

# ***EastPack*** ***Entity Trust***

EASTPACK ENTITY TRUST

SPECIAL PURPOSE FINANCIAL STATEMENTS

for year ended 30 June 2021

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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

## STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2021 \$	2020 \$
<b>Receipts on behalf of beneficiaries</b>			
Crop Receipts	3	589,068,739	501,185,167
Interest Received		264	1,330
Other Income	4	26,917	22,321
<b>Total Revenue</b>		<b>589,095,920</b>	<b>501,208,818</b>
<b>Payments on behalf of beneficiaries</b>			
Service Payments	8	164,572,044	151,040,100
Other Expenses	5	237,260	206,646
<b>Total Costs</b>		<b>164,809,304</b>	<b>151,246,746</b>
<b>Net Surplus/(deficit) for the year</b>		<b>424,286,616</b>	<b>349,962,072</b>
Taxation	9	-	-
<b>Net Surplus/(deficit) after tax</b>		<b>424,286,616</b>	<b>349,962,072</b>
<b>Distributions to Beneficiaries</b>			
Payments To Growers (Class 1 Fruit)		418,122,987	344,118,946
Payments To Growers (Non-Class 1 Fruit)	8	6,176,099	5,846,192
<b>Total distributions</b>		<b>424,299,086</b>	<b>349,965,138</b>
<b>Net (deficit)/Surplus after distributions</b>		<b>(12,470)</b>	<b>(3,066)</b>

This statement is to be read in conjunction with the notes to the financial statements on pages 6-9

## STATEMENT OF MOVEMENT IN BENEFICIARIES FUNDS

	Retained earnings	Capital	Total Equity
	\$		\$
<b>Balance at 1 July 2019</b>	15,301	340	15,641
Net surplus after distributions to beneficiaries	(3,066)	-	(3,066)
<b>Balance at 30 June 2020</b>	<b>12,235</b>	<b>340</b>	<b>12,575</b>

	Retained earnings	Capital	Total Equity
	\$		\$
<b>Balance at 1 July 2020</b>	12,235	340	12,575
Net deficit after distributions to beneficiaries	(12,470)	-	(12,470)
<b>Balance at 30 June 2021</b>	<b>(235)</b>	<b>340</b>	<b>105</b>

This statement is to be read in conjunction with the notes to the financial statements on pages 6-9

## STATEMENT OF FINANCIAL POSITION

	Notes	2021 \$	2020 \$
<b>Beneficiaries funds</b>		105	12,575
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash and bank balance		2,204,597	8,778
Accounts Receivable		3,600,767	-
GST Receivable		-	4,249,018
Prepayments	<b>6</b>	257,066,380	203,213,050
<b>Total Current Assets</b>		<b>262,871,744</b>	<b>207,470,846</b>
<b>Total Assets</b>			
		262,871,744	207,470,846
<b>Current Liabilities</b>			
Accounts Payable		195,564	79,831
GST Payable		416,201	-
Accruals	<b>7</b>	234,889,274	181,123,440
Related Party Payables - EastPack Limited	<b>8</b>	27,370,600	26,255,000
<b>Total Current Liabilities</b>		<b>262,871,639</b>	<b>207,458,271</b>
<b>Net Assets</b>			
		105	12,575

For and on behalf of the Board:

**John Loughlin** - Trustee  
7 December 2021

For and on behalf of the Board:

**David Jensen** - Trustee  
7 December 2021

This statement is to be read in conjunction with the notes to the financial statements on pages 6-9

# NOTES TO THE FINANCIAL STATEMENTS

## 1 Reporting Entity

EastPack Entity Trust is a trust who acts on behalf of its 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 beneficiaries.

## 2 Statement of Accounting Policies

### Basis of preparation

These financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) referred to as SPFR, published by the Chartered Accountants Australia and New Zealand.

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

The Trust has complied with the SPFR in all material respects.

### Historical Cost

These financial statements have been prepared on a historical cost basis, except for certain assets, which have been revalued as identified in specific accounting policies below. 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 2020 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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

	2021	2020
	\$	\$
Zespri Group Ltd Receipts	582,892,641	493,887,551
EastPack Ltd Receipts	6,176,098	7,297,616
	589,068,739	501,185,167

### 4 Other income

	2021	2020
	\$	\$
Hort NZ Levy	26,917	22,321
Other Sundry Income	-	-
	26,917	22,321

### 5 Other expenses

	2021	2020
	\$	\$
Audit Fees	8,435	8,729
Bank Charges	122	144
Advisory Committee Fees	32,369	37,485
Interest	196,334	160,288
	237,260	206,646

### 6 Prepayments

	2021	2020
	\$	\$
Expenses prepaid for the 2021 Crop	136,455,138	-
Prepayments to EastPack for the 2021 Crop	120,611,242	-
Expenses prepaid for the 2020 Crop	-	105,837,273
Prepayments to EastPack for the 2020 Crop	-	97,375,777
	257,066,380	203,213,050



## NOTES TO THE FINANCIAL STATEMENTS

### 7 Accruals

	2021	2020
	\$	\$
Audit Fees	6,000	6,000
Income Received in Advance (2021 Crop)	234,883,274	-
Income Received in Advance (2020 Crop)	-	181,117,440
	234,889,274	181,123,440

### 8 Related Parties

	2021	2020
	\$	\$
<i>Short term borrowings</i>		
EastPack Ltd	27,370,600	26,255,000
	27,370,000	26,255,000
Interest paid on loan	196,334	160,288

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 2.94% p.a. (2020: 4.45%), unsecured and repayable on demand.

	2021	2020
	\$	\$
<i>The Trust made distributions to EastPack Ltd during the year:</i>		
Net Payments for services	164,572,044	151,040,100
	164,572,044	151,040,100

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 8 Related Parties Continued

	2021 \$	2020 \$
<i>EastPack made distributions to EET during the year:</i>		
Receipts of Non-Class 1 Income for the 2020 Crop	6,176,099	-
Receipts of Non-Class 1 Income for the 2019 Crop	-	5,846,192
	6,176,099	5,846,192

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.

#### *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.

#### *Related parties – Guarantee*

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

### 9 Taxation

	2021 \$	2020 \$
Net surplus for the year	424,286,616	349,962,072
Less: Distribution to beneficiaries	(424,299,086)	(349,965,138)
Profit (Loss) Before Tax	(12,470)	(3,066)
Income Tax @ 33%	(4,114)	(1,011)
<i>Adjusted for:</i>		
Timing differences not recognised	(28,874)	(868,508)
Unrecognised tax losses	-	-
Tax losses carried forward	32,989	869,519
	-	-
Taxation	-	-

There are unrecognised tax losses carried forward of \$22,201,384 (2020: \$22,101,418) with a tax effect of \$7,326,457 (2020: \$7,293,468).

### 10 Subsequent Events

There have been no subsequent events.



To the Trustees and Beneficiaries of EastPack Entity Trust

## Report on the audit of the special purpose financial statements

### Opinion

In our opinion, the accompanying 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 2021 and its financial performance 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 2021;
- the statements of financial performance and movement in beneficiaries 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 in accordance with Trust's stated accounting policies. As a result, the special purpose financial statements may not be suitable for another purpose.



### 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 Trustees and Beneficiaries as a body. Our audit work has been undertaken so that we might state to the Trustees and 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 Trustees and 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  
7 December 2021