

EastPack ***Entity Trust***

EASTPACK ENTITY TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
for year ended 30 June 2023

EastPack ***Entity Trust***

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TRUST INFORMATION

Nature of business:

Kiwifruit grower funds administration

Registered Office:

1 Washer Road, Te Puke, New Zealand

Auditors:

KPMG

Solicitors:

Sharp Tudhope

Bankers:

Bank of New Zealand

EastPack Entity Trust

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Receipts on behalf of growers			
Crop Receipts	3	581,471,627	643,747,059
Interest Received		234	50
Other Income	4	24,826	28,863
Total Revenue		581,496,687	643,775,972
Payments on behalf of growers			
Service Payments	9b	201,085,470	202,496,435
Other Expenses	5	410,593	202,831
Total Costs		201,496,063	202,699,266
Net Surplus before distributions to growers and tax		380,000,624	441,076,706
Distributions to growers			
Payments To Growers (Class 1 Fruit)		370,761,182	435,095,917
Payments To Growers (Non-Class 1 Fruit)	9c	9,239,644	5,982,914
Total Distributions to growers		380,000,826	441,078,831
Net surplus/(deficit) before tax		(202)	(2,125)
Taxation	10	-	-
Net Surplus/(deficit) after tax		(202)	(2,125)

EastPack Entity Trust

STATEMENT OF MOVEMENT IN TRUST FUNDS

For the Year Ended 30 June 2023

	Retained earnings \$	Capital	Total Equity \$
Balance at 1 July 2021	(235)	340	105
Net surplus/(deficit)	(2,125)	-	(2,125)
Balance at 30 June 2022	(2,360)	340	(2,020)

	Retained earnings \$	Capital	Total Equity \$
Balance at 1 July 2022	(2,360)	340	(2,020)
Net surplus/(deficit)	(202)	-	(202)
Balance at 30 June 2023	(2,562)	340	(2,222)

EastPack Entity Trust

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$	2022 \$
Trust funds		(2,222)	(2,020)
Represented by:			
Current Assets			
Cash and bank balance		1,499,907	1,473,693
Accounts Receivable		-	1,193,775
GST Receivable		1,455,486	1,309,714
Prepayments	6	233,733,334	264,565,063
Total Current Assets		236,688,727	268,542,245
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Total Assets		236,688,727	268,542,245
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Current Liabilities			
Accounts Payable		298,245	23,191
GST Payable		-	-
Accruals	7	9,350	8,500
Income Received in Advance	8	206,894,354	235,519,265
Related Party Payables - EastPack Limited	9a	29,489,000	32,993,309
Total Current Liabilities		236,690,949	268,544,265
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Net Assets		(2,222)	(2,020)

For and on behalf of the Board :



John Loughlin

Trustee

6 December 2023

Dated

For and on behalf of the Board :



Mark Yeoman

Trustee

6 December 2023

Dated

EastPack Entity Trust

Notes to the Special Purpose Financial Statements

1 Reporting Entity

EastPack Entity Trust is a trust who acts on behalf of its growers (beneficiaries) who are involved in the growing of Kiwifruit in New Zealand. The Trust provides the service of managing and distributing the crop receipts on behalf of its growers.

2 Statement of Accounting Policies

Basis of preparation

These special purpose financial statements have been prepared in accordance with the accounting policies set out below.

These financial statements have been prepared for internal and taxation purposes and may not be suitable for any other purpose.

Historical Cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Changes in accounting policy

There have been no changes in accounting policy during the year.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the Trust and revenue can be reliably measured.

The statement of financial performance discloses all revenue earned in relation to the 2022 kiwifruit season.

Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost, less any allowance for uncollectable amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

Financial instruments – financial liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in profit or loss on an effective yield basis.

3 Crop Receipts

	Note	2023	2022
		\$	\$
Zespri Group Ltd Receipts		572,231,983	637,764,145
EastPack Ltd Receipts	9c	9,239,644	5,982,914
		581,471,627	643,747,059

4 Other income

	2023	2022
	\$	\$
Hort NZ Levy	24,826	28,863
	24,826	28,863

5 Other expenses

	2023	2022
	\$	\$
Audit Fees	9,222	11,145
Bank Charges	216	70
Advisory Committee Fees	65,269	48,059
Interest	335,886	143,557
	410,593	202,831

6 Prepayments

	2023	2022
	\$	\$
Distributions prepaid to growers for the 2023 crop	112,642,519	-
Prepayments to EastPack for the 2023 crop	121,090,815	-
Distributions prepaid to growers for the 2022 crop	-	132,232,193
Prepayments to EastPack for the 2022 crop	-	132,332,870
	233,733,334	264,565,063

