PIPFRUIT NEW ZEALAND INCORPORATED

Annual Report 2016

OFFICERS

as at 31 March 2016

Board of Directors

Grower Directors

Matthew Hoddy, Nelson
Peter Beaven, Hawkes Bay
Stephen Anderson, Hawkes Bay
Evan Heywood, Nelson

Post Harvest Directors

Nadine Tunley, Freshmax NZ Ltd (Chairman)
Andy Borland, Scales Corporation Ltd
Darren Drury, T + G Global Ltd

Independent Director

Richard Punter

Senior Management

Chief Executive: Alan Pollard
Technical Manager-Market Access and Regulatory Affairs: Roger Gilbertson
Technical Manager-Crop Protection: Tim Herman
Business Development Manager: Gary Jones
Finance & Administration Manager: Peter Bull

Director Board Meeting Attendance

Board Meetings Held during Financial year 8

Director	Attended	Notes
Nadine Tunley	8	
Stephen Anderson	8	
Peter Beaven	7	
Matthew Hoddy	7	Appointed May 2015
Darren Drury	6	
Andy Borland	6	
Stephen Darling	4	Retired August 2015
Evan Heywood	4	Appointed August 2015
Richard Punter	3	Appointed November 2015
Andrew Common	1	Resigned May 2015

FOREWORD

It is our pleasure to present the annual report for the year ended 31 March 2016.The report covers the 2015 selling season and the 2015/16 growing season to the start of harvest.

This has again been a busy year for Pipfruit NZ. Having launched our strategic plan at the 2013 pipfruit conference in Havelock North, the Board commissioned Ask Your Team to survey the industry to obtain feedback about how well Pipfruit NZ was doing to execute the strategy and to meet or exceed grower expectations. The survey results showed that largely PNZ was on track subject to an improvement in how PNZ communicates with growers. In addition, growers identified that biosecurity deserved a strategic priority of its own.

The survey reaffirmed that market access remains our number one priority, closely followed by biosecurity and attracting retaining and developing industry talent.

The 2015/16 season has again been a good one. We acknowledge that growers in Nelson sustained a major setback with the hail events late in 2015. For some growers this was the second year that they have suffered substantial losses. However, for the region a significantly higher gross production meant that the regional effect of the hail wasn't as large as first thought.

Despite a number of market access issues this year, in the main market performance has improved over the last season. The partnership approach to market access that we have developed with MPI continues to work well. Our relationship with MFAT and NZTE continues to grow in key Asian markets, which continues to add significant value to export returns. Biosecurity remains a strategic priority for PNZ, and we continue to show leadership in this area. Our priority is that GIA will continue to deliver meaningful and tangible benefits to growers, and that grower interests are well protected.

In the absence of a coherent horticulture wide strategy in the area of people development and capability, PNZ has continued to take leadership by commissioning work that is designed to identify the future needs of the industry and to ensure that our industry can access the increased number of permanent and seasonal people that we need to achieve our strategic targets.

We continue to strive for a strong level of communication and engagement with industry, but acknowledge that there is more to do here. We will continue to give all our members the opportunities to engage directly with us.

During the year Stephen Darling retired from the Board having served the maximum of 5 consecutive terms. We are very grateful for the significant contribution that Stephen made to the Board during his term. We welcomed Evan Heywood to the Board at our AGM in August 2015.

We have thoroughly enjoyed serving the industry during the 2015/16 year. It is a privilege to be able to do so and one that gives us all immense enjoyment and fulfilment. We have achieved a lot but inevitably there remains much to do. The Board and team at Pipfruit NZ are committed to working hard to achieve increasing and sustainable long term returns for all of our growers.

EXECUTIVE REPORT

We are pleased to be able to report on the year ended 31 March 2016.

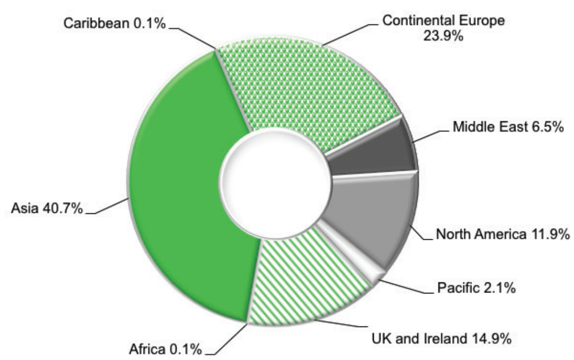
Early indications were that the 2014/15 growing season would be significantly affected by hail events in all of the growing regions in late 2014 and early 2015. However, while some individual orchards were severely affected, overall volumes were much higher than anticipated and quality was again outstanding.

Final figures for the 2015 season were as follows:

NATIONAL EXPORT PRODUCTION (TONNES) BY REGION AND VARIETY 2015

Variety	Hawke's Bay	Nelson	Otago	Rest of NZ	TOTAL	% Mix
Braeburn	35,442	20,464	964	3,294	60,163	18.0%
Cox	62	2,568	927	0	3,556	1.1%
Cripps Pink	13,928	7,341	0	910	22,178	6.6%
Envy™	5,721	6,424	0	828	12,973	3.9%
Fuji	26,134	3,756	1,626	447	31,964	9.6%
Granny Smith	5,793	393	596	14	6,796	2.0%
Jazz™	14,947	15,913	1,943	236	33,039	9.9%
Pacific Beauty™	1,931	25	0	174	2,130	0.6%
Pacific Queen™	14,997	119	503	207	15,825	4.7%
Pacific Rose™	8,301	101	532	435	9,370	2.8%
Royal Gala	87,239	19,780	3,592	5,184	115,795	34.6%
Other Apples	6,085	7,116	2,053	1,255	16,510	4.9%
Pears	1,781	2,294	0	90	4,164	1.2%
Total	222,360	86,293	12,735	13,076	334,464	

EXPORT PRODUCTION BY DESTINATION REGION 2015



RESEARCH PROGRAMME

Investment: approximately $2,976k was invested in the 2015-16 year.

