

# **Consolidated Financial Statements**

The Soil & Health Association of New Zealand Incorporated  
Group

For the year ended 31 March 2023

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# Audit Report

The Soil & Health Association of New Zealand Incorporated Group  
For the year ended 31 March 2023

# Entity Information

## The Soil & Health Association of New Zealand Incorporated Group For the year ended 31 March 2023

### Legal Name of Entity

The Soil & Health Association of New Zealand Incorporated Group

### Nature of Business

Publishing

### Registration Number

CC55704

### Physical Address

Level 31 Plimmer Towers

2-6 Gilmer Terrace

Wellington 6011

### Postal Address

PO Box 9693

Marion Square

Te Aro

Wellington 6141

### Accountant

Darvill Mellors & Co Limited

### Auditor

Moore Markhams Wellington Audit

### Banker

Bank of New Zealand

### Entity's Purpose or Mission

#### *Soil & Health*

Promote the development of the best physical health and spiritual wellbeing of all people by:  
- promoting an understanding of the community's responsibility to ensure the perpetuity of the soil's sustainable fertility - the foundation for the existence the prosperity and health of all life on earth

#### *BioGro*

The primary purpose is developing Organic Production Standards and the certification of these standards, promotion of the BioGro trademark and Organics in general, and the fostering of research and education in the organic production sector.

## Entity Structure

The Soil & Health Association is a national membership based charity that is governed by an elected 7 person National Council. The Association owns Biogro Limited which has a governing board nominated by The Soil & Health Association National Council.

# Statement by the Executive Committee

## The Soil & Health Association of New Zealand Incorporated Group For the year ended 31 March 2023

The National Council are pleased to present the approved consolidated financial statements including the historical financial statements of The Soil & Health Association of New Zealand Incorporated Group for year ended 31 March 2023.


APPROVED



Jennifer Lux

Chairperson

Date 25/09/2023



Barbara Collis

Treasurer

Date 26/09/2023

# Statement of Service Performance

## The Soil & Health Association of New Zealand Incorporated Group For the year ended 31 March 2023

The Soil & Health Association of New Zealand champions society's collective responsibility to protect the health of our soils for future generations. We do this to promote the development of the best physical health and spiritual well-being of all people. Our guiding principle is *oranga nuku, oranga kai, oranga tāngata* / healthy soil, healthy food, healthy people.

We advocate for organic and regenerative production that works with nature and avoids synthetic fertilisers and pesticides. We are the largest membership organisation supporting organic food and farming in New Zealand. Established in 1941, we are also one of the oldest organisations of our kind in the world.

<https://soilandhealth.org.nz/>

One of Soil & Health NZ's objectives is to "consider, and where applicants meet the prescribed standards, certify organically grown food of all types and other related natural products, as complying with the standards set by the BioGro Society or any other appropriate authority." Soil & Health NZ acquired BioGro NZ Ltd in 2018 from its previous charitable owner, the New Zealand Biological Producers and Consumers Society Incorporated, also known as 'the BioGro Society', originally founded by members of Soil & Health NZ. BioGro NZ is one of the oldest organic certification bodies in the world and the creator of the first organic standards in New Zealand. BioGro NZ's charitable purpose is to advance the charitable objects of the Shareholder, providing organic certification as a service to New Zealand entities, thereby facilitating domestic and international trade in organic products.

<https://www.biogro.co.nz/>

### Parent

Soil and Health had 1695 members as of 31 March 2023 (2022:1907). Of this, 36 were digital subscribers as of 31 March 2023 (2022: 23).

Soil and Health's progress toward our goals:

#### **1. The publication and distribution of *OrganicNZ* magazine continued.**

The aim of the magazine is to publish articles to advance our objects, open up subjects to readers, inform and persuade as to S&H objects such as importance of healthy food; promoting organics as a solution to climate change; alternatives to common herbicides and pesticides; as well as to provide members with a tangible community and action-oriented information.

Six issues are published per year, with a membership distribution of between 1500-2000 and a retail distribution of between 2500-5000 over the 2022-23 year.

Most articles from each issue are also published online, available to print and digital subscribers (36 digital subscribers as of 31 Mar). These are 'unlocked' to the public once a six-month period has elapsed since the respective issue went on sale.

#### **2. Webinars were held to connect to members, provide timely information (for example, the heavy rain webinar was held after the flooding in early 2023), and promote discussion within the membership and public.**

A webinar on eliminating glyphosate and other herbicides was held on 22 November 2022, with 100 attendees, and another webinar on how heavy rain affects waterways, soil and more was held on 28 March 2023, with 62 attendees. The webinars were free to members (although donations were encouraged) and a donation was required for non-members. Over \$500 was raised in donations. The recordings were subsequently made available online to members. Within the year there were also arrangements made for others.

