Accreditations, Approvals and Recognitions held by BioGro NZ Ltd

- IFOAM Accreditation
- ISO 17020/EN 45004 Accreditation
- Third Party Agency (TPA) approval for the Ministry for Primary Industries (MPI) Official Organic Assurance Programme (OOAP)
- Registered Overseas Certifying Body (ROCB) for the Japanese Agricultural Standard (JAS) for Organic
- ISO 17065 Accreditation
- Canada Organic Regime (COR) Accreditation
- EU Equivalent Control Body listing under EU regulation No 508/2012
- NATRUE (Natural certification for cosmetics) Accreditation

Market access and use of logos and seals

Refer to the BioGro website or contact the BioGro office if you need more details:

- **Europe**: Access to Europe and Switzerland for BioGro certified products is through the MPI OOAP. The BioGro logo and the EU logo, may be applied.
- **USA**: Access to USA for BioGro certified products is through the MPI OOAP. An alternative path is through BioGro’s COR accreditation under the terms of the US-Canada Organic Equivalency Agreement for exports to the US. The BioGro logo and the USDA organic seal, may be applied in both cases.
- **Japan**: Access to Japan for BioGro certified plant and livestock products is through BioGro’s JAS accreditation with Japan MAFF. The BioGro logo and the JAS organic logo (with BioGro name) applies. As an alternative, plant products, but not livestock products, to be exported to Japan in bulk and packaged or to be used as ingredients by JAS certified processors can also gain access through BioGro certification under the JAS equivalence of the MPI OOAP, but in this case the JAS organic logo can not be applied by the processor / exporter to those products or ingredients.
- **Taiwan**: Access to Taiwan for BioGro certified products is through the MPI OOAP. The BioGro logo may be applied.
- **Canada**: Access to Canada for BioGro certified products is through BioGro’s accreditation to the COR. The BioGro logo and the COR logo, may be applied.
- **Republic of Korea**: Access to Korea is through BioGro’s partnership with DCOK (Doalnara Certified Organic Korea, LLC).
- **Brazil**: Access to Brazil is through BioGro’s partnership with IBD.
- **Australia and other countries with no organic regulations**: Access to all other export markets for BioGro certified products is through BioGro’s Internationally Accredited certification programme. The BioGro logo may be applied.
- **Products outside of the scope of some standards and regulations**: Access to markets for products such as organic health and bodycare products, which are currently outside of the scope of some market standards and regulations, is through BioGro’s Internationally Accredited programme. The BioGro logo may be applied.
- **New Zealand market**: Access to New Zealand’s domestic market is through any of BioGro’s certification programmes – BioGro’s Internationally Accredited programme or Domestic programme. The BioGro logo for the particular programme may be applied.
- **Clients based in Asia-Pacific region**: Access to US, Canada, Japan and Europe is available through BioGro’s direct accreditations and recognitions.
NZBPCS Council

CHAIR
Heather Atkinson
Wharerata
Wairarapa

Brendan Hoare
Organic Systems
Auckland

Andrew Wood
Seeka Kiwifruit Industries
Te Puke

Mark Houghton-Brown
Organic Farm Holdings
Nelson

Gareth Ingram
Farmlands Co-operative Society Ltd
Hastings

David Wright
The Bio Dynamic Farming & Gardening
Association representative
Wellington

Dennis Enright
Soil & Health Association representative
Dunedin

BioGro NZ Ltd Board

CHAIR
Mark Houghton-Brown

Gareth Ingram
Andrew Wood

Independent Directors:
Joseph Stuart
Kathryn Bell McCarrison

CEO - BioGro NZ Ltd
Donald Nordeng

AUDITORS
Crowe Horwath
Wellington

LEGAL ADVISORS
McBride Davenport James
Wellington

BANKERS
ANZ Bank New Zealand Limited

STATUS
Incorporated Society
Registered Charity

CONTACT DETAILS
PO Box 9693, Marion Square
Wellington 6141, New Zealand
Tel: +64 4 801 9741
Fax: +64 4 801 9742
Email: info@nzbpcs.org
Website: www.nzbpcs.org
www.biogro.co.nz

OFFICE LOCATION
Level 5, Stephenson & Turner House
156-158 Victoria Street
Wellington, New Zealand
Chairperson’s Report (NZBPCS) – Heather Atkinson

Significant change is being undertaken within NZBPCS (the BioGro Society) with the Council acting positively on a number of fronts.