This industry funding and in-kind effort was leveraged to gain just over a million dollars of funding from the Sustainable Farming Fund, Ministry for Primary Industries, and the Ministry of Business, Innovation and Employment.

SOME KEY PROJECTS:

- The second year of the seven year Apple Futures II programme is well under way ($1.24M pa) and we are making good progress in research to enhance our access into the Asian markets. We expect outcomes from current projects will start being integrated into our systems-based pest and disease management programmes over the coming year. This programme is jointly funded by PNZI and the Ministry for Business, Innovation and Employment. In total this is an $8.6m project, leveraged equally between industry and MBIE, over a maximum seven year period.
- The third and final year of European canker Sustainable Farming Fund (SFF) project led to growers in the Nelson region successfully using Best Practice Guidelines to make significant gains at removing this disease from their orchards. The Best Practice Guidelines will continue to be available via the use of smart phones and tablets to access a TechBox on the industry website.
- A new SFF project that gained three years funding ($1.041M) this year has the aim of developing best practices for fruit rot risk reduction. One of the first milestones of this project which was successfully completed was the development of standardized packhouse and postharvest symptom-based rot identification procedures.

Investment in organic research ($94,400) included a project on a natural insecticide discovered and developed in New Zealand, Yersinia entomophaga, and a project studying concentrate spraying of fungicides.

PIPFRUIT NZ STRATEGIC PRIORITIES

Pipfruit NZ's strategic plan originally identified eight key strategic priorities on which the organisation is to focus its efforts and investment. As a result of the Ask Your Team survey, biosecurity was added as a 9th strategic priority.

1. Market Access-General

The survey reaffirmed market access as PNZ's number one priority. Our work plan is focussed on ensuring that our industry has the highest quality commercially viable market access of any exporting country.

The strategic market access partnership with MPI continues to work very well. The governance group comprises three industry representatives (Nadine Tunley, PNZ Chair; Andy Borland, PNZ Director; and Alan Pollard, PNZ CEO) and three senior MPI representatives. The role of this governance group is to establish and agree on priority markets, determine the work plan in each market, allocate resources (people and finance), and manage an accountability process to ensure that expected outcomes are achieved. While there is still work to be done, the model is frequently held up as an example of how industry and MPI should work collaboratively together to achieve the best possible market access outcomes.

This group is well supported by a significant number of MPI resources, and by the Market Access Advisory Group (see below).

It is important to understand that quality continued market access can only be achieved if we as industry maintain the integrity of the product supplied. If quality is compromised, or if export protocols are not followed, the ability for MPI (working with industry) to expand market opportunities and to keep existing markets open can also be compromised. At times during the season this became a real risk.

In general there were no major market access issues during the year to 31 March 2016.

2. Market Access-Asia

Asia (collectively) continues to be our largest export destination, exceeding 40% of all exports.

This shift from West to East continues to reflect significant economic and population growth, and a very large shift from low to middle class, demanding fresh, high quality, tasty and safe fruit.

We have seen the continuation of the trend toward more complex phytosanitary barriers, with a continued focus on protecting domestic pipfruit industries.

Pipfruit NZ has implemented a market development strategy to try and break down barriers by working with domestic industries in key Asian markets. This involves capability and technology transfer at a level and of a kind that is appropriate for a given market in return for a more welcoming trade environment, be that tariff relief, improved phytosanitary measures, or both. In addition the great relationships that we have with MPI, MFAT and NZTE go a long way toward putting in place strategies to achieve our goals.

In addition, continuing to tell our apple story to differentiate NZ apples and pears from any other remains a high priority. We must continue to think of market access not as a transaction of trade but as a strategic opportunity.

During the year, Pipfruit NZ led a comprehensive review of NZ horticulture representation at international trade shows, in particular Asia Fruit in Hong Kong. As a result, the NZ pavilion showcased both our culture and 18 NZ exporters. NZTE made a significant contribution both to the cost and the organisation of the pavilion. It established a consistent "look and feel" which is being used at other trade events such as China FVF in Beijing. Finally NZ exporters have a distinctly NZ venue that reflects favourably when compared to the presence of our main competitors.

With specific reference to India, the progress with the NZ – India Free Trade Agreement remains slow.

The World Bank project, focussed on helping the State of Himachal Pradesh to transform its horticulture industry, is progressing. A consortia of NZ government and business organisations has been shortlisted to deliver phase 1 of the project focussed on orchard rejuvenation. We continue to work with MFAT to ensure that the FTA conversation notes this initiative and reflects that a true partnership needs to deliver benefits to both industries, which for NZ means a more welcoming trade environment under a reduced tariff or a tariff free window.

3. Improved Relationships with MPI, MFAT, and Hort NZ

PNZ continues to work on strengthening its relationship with key Ministers and Officials.

As Minister for Primary Industries, we engage frequently with Nathan Guy, and appreciate his continued support. In addition we engage with Officials from MBIE, MSD, MPI, MFAT and NZTE.

With Mike Chapman's appointment as Chief Executive of Horticulture NZ in January 2016, we have already seen a significant increase in the level of engagement between our two organisations which can only result in improved benefits for growers.