#### **3. Soil and Health was a key player in Organic Week 2023.**

Although Organic Week was held 1-7 May, most of the organisation and collaboration occurred in the six months prior to May.

Soil and Health's General Manager chaired the steering committee, the members of which were from other organic promoting bodies, to organise sponsorship and events held during the week (a key part of our development of partnership; see 5). Soil and Health also organised judging and voting for the national *OrganicNZ* Awards; expanded award categories to include new demographics; as well as advertising of Organic Week to the public.

Organic Week was a success, with high website engagement, online and in-person events around the country, and engagement from the organic sector in the *OrganicNZ* Award night.

#### 4. Submissions prepared and presented by Soil and Health to appropriate ministries or government.

Submission to MPI on the Organic Products and Production Bill Process Regulations (submitted 23 December 2022).

Submission on the Therapeutic Products Bill (lodged with Parliament on February 24, 2023).

Work towards letter to Ministers and MPs on seizing the opportunities of organic regenerative farming was drafted (filed on April 18, 2023).

Work towards a submission on the draft National Organic Standard (submitted to MPI on 25 May 2023).

#### 5. Developing and exploring partnerships or associations with other organisations e.g., Te Waka Kai Ora, Organic Traders of Aotearoa New Zealand (OTANZ), Organics Aotearoa New Zealand (OANZ).

Partnership with Te Waka Kai Ora involved including a Hua Parakore Award for Organic Week 2023. Including this category was important to recognise Hua Parakore as vital indigenous organic certification.

Partnership with OTANZ involved collaboration over an online directory of organic businesses, a service that *OrganicNZ* launched in November 2022, hosted on the *OrganicNZ* website. OTANZ members received free premium profiles (directory profiles that included images, descriptions, contact and social media information) as part of this collaboration. BioGro also provided consent for their logo to be used within this directory to signify organic certification.

Partnership with OANZ included vital collaboration over Organic Week. The communications contact of OANZ was the key coordinator for Organic Week and worked closely with national staff of Soil and Health.

#### 6. Maintained two directorships on the BioGro board and contributed actively to the governance of the company, including participation in the in-person strategy day on 25th January 2023.

#### 7. Continued to update our website for the public, with members-only content available.

Timely information (notice of AGM, SGM, change in National Council etc) was provided, plus benefits such as access to webinar recordings.

#### 8. Ongoing glyphosate campaign.

The glyphosate campaign was ongoing through the financial year, with 298 signatures collected. The glyphosate webinar was held to promote this object of Soil and Health, and received over \$400 in donations for the webinar.

National office investigated collaboration with the Environmental Law Initiative on submitting to EPA for a reassessment of glyphosate.

### BioGro

	2023	2023 OVERALL BUDGET	2022
<b>BioGro Certification Renewals and Applicants</b>			
Renewal	871	1,001	884
New Applicants	61	111	95
Audit Completed	711	785	730
Withdrawals	83	72	68

BioGro customers are referred to as Licensees. Once certified, licensees can use the BioGro certification trademark (logo). They must have an on-site or off-site annual audit to maintain this certification.



Renewal – Licensees who renew their certification are called renewals.

New Applicant – potential licensees who expressed an interest in getting certified, paid their certification fee and signed a license agreement during the fiscal year.

Audit – the number of audits done. This does not match the number of licensees. Not all licensees require an audit. Input licensees don't all require an audit. Some audits may be done slightly after the fiscal year ends and won't be counted as completed during this fiscal year.

Withdrawal – A licensee who voluntarily withdraws from certification during the fiscal year. They may be a new applicant or a renewal licensee.

BioGro will extend our Registered Agency Scope at the Ministry for Primary Industries and verify under the Organic Production and Products Act 2023.

