expenditure			
Pest control and management		34,452	35,708
Disease management and testing		13,488	14,009
Animal identification and tracing operations		3,437	3,225
Support centre		2,215	2,246
Research		1,894	1,838
Information technology		8,377	6,264
Corporate services		10,968	9,310
Total expenditure	7	74,831	72,600
Deficit before financing costs		(199)	(4,714)
Interest income		247	187
Surplus/(deficit) for the year		48	(4,527)
Total comprehensive revenue and expense for the year		48	(4,527)

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Accumulated Revenue and Expense \$000	Total Equity \$000
Opening equity as at 1 July 2022	28,002	28,002
Total comprehensive revenue and expense for the year	48	48
Equity as at 30 June 2023	28,050	28,050
Opening equity as at 1 July 2021	32,529	32,529
Total comprehensive revenue and expense for the year	(4,527)	(4,527)
Equity as at 30 June 2022	28,002	28,002

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash at bank		10,792	14,938
Receivables and other current assets	8	5,777	4,460
Investments		-	4,500
Total current assets	9	16,569	23,898
Non-current assets			
Property, plant and equipment	11	649	887
Intangible assets	10	20,046	14,165
Total non-current assets		20,695	15,052
Total assets		37,264	38,950
Liabilities			
Current liabilities			
Payables from exchange transactions and other liabilities	12	8,130	9,841
Employee benefits' liability		1,084	1,107
Total current liabilities	9	9,214	10,948
Total liabilities		9,214	10,948
Equity			
Capital	14	-	-
Retained earnings		28,050	28,002
Total equity		28,050	28,002
Total equity and liabilities		37,264	38,950

Approval by the Directors

The financial statements were authorised on behalf of the Board of Directors on 21 September 2023.



Dr P H S Reynolds
Acting Chair



M B D James
Director

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$000	2022 \$000
Cash flows from operating activities			
Revenue from operations		73,598	68,170
Payments to employees and suppliers		(74,246)	(69,064)
Net cash flows used in operating activities	16	(648)	(894)
Cash flows from investing activities			
Interest income		276	200
Term deposits invested		-	(28,500)
Term deposits matured		4,500	42,500
Purchase of property, plant and equipment		(128)	(618)
Purchase of intangible assets		(8,146)	(7,666)
Net cash flows (used in)/from investing activities		(3,498)	5,917
Net (decrease)/increase in cash at bank		(4,146)	5,023
Opening cash at bank		14,938	9,915
Closing cash at bank		10,792	14,938

The accompanying notes on pages 8-23 are an integral part of these Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

Note 1 Reporting entity

OSPRI New Zealand Limited ('OSPRI') is a charity domiciled in New Zealand and registered under the Charities Act 2005 and the Companies Act 1993. The consolidated financial statements have been prepared in accordance with the requirements of these Acts.

These consolidated financial statements for the year ended 30 June 2023 comprise the controlling entity OSPRI and its wholly owned subsidiaries TBfree New Zealand Limited ('TBfree') and National Animal Identification and Tracing (NAIT) Limited ('NAIT'), together referred to as the 'Group'. For the purposes of financial reporting, the Group is designated as not-for-profit public benefit entities.

All entities within the Group are domiciled in New Zealand. TBfree manages the National Pest Management Plan for bovine tuberculosis in accordance with the provisions of the Biosecurity Act 1993. NAIT is responsible for implementing the National Animal Identification and Tracing Scheme and operates under the National Animal Identification and Tracing Act 2012.

As OSPRI and its subsidiaries are registered charitable entities, the Group is exempt from New Zealand income tax.

Note 2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with, and comply with, New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). They comply with Tier 1 Public Benefit Entity Accounting Standards (Not-For-Profit). The consolidated financial statements were authorised for issue by the Board of Directors on 21 September 2023.