Significant was the separation of the company governance from that of the Society – this took place around 12 months ago and is proven to be a successful model with the injection of independent Directors and the subsequent appointment of the well-credentialed Donald Nordeng as CEO. Mark Houghton-Brown ably leads this governance team as Chairperson.

Donald’s appointment follows the resignation of Michelle Glogau, who significantly added to both BioGro and the broader organic sector for ten years as CEO and we remain grateful for her contribution. I also wish to acknowledge Derek Broadmore who resigned from his role as Chair after the last AGM – Derek started as legal advisor to BioGro and subsequently was on the Council for 9 years with 3 ½ as Chairperson – he worked tirelessly behind the scenes and added significant value to the organisation.

Our focus, since the separation of the governance of the company from the Society has been on how we as a society can honour our objectives and create a vibrant organisation which builds healthy soils, advocates for sustainable organic food production and distribution, and empowers people towards an Organic Aotearoa.

To this end we entered discussions with our colleagues from the Soil and Health Association to consider whether merging our resources into one organisation was a practical idea – we agreed that it is and we wish to explore this further. Having talked with each other we would now like to hear from our collective memberships and seek your support to explore a merger.

This AGM also signals some changes within our Council; Andrew Wood from the kiwifruit sector is unable to continue as councillor due to work commitments. We wish him well in his new role and will miss his input on the Society and as a BioGro company Director.

Significantly David Wright is leaving his role as the BioDynamic Association appointee to the BioGro Society after fulfilling this role for 20+ years – David has contributed significantly to the evolution of the BioGro Society, injecting his insight, opinion and skill set over many years. He has watched BioGro develop into the organisation that it is now and his contribution will be missed. Thank you David.

I am also unable to continue to contribute at this level and am standing down after the AGM. I wish to thank the other councillors who have supported me, both as Chairperson and councillor.

I wish to express my thanks to all of our members who continue to support the work of the Society – your support is essential as we make critical decisions about how we wish our future to look and we look forward to your continued support and your participation in this process.
Chairperson’s Report (BioGro NZ Ltd) - Mark Houghton-Brown

This has been a transformational year for BioGroNZ Limited.

The urgency of ecological need to advance a sustainable approach to planetary resource management is becoming more apparent to a wider group of stakeholders than ever before. Therefore it’s important to both engage with them and to lift our community’s level of self-organisation.

We left no stone unturned during the search for a replacement CEO scouring diverse corners of the globe to secure an outstanding candidate in Donald Nordeng. He has made an excellent start, and the prospects to develop our suite of services to accredit sustainability stories are ever multiplying.

The organic market continues to grow strongly around the world, and although the New Zealand sector underperforms significantly compared to our international peers, awareness is increasing and the opportunity is material if we can make ourselves more accessible, but we are determined.

I would like to thank the Directors for providing invaluable guidance during this period, the staff for their hard work, and the licensees for their ongoing trust.

It has been an enjoyable year for me.
Message from the Chief Executive

It's been a wonderful time for me to join BioGro with lots of new energy in the sector and a great opportunity to help build an organisation that can grow with the industry and meet its needs. What's clear is that BioGro has three challenges ahead: serving our customers, building a platform for certification that is scalable, and growing the market for organic produce.

A core focus for BioGro is to build a clear and step-based pathway to help growers and farmers transition from non-organic to organic production. This fits within our new strategic approach of working with external partners that offer sustainability services and verification processes to help growers in that evolution. This includes working alongside the likes of Conscious Consumers, the Sustainability Dashboard and Turners & Growers.

An example of this is BioGro's partnership with the Sustainability Dashboard project through which we will be able to help organic producers get involved in their local council environmental management plans. The Dashboard project is undertaking a gap analysis for BioGro, indicating where our licensees stand and where there is overlap. With this information, we can work with licensees to ensure they aren't doing work twice.