4. Defining and telling the Apple story.

In putting together our strategy, Pipfruit NZ (and members consulted) identified that it had a core market development role that needed to be properly defined and executed.

That role is to differentiate New Zealand from any other exporting country, and New Zealand apples and pears from any other competing product.

The launch of the "apple story" was the first part of that programme, with the fundamental question being "why would a consumer anywhere in the world choose a New Zealand apple over those from any other country".

Feedback has been very positive, but it is important that the story is continually updated. To do that we need the support of members who are prepared to share their stories with a broad target audience.

Pipfruit NZ is continuing to work with its service provider to look at how the story can be used by any member to complement their own marketing initiatives.

5. Grow and improve the way Pipfruit NZ generates and provides information to industry.

Pipfruit NZ is well down the track of reconfiguring its website to make access easier for members, and others that we need to engage with.

For members, our aim is to ensure that the right information gets to the right person in the right way and at the right time to make the right decisions.

We are modernising our website so that it looks and feels like that which supports the number one apple industry in the world. It must be easy to access and to navigate.

We want to make sure that the decision tools that growers use are equally accessible on orchard via hand held devices, and that the many manuals and documents that provide important information are much more user friendly.

We expect to release an updated website and database later in 2016.

6. Recognised Seasonal Employer (RSE) scheme

Access to sufficient seasonal and permanent labour continues to be a core strategic priority.

During the year the government launched two key projects – developing a long term labour demand and supply model, and establishing the most effective structure for national labour governance.

Gary Jones has provided leadership and expertise for the first project, while Mike Chapman (Chief Executive of Horticulture New Zealand) has provided leadership for the second.

The idea of a long term labour model is to be able to forecast future labour demand and to match that with sources of supply to determine where there may be gaps and to plan for those well in advance. The aim is to move away from seasonal labour being an annual conversation/negotiation to enabling employers to have more certainty about their future labour source.

The RSE conference for 2015 was held in Samoa. Pipfruit NZ played a key role in this event, and also had the opportunity to visit villages and see first-hand the transformational change that RSE wages bring to the local communities.

During the year we made good progress in advancing the relationship between industry, MBIE and MSD.

7. Attract, grow and retain talent

Providing for succession and attracting and retaining talent in the industry remains one of PNZ's priority strategies.

During the year we:

- Continued to tell the apple story to help promote the industry as a viable career opportunity.
- Commissioned a project to identify the roles that the industry will need over the next few decades, the skills that each role will require, the curriculum to deliver those skills, and who is best placed to deliver that curriculum.
- Participated in the Horticulture Capability Group, a pan horticulture group focussed on promoting careers in our sector
- Led the Pipfruit Industry Partnership Group, under the Primary Industry Training Organisation.
- Opened dialogue with schools about teaching horticulture as a core subject, and the resources that schools would need to do so.
- Participated in career focussed expo's

8. Access to new varieties

Pipfruit NZ currently invests $900,000 per annum in the Prevar industry breeding programme

As at balance date a variation to the Shareholder's Agreement was yet to be signed to reflect the change in funding in Australia from Horticulture Australia Limited to Horticulture Innovation Australia.

During the year, the Prevar Advisory Group, established by the PNZ Board, presented their recommendations on the NZ shareholding. This is the subject of further work which will be presented at the August 2016 AGM.

During the year, Snow Hardy stepped down as a NZ appointed Prevar Director due to him being appointed Prevar's commercial manager. The Pipfruit NZ appointed Directors on the Prevar Board are now Tim Goodacre and Evan Heywood.

PIPFRUIT NZ OPERATIONAL MATTERS

Office

Pipfruit NZ's offices are located at 507 Eastbourne Street West, Hastings.

At balance date Prevar Ltd leased an office within the premises, and Pipfruit NZ provided administrative services to Prevar in return for a fee for service.

Society Governance

The Pipfruit NZ Board comprises four grower directors and three post-harvest directors. In accordance with the decision of the 2014 AGM, an independent Director was appointed during the year following a formal selection process. The Board elected at the 2015 Annual General Meeting was:

Nadine Tunley, Post- Harvest, Nelson (Chairman)

Stephen Anderson, Grower, Hawkes Bay

Peter Beaven, Grower, Hawkes Bay

Andy Borland, Post-Harvest, Christchurch

Darren Drury, Post-Harvest, Christchurch.

Evan Heywood, Grower, Nelson

Matthew Hoddy, Grower, Nelson

Subsequently, Richard Punter from Hawkes Bay was appointed as an Independent Director.

Industry committees

The board delegates some industry responsibilities to four committees.

1. Research Consultative Group

The Research Consultative Group (RCG) is constituted under the Pipfruit NZ Rules and is responsible for recommending the research programme for each year for Board approval, and for reviewing the progress of research undertaken on behalf of members.

RCG reports to the Board via the Technical Manager – Crop Protection and the Board appointed member.

The RCG is constituted to meet at least quarterly to review research progress. The 2015/16 RCG comprised:

Industry representatives: David Easton, Wayne Hall, Stella McLeod, and Heidi Stiefel.

PNZ representatives: Tim Herman (Chair), Roger Gilbertson, Gary Jones (ex officio)

PNZ Board Representative: Stephen Anderson

2. Prevar Advisory Group

The Prevar Advisory Group was established to provide advice to the PNZ Board on a range of matters that affect the NZ shareholding in Prevar. They act as a sounding board for the PNZ Board to test ideas and look at the practical implications of Prevar activities.

The current members of the Prevar Advisory Committee are: Tim Goodacre (Chair), Paul Paynter, Lesley Wilson, Morgan Rogers and Evan Heywood.