Accounting standards issued but not yet required to be adopted for the year ended 30 June 2023 are:

Standard	Effective
PBE IPSAS 1	Disclosure of fee for audit firm's services
	Periods beginning 1 January 2024

(b) Changes due to the initial application of new, revised and amended PBE Standards

(i) *PBE IPSAS 41 Financial Instruments is effective from 1 January 2022 and was adopted by the Group on 1 July 2022.*

PBE IPSAS 41 introduces new recognition and measurement requirements for financial assets and restricts the ability to measure financial assets at amortised cost to only those assets that are held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. In addition, measurements of financial assets at fair value through other comprehensive revenue and expense is also restricted.

PBE IPSAS 41 has had an immaterial impact on the Group's measurement and recognition of financial instruments, as financial assets that were recognised as loans and receivables are now recognised as amortised cost.

(ii) *PBE FRS 48 Service Performance Reporting is effective from 1 January 2022 and was adopted by the Group on 1 July 2022.*

PBE FRS 48 requires specific disclosures for the reporting of service performance information which have been provided in the Statement of Service Performance.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars, which is the functional and reporting currency of the Group. All values are rounded to the nearest thousand dollars unless indicated otherwise.

Note 3 Use of estimates and judgements

The preparation of the financial statements in conformity with NZ GAAP requires the use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note		Judgement
Note 10	Intangible assets	Recognition of internally generated software

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2023 is included in the following note:

Note		Uncertainties
Note 10	Intangible assets	Impairment, useful life and residual value of software

Note 4 Significant accounting policies

The accounting policies set out below and in the notes to the consolidated financial statements have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group.

(a) Goods and Services Tax ('GST')

The consolidated financial statements have been prepared so that all components are stated exclusive of GST, with the exception of some receivables and payables, which may include GST.

(b) Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives value from another entity (e.g. funding) without giving approximately equal value to that entity in exchange. Funding received from non-exchange transactions is recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same funding received. Liabilities are recognised in relation to funding received when there is a resulting present obligation to perform or satisfy a condition (or milestone), and the failure of which will result in the refund of any funding that has been received in relation to the specified condition (or milestone).

(c) Financial instruments – Non-derivative financial assets and liabilities

The Group initially recognises financial instruments on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets

Financial assets are within the scope of NFP PBE IPSAS 41 Financial instruments. The classifications for the financial assets are determined at initial recognition. On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive revenue and expenses (FVOCRE) – debt investment and equity investment; or fair value through surplus or deficit (FVTSD).

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group's financial assets are classified as amortised cost. Financial assets include cash and cash equivalents, receivables and prepayments.

All financial assets are subject to review for impairment at least at each reporting date.

These assets are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Financial liabilities

All financial liabilities are initially recognised at fair value plus any attributable transactions costs and are measured subsequently at amortised cost using the effective interest method.

(d) Intangible assets

All intangible assets are stated at cost less amortisation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of self-constructed assets are recognised as capital work in progress until the assets are operating in the manner intended, at which time they are transferred to intangible assets.

Amortisation is recognised in comprehensive revenue and expense and is calculated to amortise the cost of the intangible assets less any residual values using the straight-line method over their estimated useful lives of 3-7 years. The assets' residual values and useful lives are reviewed and adjusted during the reporting period as appropriate.

(e) Non-financial assets

The Group has determined that all property, plant and equipment and intangible assets (including capital work in progress) are non-cash generating assets, as they are held to provide activities and services that benefit biosecurity, traceability and industry good. Work in progress balances are reviewed on a regular basis. In scenarios where projects are not completed, or are no longer considered to add value to the Group, the amount of work in progress held for those projects is written off.

At each reporting date, the Group estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. Impairment losses are recognised in the determination of comprehensive revenue and expense.

Note 5 Segmental results

The Group is organised into and reports to the directors on the basis of three functional areas: OSPRI, TBfree and NAIT. Expenses incurred by OSPRI on behalf of its subsidiaries are allocated across the two other functional areas on a proportional basis.