# Statement of Comprehensive Revenue and Expenses

## The Soil & Health Association of New Zealand Incorporated Group For the year ended 31 March 2023

	NOTES	GROUP 2023	GROUP 2022	PARENT 2023	PARENT 2022
<b>Revenue</b>					
<b>Revenue from Non-Exchange Transactions</b>					
Donations, fundraising and other similar revenue		31,427	82,601	31,427	82,601
<b>Total Revenue from Non-Exchange Transactions</b>		<b>31,427</b>	<b>82,601</b>	<b>31,427</b>	<b>82,601</b>
<b>Revenue from Exchange Transactions</b>					
Audit travel charge		141,488	148,178	-	-
Certification administration		83,527	109,705	-	-
Certification fees	6	2,150,095	2,238,016	-	-
Dividends received		-	-	16,706	21,075
Interest and other investment revenue		2,243	2,503	596	1,296
Magazine advertising		116,564	127,500	116,564	127,500
Magazine revenue	17	43,463	45,459	43,463	45,459
Merchandise		1,733	516	-	-
Sponsorship / Fundraising		35,500	47,500	35,500	47,500
Subscriptions		83,158	82,659	83,158	82,659
Other income		(4,186)	11,272	2,271	2,457
<b>Total Revenue from Exchange Transactions</b>		<b>2,653,585</b>	<b>2,813,306</b>	<b>298,257</b>	<b>327,946</b>
<b>Total Revenue</b>		<b>2,685,012</b>	<b>2,895,908</b>	<b>329,684</b>	<b>410,547</b>
<b>Expenses</b>					
Accreditation costs		141,402	97,877	-	-
Advertising commission		31,120	29,412	31,120	29,412
Appeal		100	-	100	-
Campaign costs		3,625	1,039	3,625	1,039
Certification costs		693,502	629,236	-	-
Computer and IT expenses		42,513	53,055	-	-
Depreciation and loss on disposal of assets	8	131,928	118,485	1,009	466
Impairment loss		-	-	210,943	-
Magazine production		171,458	188,207	171,458	190,444
Other overhead and operational expenses	7	259,849	265,266	61,084	105,770
Rent		98,449	90,817	9,949	9,564
Wages, salaries and other employee costs		1,449,818	1,436,129	103,168	117,018
<b>Total Expenses</b>		<b>3,023,761</b>	<b>2,909,524</b>	<b>592,455</b>	<b>453,713</b>
<b>Surplus/(Deficit) for the Year</b>		<b>(338,749)</b>	<b>(13,616)</b>	<b>(262,770)</b>	<b>(43,166)</b>

These Financial Statements must be read in conjunction with the attached Notes to the Performance Report and Audit Report.

# Statement of Changes in Net Assets

## The Soil & Health Association of New Zealand Incorporated Group For the year ended 31 March 2023

	GROUP 2023	GROUP 2022	PARENT 2023	PARENT 2022
<b>Accumulated Funds</b>				
Opening Balance	640,903	654,519	533,630	576,795
Surplus / (deficit) for the year	(338,749)	(13,616)	(262,770)	(43,166)
Unrealised Gain on Investments	275	-	275	-
<b>Total Accumulated Funds</b>	<b>302,428</b>	<b>640,903</b>	<b>271,134</b>	<b>533,630</b>

These Financial Statements must be read in conjunction with the attached Notes to the Performance Report and Audit Report.

# Statement of Financial Position

## The Soil & Health Association of New Zealand Incorporated Group As at 31 March 2023

	NOTES	GROUP 2023	GROUP 2022	PARENT 2023	PARENT 2022
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	9	444,714	389,778	58,750	198,722
Trade debtors and other receivables	10	433,159	548,115	53,336	11,469
Prepayments		44,256	53,648	1,572	1,530
Inventory		8,709	7,077	6,420	6,420
Investments	15	50,217	200,000	50,217	-
<b>Total Current Assets</b>		<b>981,055</b>	<b>1,198,618</b>	<b>170,295</b>	<b>218,141</b>
<b>Non-Current Assets</b>					
Intangible assets	11	81,081	149,513	4,392	4,392
Property, plant and equipment	12	5,135	5,170	1,009	2,018
Investments	15	-	-	179,649	390,592
<b>Total Non-Current Assets</b>		<b>86,216</b>	<b>154,683</b>	<b>185,050</b>	<b>397,002</b>
<b>Total Assets</b>		<b>1,067,271</b>	<b>1,353,301</b>	<b>355,345</b>	<b>615,143</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade creditors and other payables	13	283,714	255,504	29,922	21,231
Revenue received in advance	14	275,367	256,946	49,613	60,283
Employee entitlements		205,761	199,948	4,676	-
<b>Total Current Liabilities</b>		<b>764,842</b>	<b>712,398</b>	<b>84,211</b>	<b>81,514</b>
<b>Total Liabilities</b>		<b>764,842</b>	<b>712,398</b>	<b>84,211</b>	<b>81,514</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>302,428</b>	<b>640,903</b>	<b>271,134</b>	<b>533,630</b>
<b>Accumulated Funds</b>					
Accumulated surpluses or (deficits)		302,428	640,903	271,134	533,630
<b>Total Accumulated Funds</b>		<b>302,428</b>	<b>640,903</b>	<b>271,134</b>	<b>533,630</b>

These Financial Statements must be read in conjunction with the attached Notes to the Performance Report and Audit Report.