During the year the Group released its paper and recommendations on the future of the NZ shareholding in Prevar.

3. Market Panel

Exporters continue to share export market information in order to make informed export decisions. This group represents a majority by volume of all Pipfruit exports from New Zealand.

4. Market Access Advisory Group

The Market Access Advisory Group provides the important technical link between the Market Access Governance Group (PNZ and MPI) and our member businesses.

The current members, with industry representatives elected at the market panel AGM in November 2015, are:

Duncan Park, T+G Global, Hans Doevendans, Qmac Systems/ Crasborn's; Simon Thursfield, Apollo Apples; Karen Morrish, Mr Apple; Stephen Butcher, MPI; Roger Gilbertson, PNZ (Chair).

During the year the Group considered and advised on proposed changes to export protocols and phyto-sanitary issues that arose particularly in Asian markets.

Communication

Pipfruit Newz, weekly emails, the Society's website (www.pipfruitnz.co.nz), and grower workshops and seminars continue to be the main communication methods with the industry. Pipfruit Newz is published monthly except for January. The industry also holds its annual conference in early August.

Many workshops, training programmes, technical field days and seminars are held for growers and packers in all major districts to upskill and discuss various topics such as market access programmes, pest and disease management, research and development, seasonal labour and orchard management.

Finance

The financial result for the year was a deficit of $1,031k after allowing $837k for PNZ's share of the Prevar deficit. The new Prevar shareholders agreement dealing with funding for the period 1 June 2014 to 31 May 2017 has yet to be signed. PNZ advanced $1,350k to Prevar during the year (including $450k unpaid from the previous year).Because the new shareholders agreement is unsigned these funds are regarded as advances rather than share capital. PNZ is committed to paying a further $900k in the 2016/17 financial year.

The operating deficit is $578k lower than 2015. Revenue is $951k higher than 2015 as shared research income is higher due to income from MBIE associated with Apple futures ll. Levy income is also up by $347k as volumes increase.

Total spending increased by $610k during the year. As we continued to implement our strategic priorities, this resulted in higher spending on research, the apple story, knowledge management, communications and capability development.

Members' equity decreased by $1,032k to $3,365k at 31 March 2016.

During the year we created a specific reserve of $400k for Biosecurity Readiness and Response after the signing of a Government Industry Agreement (GIA), being funding for the first two years of the Readiness and Response Reserve (as approved by industry referendum). In the absence of any intervening response, the fund will accumulate by $200K per annum to a maximum of $1m.

While there was a deficit this financial year the finances of the society are still sound and the cash position remains good.

The PNZI team and Board are acutely aware of their fiduciary duties to manage the Society's finances prudently and effectively. This responsibility is greatly supported by PNZI's strategic plan and the associated budgetary process.

Staff

Pipfruit NZ had, at balance date, identified two positions for which a recruitment process had begun – Manager Capability Development, and Technical Assistant (in the research team).

At balance date Pipfruit NZ members of staff were:

Alan Pollard	Chief Executive
Gary Jones	Business Development Manager
Tim Herman	Technical Manager (Crop Protection)
Roger Gilbertson	Technical Manager (Market Access and Regulatory Affairs)
Peter Bull	Finance and Administration Manager
Catherine Scott	Operations Coordinator
Christine McRae	Information Coordinator
Jill Morley	Administration.

Nadine Tunley
Chairman

Alan Pollard
Chief Executive

FINANCIAL REPORT
Year ended 31 March 2016

Statement of Financial Performance

Statement of Movements in Equity

Statement of Financial Position

Statement of Accounting Policies

Notes to the Financial Statements

Audit Report

PIPFRUIT NEW ZEALAND INCORPORATED

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES

for the year ended 31 March 2016

	Note	2016	2015
Revenue	(1)	5,285,432	4,334,715
Expenses			
Research expenses		2,976,351	2,182,363
Employee related costs		867,808	762,231
Depreciation and amortisation		47,336	28,591
Other expenses	(2)	1,791,822	1,181,325
Total expenses		5,683,317	4,154,510
Operating surplus/(deficit) for the year		**(397,885)**	**180,205**
Share of equity accounted investees surplus/(deficit) for the year	(7)	(595,095)	(866,889)
Total Surplus/(deficit) before income tax		**(992,980)**	**(686,684)**
Income tax (expense)/credit	(3)	(38,465)	(41,226)
Total comprehensive revenue and expense for the year		**(1,031,445)**	**(727,910)**

STATEMENT OF CHANGES IN NET ASSETS / EQUITY

for the year ended 31 March 2016

	2016	2015
Equity at beginning of period	4,396,621	5,124,531
Surplus/(deficit) for the year	(1,031,445)	(727,910)
Equity at end of period	**3,365,176**	**4,396,621**

The Statement of Accounting Policies and the accompanying notes form part of the financial statements

PIPFRUIT NEW ZEALAND INCORPORATED
STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

