

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

EASTPACK ENTITY TRUST  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
for year ended 30 June 2022

# ***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 2022

	Note	2022 \$	2021 \$
<b>Receipts on behalf of growers</b>			
Crop Receipts	3	643,747,059	589,068,739
Interest Received		50	264
Other Income	4	28,863	26,917
<b>Total Revenue</b>		<b>643,775,972</b>	<b>589,095,920</b>
<b>Payments on behalf of growers</b>			
Service Payments	9	202,496,435	164,572,044
Other Expenses	9	202,831	237,260
<b>Total Costs</b>		<b>202,699,266</b>	<b>164,809,304</b>
<b>Net Surplus before distributions to growers and tax</b>		<b>441,076,706</b>	<b>424,286,616</b>
<b>Distributions to growers</b>			
Payments To Growers (Class 1 Fruit)		435,095,917	418,122,987
Payments To Growers (Non-Class 1 Fruit)	9	5,982,914	6,176,099
<b>Total Distributions to growers</b>		<b>441,078,831</b>	<b>424,299,086</b>
<b>Net surplus/(deficit) before tax</b>		<b>(2,125)</b>	<b>(12,470)</b>
Taxation	10	-	-
<b>Net Surplus/(deficit) after tax</b>		<b>(2,125)</b>	<b>(12,470)</b>

## EastPack Entity Trust

### STATEMENT OF MOVEMENT IN BENEFICIARIES FUNDS

For the Year Ended 30 June 2022

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

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

## EastPack Entity Trust

# STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 \$	2021 \$
<b>Growers funds</b>		<b>(2,020)</b>	<b>105</b>
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash and bank balance		1,473,693	2,204,597
Accounts Receivable		1,193,775	3,600,767
GST Receivable		1,309,714	-
Prepayments	6	264,565,063	257,066,380
<b>Total Current Assets</b>		<b>268,542,245</b>	<b>262,871,744</b>
<hr/>			
<b>Total Assets</b>		<b>268,542,245</b>	<b>262,871,744</b>
<hr/>			
<b>Current Liabilities</b>			
Accounts Payable		23,191	195,564
GST Payable		-	416,201
Accruals	7	8,500	6,000
Income Received in Advance	8	235,519,265	234,883,274
Related Party Payables - EastPack Limited	9	32,993,309	27,370,600
<b>Total Current Liabilities</b>		<b>268,544,265</b>	<b>262,871,639</b>
<hr/>			
<b>Net Assets</b>		<b>(2,020)</b>	<b>105</b>

For and on behalf of the Board : Ngaire Scott

Trustee

6 December 2022

Dated

For and on behalf of the Board : John Loughlin

Trustee

6 December 2022

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 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 2021 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.

## EastPack Entity Trust

# Notes to the Special Purpose Financial Statements

### 3 Crop Receipts

	Note	2022	2021
		\$	\$
Zespri Group Ltd Receipts		637,764,145	582,892,641
EastPack Ltd Receipts	9c	5,982,914	6,176,098
		643,747,059	589,068,739

### 4 Other income

	2022	2021
	\$	\$
Hort NZ Levy	28,863	26,917
	28,863	26,917

### 5 Other expenses

	2022	2021
	\$	\$
Audit Fees	11,145	8,435
Bank Charges	70	122
Advisory Committee Fees	48,059	32,369
Interest	143,557	196,334
	202,831	237,260

### 6 Prepayments

	2022	2021
	\$	\$
Expenses prepaid for the 2022 Crop	132,232,193	-
Prepayments to EastPack for the 2022 Crop	132,332,870	-
Expenses prepaid for the 2021 Crop	-	136,455,138
Prepayments to EastPack for the 2021 Crop	-	120,611,242
	264,565,063	257,066,380

### 7 Accruals

	2022	2021
	\$	\$
Audit Fees	8,500	6,000
	8,500	6,000



## 8 Income Received in Advance

	2022	2021
	\$	\$
Income Received in Advance (2022 Crop)	235,519,265	-
Income Received in Advance (2021 Crop)	-	234,883,274
	235,519,265	234,883,274

## 9 Related Parties

	2022	2021
	\$	\$
a) Short term borrowings		
EastPack Ltd	32,993,309	27,370,600
	32,993,309	27,370,600
Interest paid on loan	143,557	196,334

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 5.45% p.a. (2021: 2.94%), unsecured and repayable on demand.

	2022	2021
	\$	\$
b) <i>The Trust made distributions to EastPack Ltd during the year:</i>		
Net Payments for services	202,496,435	164,572,044
Total	202,496,435	164,572,044

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.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>c) Crop Receipts - Non Class 1</i>		
<i>EastPack made distributions to EET during the year:</i>		
Receipts of Non-Class 1 Income for the 2021 Crop	5,982,914	-
Receipts of Non-Class 1 Income for the 2020 Crop	-	6,176,099
<b>Total</b>	<b>5,982,914</b>	<b>6,176,099</b>

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.

## **9 Taxation**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Net Surplus/(Deficit) before Tax	(2,125)	(12,470)
Income Tax @ 33%	(701)	(4,115)
<i>Adjusted for:</i>		
Tax Losses not recognised	701	4,115
<b>Taxation</b>	<b>-</b>	<b>-</b>

## **10 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 4 to 10:

- i. Present in all material respects the Trust's financial position as at 30 June 2022 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 2022;
- The statements of financial performance and movements in beneficiaries funds for the year then ended; and
- Notes, including a summary of significant accounting policies.



### 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 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 2022