# Statement of Cash Flows

## The Soil & Health Association of New Zealand Incorporated Group For the year ended 31 March 2023

	GROUP 2023	GROUP 2022	PARENT 2023	PARENT 2022
<b>Statement of Cashflows</b>				
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from goods and services provided	2,784,718	2,796,454	234,950	406,140
Receipts from grants and donations	31,427	82,601	31,427	82,601
Dividend Income	-	21,075	16,706	21,075
Interest income	2,302	2,502	379	1,296
GST Receipts (Payments)	-	15,070	(1,580)	(7,006)
<b>Total Receipts</b>	<b>2,818,447</b>	<b>2,917,702</b>	<b>281,882</b>	<b>504,106</b>
<b>Payments</b>				
Payments to suppliers and employers	(2,850,051)	(2,943,996)	(371,854)	(553,451)
<b>Total Payments</b>	<b>(2,850,051)</b>	<b>(2,943,996)</b>	<b>(371,854)</b>	<b>(553,451)</b>
<b>Net cash inflow from operating activities</b>	<b>(31,604)</b>	<b>(26,294)</b>	<b>(89,972)</b>	<b>(49,345)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment and intangible assets	(63,459)	(70,805)	-	(2,484)
Repayment of Term Deposits	200,000	148,929	-	148,929
<b>Net cash outflow from investing activities</b>	<b>136,541</b>	<b>78,124</b>	<b>-</b>	<b>146,445</b>
<b>Cash flows from financing activities</b>				
Purchase of Investments	(50,000)	(200,000)	(50,000)	-
<b>Net cash outflow from financing activities</b>	<b>(50,000)</b>	<b>(200,000)</b>	<b>(50,000)</b>	<b>-</b>
Net increase /(decrease) in cash and cash equivalents	54,937	(148,170)	(139,972)	97,100
<b>Cash and cash equivalents at the beginning of the year</b>				
Cash and cash equivalents	389,779	537,949	198,721	101,621
Cash and cash equivalents at the end of the year	444,716	389,779	58,749	198,721

# Notes to the Financial Statements

## The Soil & Health Association of New Zealand Incorporated Group For the year ended 31 March 2023

### 1. Reporting Entity

These financial statements comprise the financial statements of The Soil & Health Association of New Zealand Incorporated ("Parent") and BioGro New Zealand Limited ("subsidiary") being the "Group" for the period ended 31 March 2023.

The Soil and Health Association of New Zealand Incorporated is incorporated and domiciled in New Zealand under the Incorporated Societies Act 1908.

BioGro New Zealand Limited is incorporated under the Companies Act 1993. Both entities are registered as Charities under the Charities Act 2005.

The Soil and Health Association of New Zealand Incorporated became the governing body of BioGro New Zealand following a merger with New Zealand Biological Producers & Consumers Society on 1 October 2016.

The Parent and Group is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

BioGro New Zealand Limited provides organic certification for BioGro licensees against BioGro, OOAP, INFOMA, POS, NATRUE standards.

### 2. Basis of Preparation

#### Statement of compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZIPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The Soil and Health Association of New Zealand Incorporated is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure does not exceed \$30 million.

#### Basis of measurement

The financial statements have been prepared on a historical costs basis, except for assets and liabilities that have been measured at fair value and except for those otherwise stated.

The accrual basis of accounting has been used unless otherwise stated and the financial statements of the Group have been prepared on a going concern basis.

#### Presentation of currency

The financial statements are presented in New Zealand dollars.

#### Changes in accounting policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

### 3. Summary of Significant Accounting Policies

#### **Basis of consolidation**

The group financial statements consolidate the financial statements of the parent and the entity over which the parent has the power to govern the financial and operating policies so as to obtain benefits from their activities (defined as "subsidiaries").

Controlled entities are those entities over which the parent has the power to govern the financial and operating activities so as to obtain benefits from their activities.

The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **Foreign currency translation**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transactions.

Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### **Debtors and other receivables**

Trade debtors and other receivables are measured at their cost less any impairment losses. Trade debtors and other receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value.

An allowance for impairment is established where there is objective evidence the entity will not be able to collect all amounts due according to the original terms of the receivable.

#### **Creditors and other payables**

Trade creditors and other payables are stated at cost. Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value.

#### **Property, plant and equipment**

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

#### **Depreciation**

Depreciation is charged on a diminishing value (DV) basis and straight value (SL) basis on all property, plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied at each class of property, plant and equipment:

**Asset classes****Group**

	DV	SL
Computer equipment	40% - 50%	20% - 48%
Software	50%	40%
Website Development	50%	0%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining life of the improvements, whichever is shorter.

**Intangible assets**

Intangible assets which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised on a straight-line basis over the estimated useful life of the asset, from the date they are available for use and expensed in the reported surplus or deficit for the year.

The following amortisation rates have been applied to each class of intangible assets:

Computer Software	20% - 40%	SL
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Residual values and useful lives are assessed at each reporting date.

Intangible assets with finite useful lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

**Computer software**

Purchased computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure is expensed as incurred. Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, are expensed as incurred.

**Disposals**

Gains or losses on de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the reported surplus or deficit for the year.

**Investments**

Interest in subsidiaries are recognised at cost.

**Impairment of non-financial assets**

At each reporting date, the entities assess whether there is an indication that an asset may be impaired. If any indication exists, the Parent and Group estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of



disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses or reversals are recognised immediately in the statement of comprehensive revenue and expenses.