Likewise, BioGro has also partnered with T&G, formerly known as Turners & Growers, on an agreement to recognise BioGro certification, effectively waiving the GAP requirement for our licensees. These external strategic partnerships not only represent a new approach to creating sustainability services and mutually beneficial verification processes, but inherently promote BioGro and everything it stands for to a wider and more strategic audience.

Customer Service

BioGro’s role is to stand alongside our customers and help them tell their stories so that consumers understand the rigour and robustness that distinguishes BioGro certification from the masses.

In 2014/15, we implemented a new cloud-based customer relationship management database that will help us to better manage new customers beginning the certification process. The system retains all information around a project, enabling easy access and sharing by members of the team and ultimately a far more efficient and effective experience.

Eljay Maunder, our Events and Customer Services Manager, came up with the idea for an initial contact meeting with potential licensees to have one of our auditors explain the certification process at their location. For a fee of $150, we send an auditor to talk the potential organic customer through some of their concerns about certification, without giving any consulting however. This has been very popular since its introduction in November.

In response to Cyclone Pam, Grace Leung, our Certification officer specialising in kiwifruit, fair trade and the Pacific Islands, coordinated donations to those people affected in Vanuatu. Fortunately, our licensees there were not harmed physically, but many face a challenging rebuilding. Grace worked closely with BioGro’s accreditation agencies to ensure we could give special dispensation to the affected customers and be sensitive to their circumstances.

Staff updates

In 2014/2015, we have undergone a very challenging transition in leadership while at the same time training a new certification officer: Danica Carter, who is in charge of Health & Body care and Processed products.

After 20 years with BioGro, we sadly say goodbye to Hans Dirkse, who will move on from organic auditing and take up a position with Seeka. I think this new challenge for Hans is a wonderful development for him, for BioGro and for the kiwifruit industry. Earlier this year, we also said goodbye to our Certification Coordinator, Konish Hemant. Konish was a great asset to the team and spoke
with most of you during renewal time. Amelia Mason has now joined the team as Konish's replacement.

**The BioGro Office staff:**
- Accreditation & Technical Manager: Akiko Nicholls
- Management Accountant: Naomi Shephard
- Programme Manager (Certification): Marcus Coomer
- Events & Customer Services: Eljay Maunder
- Communities Manager: Lucy Terpstra
- Certification Officer: Grace Leung
- Certification Officer: Anne de Ferron
- Certification Officer: Vidiyha Damodaran
- Certification Officer: Danica Carter
- Certification Officer: Kent Chamberlain
- Certification Co-ordinator: Amelia Mason
- Data Information Officer: Lakshmi Budaraju

**The BioGro auditing team:**
- Audit Manager & Senior Auditor: Jared White
- Senior Auditor: Hans Dirkse
- Senior Auditor: Joy McLeod
- Senior Auditor: Simon Baylis
- Senior Auditor: Geoff Ledbrook
- Senior Auditor: Vivienne Cruickshank

**Communication**
In 2014, we hired a communication professional for the first time, Lucy Terpstra. She is responsible for the overall communication strategy implementation for BioGro. She creates the eNews, website development and the new focus on communication as part of our certification programme. BioGro has also begun investing in strategic advertising in a range of publications to raise the profile of BioGro’s services and organic certification.

In addition to these, BioGro has invested in some strategic advertising in trade magazines such as The Orchardist, NZGrower and FMCG in order to raise the profile of organic products and services in these categories. It was pleasing to see a positive article in the New Zealand Herald’s supplement Elements in May, and an upcoming TV appearance on Rural Delivery with licensee Alex Webster. Watch for more developments.

**Building a Platform**
In 2015/16 we will launch an evaluation of our certification processes and look for ways to improve and review fees, while maintaining our exceptional accreditation requirements which our customers demand. The organisation has invested heavily in two databases, one to manage the certification workflow, and the second to manage a catalogue of certified inputs. BioGro licensees access these two databases through the BioGro website.