Statement of comprehensive revenue and expense for the year ended 30 June 2023

	OSPRI \$000	TBfree \$000	NAIT \$000	Group \$000
Operating revenue				
Crown funding	-	24,000	4,340	28,340
Dairy industry funding	-	14,500	-	14,500
Deer industry funding	-	1,170	306	1,476
Dairy slaughter levies	-	10,491	-	10,491
Beef slaughter levies	-	9,529	-	9,529
Tagged and untagged animal slaughter levies	-	-	4,114	4,114
Animal identification tag levies	-	-	3,536	3,536
Live export levies	-	1,295	-	1,295
Tuberculosis reactor proceeds	-	68	-	68
Corporate services	1,214	-	-	1,214
Other income	-	-	69	69
Total operating revenue	1,214	61,053	12,365	74,632
Operating expenditure				
Pest control and management	2	34,450	-	34,452
Disease management and testing	-	13,488	-	13,488
Animal identification and tracing operations	-	-	3,437	3,437
Support centre and compliance	-	393	1,822	2,215
Research	-	1,894	-	1,894
Information technology	-	4,184	4,192	8,376
Corporate services	1,213	6,963	2,793	10,969
Total operating expenditure	1,215	61,372	12,244	74,831
Net operating surplus/(deficit) for the year	(1)	(319)	121	(199)
Interest income	-	188	59	247
Total comprehensive revenue and expense for the year	(1)	(131)	180	48

Statement of financial position 30 June 2023

	OSPRI \$000	TBfree \$000	NAIT \$000	Intra- Group \$000	Group \$000
Current assets	2,676	9,873	3,915	105	16,569
Non-current assets	2,957	10,022	10,036	(2,320)	20,695
Total assets	5,633	19,895	13,951	(2,215)	37,264
Current liabilities	3,759	5,785	1,885	(2,215)	9,214
Total liabilities	3,759	5,785	1,885	(2,215)	9,214
Retained earnings and reserves	1,875	14,241	11,886	-	28,002
Surplus/(deficit) for the year	(1)	(131)	180	-	48
Total equity	1,874	14,110	12,066	-	28,050
Total equity and liabilities	5,633	19,895	13,951	(2,215)	37,264

Statement of comprehensive revenue and expense for the year ended 30 June 2022

	OSPRI \$000	TBfree \$000	NAIT \$000	Group \$000
Operating revenue				
Crown funding	-	24,000	2,140	26,140
Dairy industry funding	-	14,500	-	14,500
Deer industry funding	-	1,499	106	1,604
Dairy slaughter levies	-	9,253	-	9,253
Beef slaughter levies	-	9,463	-	9,463
Tagged and untagged animal slaughter levies	-	-	1,350	1,350
Animal identification tag levies	-	-	3,307	3,307
Live export levies	-	1,504	-	1,504
Tuberculosis reactor proceeds	-	118	-	118
Pest control and management	278	-	-	278
Corporate services	345	-	-	345
Other income	-	-	24	24
Total operating revenue	623	60,337	6,927	67,886
Operating expenditure				
Pest control and management	290	35,418	-	35,708
Disease management and testing	-	14,009	-	14,009
Animal identification and tracing operations	-	-	3,225	3,225
Support centre and compliance	-	1,123	1,123	2,246
Research	-	1,838	-	1,838
Information technology	-	3,132	3,132	6,264
Corporate services	341	6,187	2,782	9,310
Total operating expenditure	631	61,707	10,262	72,600
Net operating deficit for the year	(8)	(1,370)	(3,335)	(4,714)
Interest income	-	116	71	187
Total comprehensive revenue and expense for the year	(8)	(1,254)	(3,264)	(4,527)

Statement of financial position as at 30 June 2022

	OSPRI \$000	TBfree \$000	NAIT \$000	Intra- Group \$000	Group \$000
Current assets	1,520	16,696	5,907	(225)	23,898
Non-current assets	3,058	7,066	7,114	(2,185)	15,052
Total assets	4,578	23,762	13,021	(2,410)	38,950
Current liabilities	2,703	9,521	1,135	(2,410)	10,948
Total liabilities	2,703	9,521	1,135	(2,410)	10,948
Retained earnings and reserves	1,883	15,495	15,150	-	32,528
Surplus/(deficit) for the year	(8)	(1,254)	(3,264)	-	(4,527)
Total equity	1,875	14,241	11,886	-	28,002
Total equity and liabilities	4,578	23,762	13,021	(2,410)	38,950