### Financial instruments

The entity has elected to apply NFP PBE IPSAS 41 Financial Instruments: Recognition and Measurement for its financial assets and financial liabilities. Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instrument.

The entity derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the entity has transferred substantially all the risks and rewards of the asset; or
- the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### Financial Assets

Financial assets within the scope of NFP PBE IPSAS 41 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, fair value through other comprehensive income or financial assets at amortised cost. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in profit or loss or in other comprehensive income. The entity's financial assets are classified as either financial assets at amortised cost or financial assets at fair value through other comprehensive income. The entity's financial assets include cash and cash equivalents, receivables and investments.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

### Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The entity's cash and cash equivalents, debtors and non-equity investments fall into this category of financial instruments.

### Financial assets at fair value through other comprehensive income

Financial assets are classified as fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the financial asset, and contractual terms of the financial asset give rise to the cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, gains or losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment. The entity's equity investments fall into this category of financial instruments.

### Impairment of Financial Assets

The entity assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the entity first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the entity determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics

and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

### **Financial Liabilities**

The entity's financial liabilities are creditors (excluding GST and PAYE). 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.

### **Provisions**

A provision is recognised for a liability when the settlement amount or timing is uncertain; when there is a present legal or constructive obligation as a result of a past event; it is probable that expenditures will be required to settle the obligation; and a reliable estimate of the potential settlement can be made.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### **Employee entitlements**

Employee benefits, previously earned from past services, that the entity expects to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

### **Revenue**

Revenue is recognised to the extent that it is probably that the economic benefit will flow to the entity and revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

### **Donations**

#### **(1) Revenue from non-exchange transactions**

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific entity services or campaigns.

Grants are recognised as revenue upon receipt and include grants from government organisations.

#### **(2) Revenue from exchange transactions**

The following specific recognition criteria must be met before revenue is recognised:

#### **Sale of goods**

Revenue from sale of goods is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

#### **Rendering of services**

Revenue from services rendered is recognised in the surplus or deficit in proportion to the stage of completion of the transaction at the reporting date. The stage of completion for certification revenue is assessed by reference to the proportion of certification outcomes achieved, based on surveys of work performed. Under this method, revenue is recognised in the accounting periods in which the outcomes are completed.

**Certification fees**

Certification fee is recognised according to the outcomes completed, on average at each stage of the certification process as follows:

Stage 1	68%	Outcome: Assessment
Stage 2	28%	Outcome: Audit
Stage 3	04%	Outcome: Certification

**Interest income**

Interest income is recognised as it accrues, using the effective interest method.

**Income Tax**

Under Sections CW 42 of the Income Tax Act 2007 the Soil & Health Association of New Zealand is exempt from income tax on business income derived for charitable purposes in New Zealand. The Soil & Health Association of New Zealand is also exempt from income tax on income under CW 41 of the Income Tax Act 2007. The Soil & Health Association of New Zealand is registered with Charities Services.

**Goods and Services Tax (GST)**

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

**4. Significant Accounting Judgements, Estimates and Assumptions**

The preparation of financial statements in conformity with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the entity that have a significant effect on the financial statements:

**Useful lives and residual values**

The useful lives and residual values of assets are assessed annually based on the following indicators of impairment:

- The condition of the asset based on the assessment of experts employed by the Group as and when determined appropriate by management.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Adjustments to useful life are made when considered necessary.

**Impairment**

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances.

## Outcome completion

Management estimates the percentage of work performed in respect of each certification outcome. This may change as the underlying work processes or outcomes themselves change.

## Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

## 5. Capital Management Policy

The Group capital is its accumulated funds being the net assets. The primary objectives of the Group's capital management policy is to ensure it has sufficient funds to support its activities. The Group manages its capital structure and makes adjustment to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgetary discretionary expenditure is reduced to avoid the need for additional external borrowings.

	GROUP 2023	GROUP 2022	PARENT 2023	PARENT 2022
<b>6. Certification Fees</b>				
Primary producers	920,157	901,652	-	-
Processor/ Processed product	418,097	478,908	-	-
Exporter	60,387	60,335	-	-
Retailer	1,282	2,787	-	-
Input Products	391,488	366,891	-	-
Service Provider	53,278	50,216	-	-
Packhouse	33,842	28,279	-	-
Distribution	31,845	40,733	-	-
Domestic	90,868	112,353	-	-
Doalnara Certification	25,373	15,561	-	-
JAS Certification	33,115	40,491	-	-
IFOAM Programme	13,015	12,475	-	-
Non FOAM/ Standard Programme	44,219	78,500	-	-
Natruue Certification	33,004	39,656	-	-
Fair Trade	-	9,181	-	-
IBD Ecosocial audits	124	-	-	-
<b>Total Certification Fees</b>	<b>2,150,095</b>	<b>2,238,016</b>	<b>-</b>	<b>-</b>