	Note	2016	2015
CURRENT ASSETS			
Cash and Cash Equivalents	(4)	2,054,651	3,375,681
Trade & other receivables	(5)	363,097	624,009
Prepayments and other assets	(6)	182,797	212,652
Income tax refund due	(3)	659	3,770
Advance to Prevar	(7)	1,800,000	450,000
Impairment of Advance to Prevar	(7)	(242,024)	-
Total Current Assets		**4,159,180**	**4,666,112**
NON-CURRENT ASSETS			
Investments	(4)	1,000,000	600,000
Investment in Prevar Ltd	(7)	-	595,095
Plant and equipment	(8)	92,644	64,921
Intangible assets	(9)	31,917	45,596
Total Non-Current Assets		**1,124,561**	**1,305,612**
TOTAL ASSETS		**5,283,742**	**5,971,724**
CURRENT LIABILITIES			
Trade and other payables	(10)	1,803,369	1,366,042
Employee entitlements		59,258	47,906
Income in advance		55,939	161,155
Total Current Liabilities		**1,918,566**	**1,575,103**
TOTAL LIABILITIES		**1,918,566**	**1,575,103**
NET ASSETS / EQUITY			
Accumulated comprehensive revenue and expense		3,365,176	4,396,621
TOTAL NET ASSETS / EQUITY		**3,365,176**	**4,396,621**
TOTAL NET ASSETS / EQUITY AND LIABILITIES		**5,283,742**	**5,971,724**

These Financial Statements have been authorised for issue by the Directors on 20 June 2016.

Nadine Tunley, Chairman

Director

The Statement of Accounting Policies and the accompanying notes form part of the financial statements

PIPFRUIT NEW ZEALAND INCORPORATED
CASH FLOW STATEMENT
for the year ended 31 March 2016

	Note	2016	2015
Cash flow from operating activities			
Receipts			
Receipts from commodity levies		3,618,046	3,300,018
Receipts from other non exchange transactions		1,279,129	190,380
Receipts from other exchange transactions		267,042	340,236
Interest received		143,564	155,117
Goods and Services Tax (Net)		33,347	-
Income tax		3,770	2,013
		5,344,898	3,987,764
Payments			
Payments to employees & directors		848,302	762,290
Payments to suppliers		4,006,245	2,774,709
Goods and Services Tax (Net)		-	14,537
		4,854,547	3,551,536
Net cash inflow/ (outflow) from operating activities		**490,351**	**436,228**
Cash flow from investing activities			
Receipts			
Sale of property, plant and equipment			120,000
		-	120,000
Payments			
Advance to Prevar		1,350,000	450,000
Purchase of property, plant and equipment		61,381	2,490
Purchase of intangibles			21,515
		1,411,381	474,005
Net cash inflow/ (outflow) from investing activities		**(1,411,381)**	**(354,005)**
Net increase (decrease) in cash and cash equivalents		(921,030)	82,223
Add opening cash and cash equivalents		3,975,681	3,893,458
Closing cash and cash equivalents	(4)	**3,054,651**	**3,975,681**

The Statement of Accounting Policies and the accompanying notes form part of the financial statements

PIPFRUIT NEW ZEALAND INCORPORATED
STATEMENT OF ACCOUNTING POLICIES
for the year ended 31 March 2016

REPORTING ENTITY

Pipfruit New Zealand Incorporated (society) is an Incorporated Society domiciled in New Zealand and registered under the Incorporated Societies Act 1908.

The Society is the national body that promotes and represents the New Zealand pipfruit industry - growers, packers, and marketers of apples and pears in domestic and export markets.

BASIS OF PREPARATION

a) Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Society is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Directors has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions. This decision results in the society not preparing a Statement of Service Performance for both reporting periods.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis modified as detailed in the specific accounting policies below.

c) Functional and Presentation Currency

These financial statements are presented in New Zealand dollars (NZD), which is the Society's functional currency. All financial information has been rounded to the nearest dollar.

d) Use of Key Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of the income and expenses during the period. Actual results could differ from these estimates.

Judgements are made by management in the application of PBE Standards (Reduced Disclosure Regime) that have a significant effect on the financial statements.

The carrying value of the loan to Prevar Limited and investment in Prevar Limited are Key estimates. Refer note 7.

SIGNIFICANT ACCOUNTING POLICIES

The following are the particular accounting policies, which have a material effect on the measurement of results and financial position. They have been applied consistently to all periods presented in these financial statements.

Foreign Currency Transactions

Foreign currency balances are converted to NZD at the year-end rate of exchange. Transactions completed during the year are converted at the rate applying at the date of the transaction. Any foreign exchange gain or loss on monetary items is included within the statement of comprehensive revenue and expenses.

Financial Instruments

A financial instrument is recognised only when the Society becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Society's contractual right to the cash flows from the financial assets expire or if the Society transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Purchases and sales of investments are recognised on trade date, the date on which the Society commits to purchase or sell the asset.

The Society classifies its financial instruments in the following categories: financial assets at fair value through surplus or deficit; loans and receivables; held to maturity financial assets; available for sale financial assets; financial liabilities at amortised cost. The classification depends on the nature of the instrument and the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through surplus or deficit. Financial assets carried at fair value through surplus or deficit are initially recognised at fair value and transaction costs are expensed in the surplus or deficit. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are stated at amortised cost using the effective interest rate method less accumulated impairment losses. Cash and cash equivalents, trade & other receivables, advance to Prevar and investments are classified as loans and receivables.

Impairment of financial assets

The Society assesses at the end of reporting date whether there is objective evidence that a financial asset is impaired. Where there is objective evidence of impairment subsequent to the initial recognition of a financial asset - such as a default or significant financial difficulty of the counterparty - the expected recoverable amount of financial assets carried at amortised cost is calculated as the present value of estimated future cash flows to be received from the asset, discounted at their original effective interest rate. Receivables with a short duration are not discounted. For an equity security classified as an available-for-sale financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial liabilities

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit. The Society does not have any financial liabilities at fair value through surplus or deficit.

The Society's financial liabilities include trade and other payables and employee entitlements.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Society 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.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Society receives an inflow of resources ((i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.
With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Societies's non-exchange transaction revenue streams must also be met before revenue is recognised.