7 Accruals

	2023	2022
	\$	\$
Audit Fees	9,350	8,500
	9,350	8,500

8 Income Received in Advance

	2023	2022
	\$	\$
Income Received in Advance (2023 Crop)	206,894,354	-
Income Received in Advance (2022 Crop)	-	235,519,265
	206,894,354	235,519,265

9 Related Parties

	2023	2022
	\$	\$
a) Short term borrowings		
EastPack Ltd	29,489,000	32,993,309
	<u>29,489,000</u>	<u>32,993,309</u>
Interest paid on loan	335,886	143,557

During the course of the season EastPack Ltd will advance funds to the Trust in order to meet cash flow requirements to ensure Growers are paid on time.

This loan is interest bearing at 8.28% p.a. (2022: 5.45%), unsecured and repayable on demand.

	2023	2022
	\$	\$
b) <i>The Trust made distributions to EastPack Ltd during the year:</i>		
Net Payments for services	201,085,470	202,496,435
Total	<u>201,085,470</u>	<u>202,496,435</u>

The Trust acts as a protected intermediary between Zespri, EastPack Ltd and Growers. Service payments to EastPack Ltd include packing, cool storage, repacking, controlled atmosphere storage, bulk storage, transport, monitoring of kiwifruit and orchards, condition checks and administration. The Advisory Committee and EastPack Ltd negotiate all service payments during the negotiation of packing charges.

Service Payments for a particular season that are made prior to the commencement of the financial year in which the season relates are accrued as a prepayment. This prepayment is realised into service payments in the financial year in which they relate. Therefore, the value recognised as service payments in the financial statements is for an entire season and would not include any service payments made for the following season.

	2023	2022
	\$	\$
c) <i>Crop Receipts - Non Class 1</i>		
<i>EastPack made distributions to EET during the year:</i>		
Receipts of Non-Class 1 Income for the 2022 Crop	9,239,644	-
Receipts of Non-Class 1 Income for the 2021 Crop	-	5,982,914
Total	<u>9,239,644</u>	<u>5,982,914</u>

EastPack Ltd provides revenue to the Trust from Non-Class 1 fruit sold on the local and Australian markets using a number of marketers, including Zespri. EastPack Ltd deducts Service payments prior to payment to the Trust.

d) Related Parties - Administrative Services

EastPack Ltd also provides administrative services to the Trust as per the agreed services negotiated by the Advisory Committee and EastPack Ltd during the negotiations of packing charges.

e) Related Parties - Guarantee

EastPack Entity Trust holds an all obligations unlimited guarantee from EastPack Limited.

10 Taxation

	2023	2022
	\$	\$
Net Surplus/(Deficit) before Tax	(202)	(2,125)
Income Tax @ 33%	(67)	(701)
<i>Adjusted for:</i>		
Tax Losses not recognised	67	701
Taxation	-	-

11 Subsequent Events

There have been no subsequent events.

Independent Auditor's Report

To the Beneficiaries of EastPack Entity Trust

Report on the audit of the special purpose financial statements

Opinion

In our opinion, the special purpose financial statements of EastPack Entity Trust (the 'Trust') on pages 3 to 9:

- i. present in all material respects the Trust's financial position as at 30 June 2023 and its financial performance and cash flows for the year ended on that date in compliance with accounting policies adopted by the Trust.

We have audited the accompanying special purpose financial statements which comprise:

- the statement of financial position as at 30 June 2023;
- the statements of financial performance and movement in Trust funds for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Trust 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 the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the special purpose financial statements* section of our report.

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



Emphasis of matter – Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to in accordance with Trust's stated accounting policies. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Trustees, on behalf of the Trust, are responsible for the other information included in the entity's financial statements. Our opinion on the special purpose financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.



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



Use of this independent auditor's report

This independent auditor's report is made solely to the Beneficiaries as a body. Our audit work has been undertaken so that we might state to the Beneficiaries those matters we are required to state to them in the independent 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 Beneficiaries as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Trustees for the special purpose financial statements

The Trustees, on behalf of the Trust, are responsible for:

- the preparation of the special purpose financial statements in accordance with accounting policies adopted by the Trust;
- implementing necessary internal control to enable the preparation of a special purpose set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the special purpose financial statements

Our objective is:

- to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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. They 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 special purpose financial statements.

A further description of our responsibilities for the audit of these special purpose financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.

KPMG
Tauranga

6 December 2023