	GROUP 2023	GROUP 2022	PARENT 2023	PARENT 2022
<b>7. Other Overhead and Operational Expenses</b>				
Audit and review fees	16,328	12,781	4,162	4,985
Accounting services	7,876	7,824	7,876	7,824
AGM and board meeting costs	14,721	11,068	1,901	-
Bad and doubtful debts	18,325	(5,517)	-	3,367
Board fees	58,237	57,375	-	-
Consultant fees	14,493	15,300	-	-
General administration and office expenses	36,212	44,880	8,053	19,621
Insurance	21,688	21,066	2,667	2,509
Marketing and promotions	38,789	65,955	8,546	39,343
Membership fees paid	2,981	3,534	2,073	2,345
Merchandise costs	2,163	3,362	-	-
Postage and stationary	2,970	3,858	1,688	2,276
Travel expenses	1,266	279	319	-
Grants and donations made	23,800	23,500	23,800	23,500
<b>Total Other Overhead and Operational Expenses</b>	<b>259,849</b>	<b>265,266</b>	<b>61,084</b>	<b>105,770</b>
	GROUP 2023	GROUP 2022	PARENT 2023	PARENT 2022

## 8. Depreciation and Loss on Disposal of Assets

Depreciation	131,928	118,485	1,009	466
<b>Total Depreciation and Loss on Disposal of Assets</b>	<b>131,928</b>	<b>118,485</b>	<b>1,009</b>	<b>466</b>
	GROUP 2023	GROUP 2022	PARENT 2023	PARENT 2022

## 9. Cash and Cash Equivalents

Cash at bank and in hand	444,714	389,778	58,750	198,722
<b>Total Cash and Cash Equivalents</b>	<b>444,714</b>	<b>389,778</b>	<b>58,750</b>	<b>198,722</b>

The carrying amount of cash and cash equivalents approximates their fair value.

	GROUP 2023	GROUP 2022	PARENT 2023	PARENT 2022
<b>10. Trade Debtors and Other Receivables</b>				
Trade debtors	489,011	584,832	53,336	11,469
less Provision for Doubtful Debts	(55,852)	(36,717)	-	-
<b>Total Trade Debtors and Other Receivables</b>	<b>433,159</b>	<b>548,115</b>	<b>53,336</b>	<b>11,469</b>

As at 31 March 2023, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

## Provision for doubtful debts

The movement in the allowance for doubtful debts is as follows:

	Group 2023	Group 2022	Parent 2023	Parent 2022
Opening balance	36,717	48,750	-	-
Provision recognised during the year	19,135	(12,033)	-	-
<b>Total provision for doubtful debts</b>	<b>55,852</b>	<b>36,717</b>	-	-

The maximum exposure to credit risk at the reporting date is the carrying amount of trade debtors and other receivables as disclosed above.

## 11. Intangible Assets

Computer software, website and trademark	Group 2023	Group 2022	Parent 2023	Parent 2022
<b>Cost</b>				
Opening balance	691,070	626,195	4,392	4,392
Additions - Internal	59,487	23,195	-	-
Additions - External	-	41,680	-	-
Disposals	-	-	-	-
<b>Closing cost</b>	<b>750,557</b>	<b>691,070</b>	<b>4,392</b>	<b>4,392</b>
<b>Accumulated amortisation</b>				
Opening balance	542,287	427,430	6,980	6,980
Amortisation	127,189	114,857	-	-
Disposals	-	-	6,980	6,980
<b>Closing accumulated amortisation</b>	<b>669,476</b>	<b>542,287</b>	-	-
<b>Closing carrying value of intangible assets</b>	<b>81,082</b>	<b>148,783</b>	<b>4,392</b>	<b>4,392</b>

## 12. Property, Plant & Equipment

Movements for each class of property, plant and equipment are as follows:

Computer Hardware	Group 2023	Group 2022	Parent 2023	Parent 2022
<b>Cost</b>				
Opening balance	32,237	26,308	2,484	-
Additions	3,973	5,929	-	2,484
Disposals	-	-	-	-
<b>Closing cost</b>	<b>36,210</b>	<b>32,237</b>	<b>2,484</b>	<b>2,484</b>
<b>Accumulated depreciation</b>				
Opening balance	26,336	23,352	466	-

Depreciation for the period	4,739	3,629	1,009	466
Disposals	-	645	-	-
<b>Closing accumulated depreciation</b>	<b>31,075</b>	<b>26,336</b>	<b>1,475</b>	<b>466</b>
<b>Carrying value at 31 March 2023</b>	<b>5,135</b>	<b>5,170</b>	<b>1,009</b>	<b>2,018</b>