Commodity Levies

Commodity levy is a levy imposed on all pipfruit grown and sold/exported by growers in New Zealand under the Commodity Levies (Pipfruit) Order 2012. Commodity levy revenue include levies from Pipfruit sales up to 31 March that are included in commodity levy returns to April 30 each year. Late levy returns are reported as revenue in the following year.

Shared Research

Shared research revenue includes grants given by government or other organisations for conducting research relating to or affecting the pipfruit industry. Shared research revenue is recognised when the conditions or restrictions attached to the grant have been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled. Conversely, where research has been undertaken but the grant has not yet been received from the other party, the shared research revenue is accrued as an asset.

Revenue from exchange transactions

Membership fees and subscriptions

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that period covering the membership or subscription occurs.

Interest and dividend income

Interest revenue is recognised as it accrues, using the effective interest method. Dividend income is recognised when the dividend is declared.

Rental income from sub-lease of operating leases

Rental income is recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Research expense

The society contracts external firms to undertake research on behalf of the pipfruit industry. These costs are expensed as incurred as there is no direct economic benefit to the society. Invoiced but unpaid research costs are recorded as a payable at balance date. An accrual is made at year end for estimated research work that has been performed but not yet reported on or invoiced at balance date.

Associates

Associates are those entities in which the Society has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Society holds between 20% and 50% of the voting power of another entity. Investments in associates are accounted for using the equity method and are recognised initially at cost, including directly attributable transaction costs.

The consolidated financial statements include the Society's share of the surplus or deficit and other comprehensive revenue and expense of its equity accounted associates and jointly-controlled-entities, after adjustments to align the accounting policies with those of the Society, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Society's share of losses exceeds its interest in its equity accounted associates and jointly-controlled-entities, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Society has an obligation or has made payments on behalf of the investee.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, short term deposits and other highly liquid investments inclusive of accrued interest at balance date that are readily convertible into cash and which are subject to an insignificant risk of changes in value. The directors consider all bank deposits to be cash and cash equivalents, as they are available as cash for liquidity purposes. Deposits are sometimes longer than three months to obtain higher returns but are still considered cash and cash equivalents.

Plant and Equipment

Items of plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is recognised in the statement of comprehensive revenue and expenses on a straight line basis at rates calculated to allocate the assets' cost less estimated residual value, over their estimated useful lives. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

The estimated useful lives are:

Motor Vehicles	4 to 6 years
Computer Equipment	3 to 5 years
Furniture and Fittings	10 to 15 years
Office Equipment	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset. The Society's plant and equipment is considered to be a non-cash generating asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the statement of comprehensive revenue and expenses.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

The Society does not hold any intangible assets that have an indefinite life.

The estimated useful lives for the Society's intangible assets are as follows:

Software	4 years

Employee Benefits

Liabilities for wages and salaries, annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

GST

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The Society is exempt from income tax relating to member's activities. The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Surplus before tax' as reported in the statement of comprehensive revenue and expenses because the Society is exempt from income tax relating to member's activities. Taxable profit includes the society's interest income and non-member activity income during the year. The Society's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The society doesn't have any deferred tax assets or deferred tax liabilities.

Leases

Operating lease payments where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense in the statement of comprehensive revenue and expenses on a straight line basis over the lease term.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is made up of accumulated comprehensive revenue and expense which is the Society's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

Changes in accounting policies

For the year ended 31 March 2016, the Society prepared its first financial statements using the Not-For-Profit PBE IPSAS – RDR standards. Upon transition to these standards, the society has applied a number of the transitional provisions as applicable in FRS-47 *First-time Adoption of PBE Standards by Entities Other Than Those Previously Applying NZ IFRSs*. An explanation of how the transition to Tier 2 Not-For-Profit PBE Accounting Standards has affected the reported Statement of Financial Position and Statement of Comprehensive Revenue and Expenses is provided in Note 16 of the financial statements.

1	Revenue	2016	2015
	Revenue from non-exchange transactions		
	Commodity Levy (a)	3,761,496	3,413,942
	Shared Research	1,019,445	421,666
	Revenue from exchange transactions		
	Interest	135,727	157,475
	Residue Testing	116,460	126,060
	Orchard /IFP Registration Fees	31,192	25,460
	Membership Fees	35,822	34,500
	Annual conference	92,921	79,941
	Rent & Administration Services	51,294	59,114
	Miscellaneous	41,075	16,557
		5,285,432	4,334,715

(a) Net income from commodity levies of $3,615,314 was received after allowing for commission, collection costs and bad or doubtful debts.Commodity levy income has been applied to advancing various industry interests and the administrative support of PNZI as detailed in (2).

2	Other expenses	*Note*	2016	2015
	Commodity Levy Collection Fees & Expenses		146,182	134,552
	Relationships		47,548	33,027
	Market Access		189,613	241,344
	Representation		79,904	102,658
	Apple Story		118,680	22,528
	Biosecurity		5,283	46,837
	Knowledge Manangement & communications		396,755	169,254
	RSE scheme		25,341	9,377
	Capability Development		123,237	46,187
	New Varieties		35,274	16,683
	Premises & Office costs		381,981	358,879
	Impairment of advance		242,024	-
			1,791,822	1,181,325

The following expenses are included in the expense lines above.