In 2015/16, following two years of development, BioGro will launch its online Organic Management Plan for Primary Producers. This tool grew out of work done by Anne de Ferron during her internship with BioGro. At this stage, it is very much a 1.0 version of the tool, which will be developed over the next 12 months.

Technology brings change with it, and BioGro's new OMP is no different. After the initial setup, licensees will no longer need to send in an annual renewal package. This means that while an annual audit will still need to take place, because all licensees get inputs and changes to their OMP pre-approved, we won't be doing this work again at renewal. We plan to make the system easier; however we anticipate the need for support from licensees in the first year. The OMP is designed to be kept up to date and any new inputs or practices approved by BioGro prior to their use.
We understand there may be small numbers of licensees with technological limitations. Some operators may still need to use a paper document or a word file that they email us - due to technological limitations - these numbers are small.

In 2015, we also began moving away from our legacy paper system. It is a very time and resource intensive way of verification with printing, scanning and reprinting of various documents, which also require physical storage. Currently all base certification data is being scanned and stored on our private server housed in our office.

**Financials**

While we are no longer operating in a static market thanks to the new growth in demand for organics, and a more favorable exchange rate, the lack of a domestic standard for organics is holding back the growth in investment that is occurring in other countries. Although in the 2014/15 period BioGro has delivered the best total revenue result in the last five years, we have also lost more licensees than we have gained. However, it is generally the smaller producers who drop their licenses and often it is to transfer to a group BioGro certification. While losing licensees is disappointing, BioGro retains a strong base around 640 licensees including some of New Zealand’s major organic producers and exporters. Please refer to the financials section for more information.

**Acknowledgements**

As new CEO, I am deeply impressed by the integrity and dedication of the team of people who work to keep BioGro firmly positioned as New Zealand’s premier organic certifier. This includes the Council, the staff and auditors who ensure BioGro continues to provide a professional, cost-effective and efficient organic certification service and serves to promote organics to consumers and producers in New Zealand.

In particular, I acknowledge with gratitude the many years of dedicated service of my predecessor, former CEO Michelle Glogau who left BioGro in August. Thank you, Michelle for your passion and commitment to organic standards and certification. BioGro also recognises the leadership and dedication of Heather Atkinson during the previous year. Heather has been a long-time supporter and pioneer of New Zealand organics and I thank you for all of your ongoing energy and enthusiasm for the industry and for BioGro.

Most of all, thanks to our members and licensees who have continued to support BioGro and without whom we would not exist.

We wish you every success for the coming year ahead.

Donald Nordeng  
Chief Executive
Technical Report

Accreditations and Market Access

BioGro currently has eight international accreditations, approvals and recognitions. These are:

- IFOAM Accreditation, refer www.ifoam.org and www.ioas.org;
- Third Party Agency (TPA) Approval for the Ministry for Primary Industries Official Organic Assurance Programme (MPI OOAP), refer www.foodsafety.govt.nz/industry/sectors/organics;
- Registered Overseas Certifying Body (ROCB) with Japan Ministry of Agriculture, Forestry and Fisheries (Japan MAFF) for the Japanese Agricultural Standard (JAS) for Organic, refer www.maff.go.jp/e/jas/specific/organic.html;
- Canada Organic Regime (COR) accreditation by Canadian Food Inspection Agency (CFIA) refer www.inspection.gc.ca/food/organic-products/eng/1300139461200/1300140373901;
- NATRUE accreditation for natural cosmetics. Refer www.natrue.org

These accreditations provide access for BioGro certified products to international markets as follows:

- Access to Europe and Switzerland is through New Zealand’s third country listing with the European Commission via equivalence of the MPI OOAP, refer www.foodsafety.govt.nz/industry/sectors/organics;
- Access to USA is through application of the USDA National Organic Program (NOP) via the MPI OOAP, refer www.foodsafety.govt.nz/industry/sectors/organics. For BioGro’s recognition go to www.ams.usda.gov/AMSv1.0/ams.fetchTemplateData.do?template=TemplateN&page=NOPTradeNewZealand. An alternative path is through BioGro’s COR accreditation under the terms of the US-Canada Organic Equivalency Agreement for exports to the US;
- Access to Taiwan is through equivalence of the MPI OOAP, refer www.foodsafety.govt.nz/industry/sectors/organics;
- Access to Japan is through our ROCB accreditation with Japan MAFF for the JAS Organic Standards, refer www.maff.go.jp/e/jas/specific/organic.html. Access to the Japan market for bulk and packaged plant products can also be via equivalence of the MPI OOAP to JAS Organic but under this option the JAS Organic logo cannot be applied in New Zealand, and livestock products aren’t included;
- Access to Canada is through BioGro’s accreditation to the COR by CFIA, refer www.inspection.gc.ca/food/organic-products/eng/1300139461200/1300140373901;
- Access to the Republic of Korea (South Korea) for processed products is through BioGro’s IFOAM Accreditation, refer www.ioas.org. Access for non-processed products is through a Korean certifier, please contact the BioGro office for more details on this;
- Access to all other export markets with no organic regulations or for products which are outside the scope of the regulation is provided through BioGro’s Internationally Accredited programme. This programme provides a high level of credibility and status for all BioGro certified products at the importer, distribution and retail levels in all international markets and the New Zealand domestic market;
- Access to the domestic market can be provided by BioGro’s Internationally Accredited Certification programme or BioGro’s Domestic certification programme;
- Market access for products produced in countries other than New Zealand, such as in the Pacific Islands, is provided by BioGro’s certification under its IFOAM, ISO 17065, JAS Organic, COR, and EU equivalency, refer above.
We are required to follow strict standards and audit and certification procedures to ensure that our certification of BioGro certified operations; including certification and approval of inputs used, meets all the different requirements of the above market regulations, standards, and accreditation requirements.

During the April 2014 to March 2015 year we were audited by the following external accreditation bodies:

- Japan MAFF for our JAS accreditation for 3 days including office visit and witness audit with a BioGro auditor.
- IOAS for EU third country equivalency, IFOAM and COR accreditation for 5 days in June including both an office visit and witness audit with a BioGro auditor in the Pacific. Again in March for 2 days, an office visit to cover ISO/IEC17065 and EU third country equivalency was required.

In total we were audited for 12 days. There is a considerable staff resource needed to prepare for, be available during, and carry out follow up actions resulting from these audits, as well as to maintain and support our accredited systems throughout the year. This, along with the fees we pay to our accreditation bodies is a significant cost, which we must pass on to our licensees who benefit from our maintaining these accreditations and market access.

Countries of operation

BioGro provided organic certification services in the following countries during the April 2014 to March 2015 year:

- New Zealand
- Australia
- Niue
- Vanuatu
- Samoa
- Malaysia
- Fiji
- India

Standards

BioGro offers certification to the following standards:

- BioGro Organic Standards;
- IFOAM norms;
- USDA National Organic Programme (NOP) (through MPI OOAP);
- MAF Technical Rules for Taiwan;
- Japanese Agricultural Standard (JAS) Law;
- Canada Organic Regime (COR);
- EC Organic Regulations 834/2007 and 889/2008 (equivalent to BioGro Organic Standards); and
- Pacific Organic Standards (POS)
- NATRUE (natural cosmetics)

Note that the current version of the BioGro Organic Standards was issued 4 May 2009, Amendment No 1 covering USDA NOP clarifications was issued 10 November 2009, Amendment No 2 Poultry Standard amendment (Module 5) was issued on 13 November 2014, the Retail Standard (Module 15) was issued 01 November 2012, the Health & Bodycare Standard (Module 17) was issued 28 June 2013.
BioGro Certification Programmes
Producers of organic products are able to choose from the following BioGro certification programmes:

BioGro Internationally Accredited Certification Programme:
BioGro’s Internationally Accredited Certification Programme provides access for New Zealand organic producers, processors, and exporters to all major international markets and to the New Zealand domestic market. The programme is ISO17065 and ISO17020 accredited. Certification under this programme allows producers to also apply for BioGro’s additional organic and export markets programmes including:
• IFOAM Accredited certification;
• MPI Official Organic Assurance Programme for exports to Europe, Taiwan, Switzerland, United States and Japan
• JAS organic programme for exports to Japan;
• Canada Organic Regime (COR) for exports to Canada
• Soil Association Certification Product Acceptance
• EU programme for exports from outside of New Zealand to Europe
• Pacific Organic Standard (POS) programme for the Pacific.