GROUP 2023      GROUP 2022      PARENT 2023      PARENT 2022

### 13. Trade Creditors and Other Payables

#### Creditors and accrued expenses

Trade creditors and other accruals	182,233	153,764	19,531	16,318
GST and PAYE payable	99,771	101,740	8,681	4,913
<b>Total Creditors and accrued expenses</b>	<b>282,004</b>	<b>255,504</b>	<b>28,212</b>	<b>21,231</b>

### 14. Revenue Received in Advance

	Group 2023	Group 2022	Parent 2023	Parent 2022
Certification fees	225,754	196,663	-	-
Subscriptions	49,613	60,283	49,613	60,283
<b>Total</b>	<b>275,367</b>	<b>256,946</b>	<b>49,613</b>	<b>60,283</b>

BioGro NZ Limited Certification Fees received are not fully recognised as income until the certification process has been completed.

### 15. Investment

	Group 2023	Group 2022	Parent 2023	Parent 2022
Investment in BioGro NZ Limited	-	-	179,649	390,592
Term investment	50,217	200,000	50,217	
<b>Total</b>	<b>50,217</b>	<b>200,000</b>	<b>229,866</b>	<b>390,592</b>
<b>Total investment assets classified as follows:</b>				
Current assets	50,217	200,000	50,217	-
Non-current assets	-	-	179,649	390,592
<b>Total</b>	<b>50,217</b>	<b>200,000</b>	<b>229,866</b>	<b>390,592</b>

### 16. Financial Instruments

#### Carrying value of financial instruments

The carrying amount of all material financial position assets and liabilities are considered to be equivalent to fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

### Classification of financial instruments

All financial assets held by the Parent and Group are classified as "loans and receivables" are carried at cost less accumulated impairment losses. All financial liabilities held by the Group are carried at amortised cost using the effective interest rate method.

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

<b>2023: Group</b>	<b>Fair-Value through Profit and Loss</b>	<b>Fair-Value through Other Comprehensive Income</b>	<b>Amortised cost</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	-	-	444,714	<b>444,714</b>
Trade debtors and other receivables	-	-	477,415	<b>477,415</b>
Other financial assets	-	50,217	-	<b>50,217</b>
<b>Total</b>	-	<b>50,217</b>	<b>922,129</b>	<b>972,346</b>
<b>Financial liabilities</b>				
Trade creditors and other payables	-	-	283,714	<b>283,714</b>
Other financial liabilities	-	-	481,127	<b>481,127</b>
<b>Total</b>	-	-	<b>764,841</b>	<b>764,841</b>

<b>2022: Group</b>	<b>Fair-Value through Profit and Loss</b>	<b>Fair-Value through Other Comprehensive Income</b>	<b>Amortised cost</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	-	-	389,778	<b>389,778</b>
Trade debtors and other receivables	-	-	621,113	<b>621,113</b>
Other financial assets	-	200,000	-	<b>200,000</b>
<b>Total</b>	-	<b>200,000</b>	<b>1,010,891</b>	<b>1,210,891</b>
<b>Financial liabilities</b>				
Trade creditors and other payables	-	-	255,504	<b>255,504</b>
Other financial liabilities	-	-	456,894	<b>456,894</b>
<b>Total</b>	-	-	<b>712,396</b>	<b>712,396</b>



2023: Parent	Fair-Value through Profit and Loss	Fair-Value through Other Comprehensive Income	Amortised cost	Total
<b>Financial assets</b>				
Cash and cash equivalents	-	-	58,750	<b>58,750</b>
Trade debtors and other receivables	-	-	54,908	<b>54,908</b>
Other financial assets	-	-	-	-
<b>Total</b>	-	-	<b>113,658</b>	<b>113,658</b>
<b>Financial liabilities</b>				
Trade creditors and other payables	-	-	28,212	<b>28,212</b>
Other financial liabilities	-	-	56,000	<b>56,000</b>
<b>Total</b>	-	-	<b>84,211</b>	<b>84,211</b>

2022: Parent	Fair-Value through Profit and Loss	Fair-Value through Other Comprehensive Income	Amortised cost	Total
<b>Financial assets</b>				
Cash and cash equivalents	-	-	198,722	<b>198,722</b>
Trade debtors and other receivables	-	-	12,999	<b>12,999</b>
Other financial assets	-	-	-	-
<b>Total</b>	-	-	<b>211,721</b>	<b>211,721</b>
<b>Financial liabilities</b>				
Trade creditors and other payables	-	-	21,231	<b>21,231</b>
Other financial liabilities	-	-	60,283	<b>60,283</b>
<b>Total</b>	-	-	<b>81,513</b>	<b>81,513</b>

GROUP 2023      GROUP 2022      PARENT 2023      PARENT 2022

## 17. Magazine Revenue

Magazine Sales	111,783	138,686	111,783	138,686
Magazine Sales - Digital Subscriptions	1,809	1,477	1,809	1,477
Returned Magazines (Retail)	(70,129)	(94,704)	(70,129)	(94,704)
<b>Net Magazine Revenue</b>	<b>43,463</b>	<b>45,459</b>	<b>43,463</b>	<b>45,459</b>

## 18. Operating Leases

Office Leases	2023	2022
Not later than one year	-	52,404
Later than one year and not later than five years	-	7,670
<b>Total</b>	-	<b>60,074</b>

## 19. Contingent Assets, Contingent Liabilities and Commitments

The Parent has no contingent liabilities at 31 March 2023 (2022: \$23,500).