Note 6 Revenue from non-exchange transactions

	2023 \$000	2022 \$000
Crown funding	28,340	26,140
Dairy industry funding	14,500	14,500
Deer industry funding	1,476	1,604
Dairy slaughter levies	10,491	9,253
Beef slaughter levies	9,529	9,463
Tagged and untagged animal slaughter levies	4,114	1,350
Animal identification tag levies	3,536	3,307
Live export levies	1,295	1,504
Other income	137	142
Total revenue from non-exchange transactions	73,418	67,263

The Group's non-exchange transactions are recognised according to the following criteria.

Crown and industry funding

The recognition of non-exchange revenue for Crown and industry funding depends on whether the funding comes with any stipulations imposed on the use of funding provided.

Stipulations that are 'conditions' that specifically require the return of any funding received if the funds are not used in the way stipulated, result in the recognition of a liability (revenue in advance) that is subsequently recognised as non-exchange revenue as and when the conditions are satisfied.

Funding subject to stipulations that are 'restrictions' that do not specifically require the return of any funding received if the funds are not utilised in the way stipulated are recognised as non-exchange revenue when the funds are receivable.

TBfree receives funding from the Crown, dairy, beef and deer industry sectors pursuant to a 'TB Plan Funders' Agreement'. The funding provided is restricted to being used to carry out its National Pest Management Plan for bovine tuberculosis control and eradication from cattle and deer herds. The funding agreement does not impose any condition that requires unspent funds to be returned and the funding is recognised as non-exchange revenue when the funds are receivable.

NAIT receives funding from the Crown to enable it to carry out its animal identification and tracing operations and the funding is recognised as non-exchange revenue when the funds are receivable. The funding agreement has specific strategic objectives and performance measures which are subject to independent audit and review. Ongoing funding is dependent on the achievement of these milestones. If the milestones are not achieved, or if the funding provided has been underspent, then further funding may be reduced.

Levies

In accordance with the applicable legislation, regulations and orders, levies are charged when cattle and deer are processed by a meat processor, when cattle are exported live for commercial purposes and when animal identification tags are sold. The purpose of the levies collected is to partially fund the implementation of a national bovine tuberculosis management plan, and the establishment and ongoing maintenance of a disease management system and the ongoing maintenance of a national animal identification and tracing scheme. There are no conditions imposed in respect of this revenue and it is recognised as non-exchange revenue when the funds are receivable.

Note 7 Expenditure

Total expenses includes the following:

	Note	2023 \$000	2022 \$000
Employee remuneration		13,166	12,711
KiwiSaver contribution		548	556
Depreciation	11	367	243
Amortisation	10	2,265	1,406
Operating lease expenses		1,385	1,336

Note 8 Receivables and other current assets

	Note	2023 \$000	2022 \$000
Receivables from non-exchange transactions			
Industry funding	15	1,513	1,517
Slaughter levies		2,440	2,155
Animal identification tag levies		605	495
Other receivables and current assets		1,219	263
Total receivables from non-exchange transactions		5,777	4,431
Receivables from exchange transactions			
Interest		-	29
Total receivables from exchange transactions		-	29
Total receivables and other current assets		5,777	4,460

	2023		
	\$000 Gross	\$000 Impairment	\$000 Net
Not past due	5,482	-	5,482
1 - 60 days	295	-	295
Total receivables	5,777	-	5,777

	2022		
	\$000 Gross	\$000 Impairment	\$000 Net
Not past due	4,391	-	4,391
1 - 60 days	69	-	69
Total receivables	4,460	-	4,460

The entities utilise the simplified approach as permitted by PBE IPSAS 41 in determining expected credit losses (ECL). Both historical and forward looking factors have been considered in this assessment. Management have determined that an ECL of nil is applicable for the current reporting period.