	2016	2015
Lease Expenses	10,410	10,410
Directors Fees	146,000	122,000
Rental Expenses	67,856	64,565
Fees Paid to Auditors		
- Financial statements	11,000	10,739
-Tax services	1,000	1,427
Bad Debts		314

3	Income Tax	2016	2015
	Taxable Income	203,510	216,823
	Less Deductible expenses	(66,136)	(69,589)
	Taxable profit for year	137,374	147,234
	Tax payable @ 28%	38,465	41,226
	Tax expense	38,465	41,226

3 **Income Tax cont'd**

Prior year refund outstanding	(3,770)	(2,013)
Current year tax payable	38,465	41,226
Resident withholding tax deductions	(38,768)	(40,573)
Imputation credits held	(63)	(66)
Refunds received	3,913	
Tax Paid		(1,900)
Tax payable/(refundable) on behalf of Administered fund	(437)	(444)
Tax payable/(refundable)	(660)	(3,770)

4 **Cash and Cash Equivalents & Investments**

	2016	***2015***
Cash and Cash Equivalents	2,054,651	3,375,681
Investments		
- Reserve fund	600,000	600,000
- GIA fund	400,000	
Cash and cash equivalents in the statement of cash flow	3,054,651	3,975,681

Cash and Cash Equivalents

Current assets held in the form of current accounts, call accounts and short-term bank deposits to meet on-going funding requirements. The bank balances do not include funds administered on behalf of industry groups.

Investments

The reserve fund was created to provide for a shortfall in Commodity Levy income which may seriously impact on the ability of PNZI to meet its objectives and obligations.

A specific reserve of $400,000 has been created this year after the signing of a Government Industry Agreement (GIA) for Biosecurity Readiness and Response to an event that is deemed a Biosecurity risk to New Zealand.The agreement details the cost sharing mechanism between industry and government and the Pipfruit Industry could be liable for a share of these costs. The society may put further levy funds to this reserve over the next few years to take it up to $1m as cashflow permits.

There are no restrictions over any of the cash and cash equivalent balances held by the society.

5 **Trade & other receivables**

	2016	***2015***
Receivables from non-exchange transactions		
Commodity Levy	363,097	313,223
Shared research	-	310,786
	363,097	624,009

6 **Prepayments and other assets**

	2016	***2015***
Insurance	15,776	14,260
Research Prepaid	46,731	99,584
GST	87,651	78,063
Expenses to be recovered (net)	32,639	20,745
	182,797	212,652

7 **Investment in Prevar Limited**

	2016	***2015***
Equity Accounted Investment at cost	10,250,000	10,250,000
Accumulated Share of deficit	(9,481,050)	(8,885,955)
Accumulated Impairments	(768,950)	(768,950)
Net carrying value	-	595,095

7 Investment in Prevar Limited cont'd

Movements in carrying amounts	2016	2015
Carrying value at the begining of the period	595,095	1,461,984
Share capital introduced during the year	-	-
Share of (deficit)/profit for the year	(595,095)	(866,889)
Impairment for the year	-	-
Carrying value at the end of the period	-	595,095

Prevar Limited has a balance date of 31 May. Equity accounting has been adopted on the basis of management reports to 31 March 2016 and the share of the deficit reflects the Society's 45%

Advance to Prevar

The new Prevar shareholders agreement dealing with funding to 2017 has yet to be signed. PNZI has advanced $1,350,000 to Prevar during the year (2015: $450,000) in anticipation of the agreement being signed. The advance of $1,800,000 (2015: $450,000) is repayable on demand.

Value of advance at the beginning of the period	450,000	-
Advances made during the year	1,350,000	450,000
Impairment	(242,024)	-
Carrying value at the end of the period	1,557,976	450,000

8 Plant & Equipment

As at 31 March 2015	Motor Vehicles	Computer Equipment	Furniture & Fittings	Office Equipment	Total
Cost	69,344	169,956	42,109	37,907	319,316
Accumulated Depreciation	(37,746)	(158,755)	(27,372)	(30,521)	(254,394)
Net Book Amount	**31,598**	**11,201**	**14,737**	**7,386**	**64,922**
Year ended 31 March 2016					
Opening Net book Value	31,598	11,201	14,737	7,386	64,922
Additions	34,467	26,913			61,380
Disposals	-	-	-	-	-
Depreciation	(11,234)	(16,701)	(2,366)	(3,357)	(33,658)
Net Book Amount	**54,831**	**21,413**	**12,371**	**4,029**	**92,644**
As at 31 March 2016					
Cost	103,811	196,869	42,109	37,907	380,696
Accumulated amortisation	(48,980)	(175,456)	(29,738)	(33,878)	(288,052)
Net Book Amount	**54,831**	**21,413**	**12,371**	**4,029**	**92,644**

9 Intangible assets

As at 31 March 2015	Software
Cost (Work in progress)	45,596
Accumulated amortisation	-
Net Book Amount	**45,596**

9 Intangible assets cont'd

Year ended 31 March 2016

Opening Net book Value	45,596
Additions	-
Disposals	-
Depreciation	(13,679)
Net Book Amount	**31,917**

As at 31 March 2016

Cost	45,596
Accumulated amortisation	(13,679)
Net Book Amount	**31,917**

10 Trade and other payables

	2016	***2015***
Trade creditors	831,472	627,224
Research contracts	821,164	696,287
Accruals	124,952	26,425
PAYE/Kiwisaver payable	25,781	16,106
	1,803,369	1,366,042

11 Related Party Transactions

Prevar Ltd is a related party due to the society's 45% shareholding. The Society appoints two directors to the board of Prevar. The society received income for providing administration and office rooms and for cost recoveries during the period. Refer to Note 7 for details around the advances & share capital provided to the company.