## 20. Related Party Transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the entity. Related party disclosures have not been made for transactions with related parties that are within a normal supplier relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Parent and Group would have adopted in dealing with the party at arm's length in the same circumstances.

The Parent has a related party relationship with its subsidiary BioGro New Zealand Limited. The net value of transactions paid from BioGro to the parent during the year was \$29,265, being \$16,706 of Dividends, \$2,000 of Director Fees and \$10,559 of on-charged costs (2022: \$23,950). The balances outstanding at year end were no amount receivable to the parent and no amount payable to BioGro New Zealand Limited.

Marion Wood, the Chairperson of The Soil and Health Association of New Zealand Incorporated and a Director of BioGro New Zealand Limited, is also a Director of Common Sense Organics Limited. Common Sense Organics Limited is an advertiser and commercial partner of Organic NZ magazine, published by the Soil & Health Association. There is no discount, preferential rate or treatment, or access offered to Common Sense Organics Limited as an advertiser, and transactions are conducted on an arms-length basis. The net value of transactions paid to Commonsense Organics Limited during the year was \$5,070 (2022: \$4,903).

### Governance and key management compensation

The entity has a related party relationships with its key management personnel and members of the parent and group board. Governance and management costs were as follows:

	Group 2023	Group 2022	Parent 2023	Parent 2022
<b>Management</b>				
Salaries and wages paid	261,772	253,846	44,034	49,279
<b>Governance</b>				
AGM and board meeting costs	16,721	13,221	1,901	-
Board fees	56,237	54,875	-	-

## 21. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (2022: nil).

## 22. Ability to Continue Operating

The consolidated financial statements have been prepared using the going concern assumption which assumes that the Group has the intention and ability to continue its operations for the foreseeable future.

The Group incurred a deficit of \$338,749 for the year ended 31 March 2023. The remaining net asset position of the Group is \$302,428.

The National Council consider the Going Concern basis to be appropriate because of the following:

- 1) BioGro is currently tracking to target budgeted expectations for a small surplus in the 2024 financial year.
- 2) The Soil and Health National Council intends to review its budget quarterly and make appropriate management adjustments.

For these reasons, the National Council continue to adopt the going concern assumption in the preparation of the financial statements for the year ended 31 March 2023.

Should these expectations not be met and the Group be unable to settle obligations as they fall due, adjustments may be required to reflect the situation that assets may need to be realised other than at the amounts at which they are currently recorded in the statement of financial position.

# Independent auditor's report

## To the Members of Soil and Health Association of New Zealand Incorporated and Group

### Opinion

We have audited the general purpose financial report of Soil and Health Association of New Zealand Incorporated and Group which comprise the financial statements on pages 10 to 27 and the service performance information on pages 7 to 9. The complete set of financial statements comprise the statement of financial position as at 31 March 2023, the statement of comprehensive revenue and expense, statement of changes in net assets, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

- the financial position of Soil and Health Association of New Zealand Incorporated and Group as at 31 March 2023, and (of) its financial performance,
- and its cash flows for the year then ended; and
- the service performance for the year ended 31 March 2023 in accordance with the entity's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information* (NZ). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the general purpose financial report section of our report.

We are independent of Soil and Health Association of New Zealand Incorporated and Group in accordance with Professional and Ethical Standard 1 (Revised) 'Code of ethics for assurance practitioners' issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than our capacity as auditor we have no relationship with, or interests in, Soil and Health Association of New Zealand Incorporated and Group.

### Responsibilities of National Council for the General Purpose Financial Report

National Council are responsible on behalf of Soil and Health Association of New Zealand Incorporated and Group for:

- a) the financial statements and service performance information in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board;
- b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards; and

- c) such internal control as National Council determine is necessary to enable the preparation of the general purpose financial report and service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report, National Council are responsible for assessing the Soil and Health Association of New Zealand Incorporated and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless National Council either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the service performance information are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

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

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

This report is made solely to the members of Soil and Health Association of New Zealand Incorporated and Group. Our audit has been undertaken so that we might state to the members those matters 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 the members, for our audit work, for this report, or for the opinions we have formed.

*Moore Markhams*

**Moore Markhams Wellington Audit** | Qualified Auditors, Wellington, New Zealand  
26 September 2023