Note 9 Fair values

The carrying amounts of all financial assets and liabilities approximate their fair values. The fair value of the financial assets and liabilities is the amount at which the instruments could be exchanged in a current transaction between willing parties, that is, other than in a forced sale or liquidation. The Group has no financial instruments that are subject to fair value adjustments at each reporting period.

Note 10 Intangible assets

The majority of the software comprises the NAIT Database, Disease Management System and the development of a new integrated information system.

2023 - Net book value

	Software \$000	Work in progress \$000	Total \$000
Cost	35,341	8,544	43,885
Accumulated amortisation and impairments	23,839	-	23,839
Net book value	11,502	8,544	20,046
Opening Balance	31,669	4,070	35,739
Additions	-	8,146	8,146
Capitalisation of WIP	3,672	(3,672)	-
Total cost	35,341	8,544	43,885
Opening balance	21,574	-	21,574
Amortisation	2,265	-	2,265
Accumulated amortisation and impairments	23,839	-	23,839

2022 - Net book value

	Software \$000	Work in progress \$000	Total \$000
Cost	31,669	4,070	35,739
Accumulated amortisation and impairments	21,574	-	21,574
Net book value	10,095	4,070	14,165
Opening balance	28,073	-	28,073
Additions	-	7,666	7,666
Capitalisation of WIP	3,596	(3,596)	-
Total cost	31,669	4,070	35,739
Opening balance	20,168	-	20,168
Amortisation	1,406	-	1,406
Accumulated amortisation and impairments	21,574	-	21,574

Internally generated software

Judgement is required when distinguishing between the research and development phase of customised software projects and whether the costs meet the recognition requirements for capitalisation. Post capitalisation, management monitors whether the recognition requirements continue to be met, or whether there are any indications that capitalisation costs are impaired. As enhancements to internally developed software are created and capitalised, the Group reviews the useful life of the existing asset. If the enhancement will extend the useful life of the asset, this is adjusted.

Note 11 Property, plant and equipment**2023 - Net book value**

	Property, plant and equipment \$000	Work in progress \$000	Total \$000
Cost	2,822	-	2,822
Accumulated depreciation	2,173	-	2,173
Net book value	649	-	649
Opening Balance	3,020	340	3,360
Additions	468	(340)	128
Disposals	(666)	-	(666)
Total cost	2,822	-	2,822
Opening balance	2,473	-	2,473
Depreciation	367	-	367
Disposals	(667)	-	(667)
Accumulated Depreciation	2,173	-	2,173

2022 - Net book value

	Property, plant and equipment \$000	Work in progress \$000	Total \$000
Cost	3,020	340	3,360
Accumulated depreciation	2,473	-	2,473
Net book value	547	340	887
Opening Balance	2,819	-	2,819
Additions	264	340	604
Disposals	(63)	-	(63)
Total cost	3,020	340	3,360
Opening balance	2,308	-	2,308
Depreciation	243	-	243
Disposals	(80)	-	(80)
Accumulated Depreciation	2,473	-	2,473

Note 12 Trade and other payables

	2023 \$000	2022 \$000
Trade payables	2,620	1,953
Other payables and accruals	5,510	7,888
Total trade payables and other liabilities	8,130	9,841

Trade payables are non-interest bearing and are normally settled on 30 day terms.

TBfree entered into an agreement for use of a bank overdraft facility with Westpac, secured by a General Security Agreement. The overdraft limit is \$15.0m with an ability to draw down from 1 July 2022. A credit card facility totalling \$300k is available.

Note 13 Financial risk management

As part of its normal operations, the Group is exposed to a number of risks and has policies in place to mitigate the adverse impacts of these risks. The most significant are credit risk, interest rate risk and liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet or defaults on its contractual obligations. The carrying amounts of all financial assets represents the maximum exposure to credit risk. The Group is not exposed to any material concentrations of credit risk other than its exposure to the dairy and beef industries.