Evan Heywood is a Director of Pipfruit New Zealand Incorporated and also a Director of Heywood Orchard Ltd and Prevar Ltd. There were minor related party transactions with Heywood Orchard Ltd during the period.

Andrew Borland is a Director of Pipfruit New Zealand Incorporated and also a Director of Mr Apple New Zealand Ltd, Fern Ridge Produce Ltd and Scales Corporation Ltd. The society received sponsorship, levies, residue testing fees and other minor revenue during the period.

Stephen Anderson is a Director of Pipfruit New Zealand Incorporated and also a key management personnel of Golden Del Orchard Ltd and Taylor Corporation Ltd. The society received levies,residue testing fees and other minor revenue during the period.

Matthew Hoddy is a Director of Pipfruit New Zealand Incorporated and and also a Director of Vailima Orchard Ltd. There were minor related party transactions during the period.

Nadine Tunley is the Chairperson of Pipfruit New Zealand Incorporated and also a key management personnel of Freshmax NZ Ltd. The society received levies and other minor revenue during the period.

	Sales made		**Amount receivable**	
	2016	**2015**	**2016**	**2015**
Prevar Ltd	35,103	35,327	5,774	7,441
Mr Apple New Zealand Ltc	696,877	674,828		1,242
Fern Ridge Produce Ltd	108,859	82,627		
Scales Corporation Ltd	264	10,000		
Golden Del Orchard Ltd	565	2,469		
Taylor Corporation Ltd	124,188	76,283	29,031	
Freshmax NZ Ltd	83,000	129,228	4,341	31,860

11 Related Party Transactions cont'd

Key management personnel include the Directors and Senior management.

Senior Management consists of the CEO, Technical Manager -Market Access and Regulatory Affairs, Technical Manager Crop Protection, Business Development Manager and Finance & Administration Manager.

The aggregate level of remuneration paid and number of persons (measured in 'full-time-equivalents' (FTE's)) in each class of key management personnel is presented below

	2016		2015	
	Remuneration $	Number of FTE's	Remuneration $	Number of FTE's
Board Members	146,000	8	122,000	7
Senior Management	541,223	5	552,096	5
Total	687,223		674,096	

12 Commitments

	2016	2015
a *Operating lease commitments*		
PNZI has obligations payable after balance date for office rental and its photocopier		
No later than one year	74,795	74,795
Later than one year and not later than two years	71,505	74,795
Later than two years and not later than five years	6,327	69,770
	152,627	219,360

b Capital Commitments

There are no capital expenditure commitments outstanding as at 31 March 2016. (2015: $nil).

c Investment Commitments

The society is working towards signing a shareholders agreement which creates a commitment to an ongoing investment in Prevar of $900,000 per annum for a 3 year period to 31st May 2017.

d Research Commitments

At 31 March 2016, PNZI had ongoing research commitments of $1,901,611 (2015 $1,360,141)

PNZI has entered into a partnership with MBIE to manage the Apple Futures II research program. The expected cost of the program is approximately $8.6m which will be funded by MBIE and the industry. MBIE is contracted to contribute $621,571 p.a for the seven years of the program effective from 1 October 2014.

13 Contingent Liabilities

There are no known contingent liabilities at 31 March 2016. (2015: $nil).

14 Subsequent Events

There have been no events subsequent to 31 March 2016 that materially affect these financial statements. (2015: $nil).

15 Financial Instruments

Categories of financial assets and liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2016	2015
Financial assets		
Loans and receivables		
Cash and cash equivalents	3,054,651	3,975,681
Trade & other receivables	363,097	624,009
Advance to Prevar	1,557,976	450,000
Investments	1,000,000	600,000
	5,975,724	5,049,690
Financial liabilities		
At amortised cost		
Trade and other payables	1,803,369	1,366,042
Employee Entitlements	59,258	47,906
	1,862,627	1,413,948

16 Effect of first-time adoption of PBE standards on accounting policies and disclosures

This is the first set of financial statements of the Society that is presented in accordance with PBE standards. The Incorporated Society have previously reported in accordance with Old GAAP.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to requirements under Old GAAP as outlined below. The changes to accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

PBE IPSAS 1 - Presentation of financial statements: There are minor differences between PBE IPSAS 1 and the equivalent Old GAAP standard. These differences have an effect on disclosure only.

Receivables from exchange and non-exchange transactions: In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position or in the notes. This requirement affected the presentation of both current and comparative receivables figures

There have been no changes to the recognition and measurement of items classified in the financial statements due to the first time adoption of PBE standards.

INDEPENDENT AUDITOR'S REPORT

staplesrodway
CHARTERED ACCOUNTANTS

To the Members of Pipfruit New Zealand Incorporated

We have audited the financial statements of Pipfruit New Zealand Incorporated on pages 8 to 21, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors' for the Financial Statements
The Board of Directors are responsible for the preparation and fair presentation of financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued in New Zealand by the New Zealand Accounting Standards Board, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has, using staff independent of the audit engagement team, provided taxation administration and advisory services during the year. Other than this and our role as auditors, we have no relationship with, or interests in Pipfruit New Zealand Incorporated.

Opinion
In our opinion, the financial statements on pages 8 to 21 present fairly, in all material aspects, the financial position of Pipfruit New Zealand Incorporated as at 31 March 2016 and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Restriction on Use of our Report
This report is made solely to the members, as a body, in accordance with the Incorporated Societies Act 1908. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Pipfruit New Zealand Incorporated and its members, as a body, for our audit work, for this report or for the opinions we have formed.

Staples Rodway

Staples Rodway Hawkes Bay Partnership
20 June 2016
Hastings, New Zealand

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NOTES

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