The Group does not require any collateral or security to support financial instruments relating to its receivables. The receivables and recoverable balances are monitored on a continual basis in order to mitigate bad debts. Any receivables identified as being uncollectable are immediately written off.

The Group holds all its cash and cash equivalents with major New Zealand registered banks and has limits in place to ensure there is no concentration of credit risk with any one bank. Credit ratings of all major New Zealand registered banks as issued by Standard & Poor's (AA-), Fitch (A+) and Moody's (A1) at 30 June 2023 are noted (unchanged from 2022).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial arrangement will fluctuate because of adverse changes in market interest rates. The Group's Treasury Policy states that investments can only be held for a maximum of 185 days. During the financial year and as at the end of the financial year, the Group's exposure to interest rate risk was not material.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions. Under the Group's Treasury Policy, only cash deemed surplus to the Group's liquidity can be invested short-term. The only financial liabilities that the Group has are payables from exchange transactions, which are expected to settle within the agreed credit terms subsequent to balance date.

The Group's capital includes share capital and retained earnings. Accumulated surpluses are available for future purposes. The Group prepares long term forecasts to manage its capital and liquidity.

Note 14 Capital

OSPRI New Zealand Limited has 110 (2022:110) ordinary shares that have been issued and fully paid with no par value.

As the company is a not-for-profit entity, the holder of ordinary shares is not entitled to receive dividends or distributions of any kind from the company, as stated in the company's constitution.

Note 15 Related parties

Shareholders

The shareholders of OSPRI are DairyNZ Incorporated, Beef + Lamb New Zealand Limited and Deer Industry New Zealand.

Board and key management personnel

The Board consists of the directors (who together govern the Group). The total remuneration of the Board was:

	2023 \$000	2022 \$000
Board fees (including committee fees)	331	285
NAIT panel fees	18	18
Total remuneration to board members	349	303
Number of persons	7	6
Number of persons	3	3
Total number of persons	10	9

The executive leadership team consisted of the Chief Executive, Chief Operating Officer, Chief Information Officer, Programme Director, General Managers, and Head of Traceability. The total remuneration of the executive leadership team and the number of personnel, on a full-time equivalent basis, receiving remuneration in this category are:

	2023 \$000	2022 \$000
Executive leadership team remuneration	2,687	2,407
Total remuneration to leadership team	2,687	2,407
Number of persons	10	11

Transactions with related parties

All transactions with related parties comply with the Group's normal trading terms. The Group had the following material transactions with its related parties:

	2023 \$000	2022 \$000
DairyNZ Incorporated	14,500	14,500
Deer Industry New Zealand	1,476	1,604
Revenue from non-exchange transactions	15,976	16,104

	2023 \$000	2022 \$000
Ag Research Limited	1,614	1,247
Landcare Research NZ Limited	488	1,354
Expenditure	2,102	2,601

The Group had the following balances outstanding with its related parties:

	Note	2023 \$000	2022 \$000
DairyNZ Incorporated		1,390	1,390
Deer Industry New Zealand		123	128
Receivables from non-exchange transactions	8	1,513	1,517

	2023 \$000	2022 \$000
Ag Research Limited	152	131
Landcare Research NZ Limited	69	36
Trade payables	221	167

Dr P H S Reynolds QSO is a director of Ag Research Limited and Landcare Research NZ Limited.

Note 16 Reconciliation of surplus/(deficit) to cash flow from operating activities

	2023 \$000	2022 \$000
Surplus/(deficit) for the year	48	(4,527)
Deduct items classified as investing activities		
Interest received	(247)	(200)
Add non-cash movements		
Amortisation and depreciation	2,631	1,649
Movements in working capital items		
(Increase)/decrease in receivables and other current assets	(1,032)	1,023
(Decrease)/increase in employee entitlements	(23)	99
Increase/(decrease) in revenue in advance	-	(143)
(Decrease)/increase in payables and other liabilities	(2,025)	1,205
Net cash flows from/(used in) operating activities	(648)	(894)

Note 17 Operating leases

The Group has entered into non-cancellable operating leases for offices and motor vehicles. The lease commitments are based on current rentals. Future lease commitments at year end in respect of these non-cancellable leases are as follows:

	2023 \$000	2022 \$000
Due within one year	1,410	1,139
Due between one and two years	1,385	928
Due between two and five years	984	1,314
Total non-cancellable operating lease payments	3,779	3,381

Note 18 Categories of financial assets and liabilities

	2023 \$000	2022 \$000
Financial assets		
Cash at bank	10,792	14,938
Receivables and other current assets	5,777	4,460
Investments	-	4,500
	16,569	23,898
Financial liabilities		
Payables from exchange transactions and other liabilities	8,130	9,841
Employee benefits' liability	1,084	1,107
	9,214	10,948

Note 19 Commitments

Pest management control

TBfree enters into contractual arrangements for the completion of pest management control operations. The estimated cost to complete pest control operations that were not accrued, but had been contracted at 30 June 2023 is \$4.8m (2022: \$4.8m).

Research contracts

TBfree has entered into a number of funding agreements for research projects. The continued funding of these is subject to performance reviews. Future commitments at year end in respect of these funding agreements are as follows:

	2023 \$000	2022 \$000
Due within one year	706	1,739
Due between one and two years	261	40
Total research funding commitments	967	1,779

Tuberculosis management areas

TBfree has entered into a number of agreements regarding contracts for future pest control work in particular regions. These contracts can be terminated up to 12 months prior to commencement of work at no cost to TBfree. Where contracts are terminated within 12 months of commencement of work, TBfree will reimburse actual costs incurred up to date of contract termination plus up to 5% of the relevant project price to cover the contractor's lost margin. As at 30 June 2023, TBfree has no intention to materially change any awarded contracts and the result of any contract cancellation is not expected to have a material impact on the financial statements of the Group.

Note 20 Capital commitments

Capital commitments as at 30 June 2023 were nil (2022: nil).

Note 21 Contingent liabilities

OSPRI has ongoing claims, investigations and inquiries, none of which are expected to have a significant effect on the financial statements of the Group (2022: nil).

Note 22 Subsequent events

On 10 August 2022, M. bovis Free New Zealand Limited was incorporated as part of the Group. It is expected to become active in the first half of 2023/24 financial year.

Note 23 Auditor's remuneration

The auditor of the Group for 2023 is BDO Limited (2022: BDO Limited)

	2023 \$000	2022 \$000
Amounts paid or payable to the auditor for auditing the accounts of the company	64	56



BDO Wellington Audit Limited

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF OSPRI NEW ZEALAND LIMITED**

Report on the Audit of the General Purpose Financial Report

Opinion

We have audited the general purpose financial report of OSPRI New Zealand Limited (“the Company”) and its subsidiaries (together, “the Group”), which comprise the consolidated financial statements on pages 4 to 7, and the consolidated service performance information on pages 2 and 3. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying general purpose financial report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 30 June 2023, and (of) its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated service performance for the year ended 30 June 2023, in accordance with the Group’s service performance criteria,

in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the General Purpose Financial Report section of our report. We are independent of the Group 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 or its subsidiary/any of its subsidiaries.

Other Information

The Board is responsible for the other information. The other information obtained at the date of this auditor’s report is information contained in the general purpose financial report, but does not include the consolidated service performance information and the consolidated financial statements and our auditor’s report thereon.



BDO Wellington Audit Limited

Our opinion on the consolidated service performance information and consolidated 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 consolidated service performance information and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated service performance information and the consolidated 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.

Board's Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Group for:

- (a) the preparation and fair presentation of the consolidated financial statements and consolidated service performance information in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards; and
- (c) such internal control as those charged with governance determine is necessary to enable the preparation of the consolidated financial statements and consolidated service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report those charged with governance are responsible for assessing the Group'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 those charged with governance either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated service performance information 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) and NZ AS 1 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/>



BDO Wellington Audit Limited

Who we Report to

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

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED

Wellington

New Zealand

21 September 2023