The following logos and seals may be used:
• BioGro logo;
• BioGro logo with the IFOAM seal;
• EU logo;
• USDA Organic seal;
• JAS Organic logo;
• COR logo;
• POS logo.

BioGro Domestic Certification Programme
This programme is designed for primary producers supplying fresh produce or processed product made from their own produce for the local (NZ) market. The programme is ISO17065 accredited.

Certification under this programme meets the requirements of the production rules in the BioGro New Zealand Organic Standards, with an auditor based certification process.

The BioGro logo can be used.

BioGro Input Certification Programme
BioGro’s Input Certification programme certifies input products which are compliant to all the relevant market standards and regulations. The programme is IFOAM accredited.

Input products are reviewed against the following organic standards and international regulations and standards:
• BioGro Organic Standards
• IFOAM Norms
• MPI Technical rules (with EU Reg 834/2007 and EC889/2008 requirements)
• USDA National Organic Program (NOP)
• Japanese Agricultural Standard (JAS) Organic Law
• Canada Organic Regime (COR)

The BioGro Input logo can be used.
BioGro Certified Inputs for Producers (on BioGro website) lists all input products and suppliers which have current certification. The Licensee log-in area includes additional search functions where an input can be searched for by name, product type and BioGro number, and the manufacturer/supplier directly contacted by email.

BioGro NATRUE Certification Programme
BioGro’s NATRUE certification programme provides natural certification for health and body care (cosmetic/skin care) products as well as raw materials that may be used in natural cosmetic/skincare products. NATRUE Formula Approval programme is also available for manufacturers who wish to have NATRUE logo/references on their base formula. Products are reviewed against the NATRUE criteria and on-site audits are also required.

The NATRUE logo can be used.

Additional services
BioGro offers the following additional services through partnership/agreements with other certification bodies:
- Brazil – Audits for IBD certification
- South Korea – Audits for Doalnara Certification
- IBD EcoSocial – Audits for IBD EcoSocial certification
- Fair Trade Australia/NZ

Sectors
BioGro currently certifies producers and suppliers in the following sectors:
- Orchard – kiwifruit, pipfruit, blueberries, other fruits;
- Cropping – vegetables and herbs for fresh and processed, grains, seeds, seedlings, other crops;
- Dairy – milk, dairy products;
- Meat – beef, lamb, chicken, other meats;
- Livestock – eggs, wool, other livestock products;
- Viticulture and winemaking;
- Apiary – honey, beeswax, other bee products;
- Processing – a wide range of processed products;
- Packhouses – kiwifruit, pipfruit, vegetables, other packing;
- Coolstores - kiwifruit, pipfruit, vegetables, other coolstorage;
- Distribution – exporting, importing, wholesaling, retail;
- Aquaculture;
- Textiles;
- Wild Harvested Products;
- Health and Bodycare products;
- Inputs – a wide range of input products;
- Service providers.

Residue testing
The following residue testing programmes were carried out during the 2014/15 year to support BioGro’s certification:
- Pipfruit – fruit from all export organic orchards was sampled and residue tested under BioGro’s export pipfruit residue testing programme just prior to harvest. Testing is carried out by an external laboratory service.
- Kiwifruit - fruit from all export organic orchards was sampled and residue tested under Zespri’s residue testing programme just prior to harvest.
Financial Report – Naomi Shephard (Management Accountant)

The final result for the year to 31 March 2015 was a net loss of ($2,234). Although there was a very pleasing 4.5% growth in total revenue of $70k compared to last year, the loss is disappointing due to an increase in expenditure of $73k. The main contributing factors to this increased cost were abnormal circumstances and are noted below. Total revenue of $1,615,716 was in fact the best result over the last 8 years (2010: $1,463,269  2012: $1,582,906).

Certification revenue saw growth of $69k in comparison with 2014. Of notable performance in the sectors was Input Certification, the new fee structure introduced late last year is now fully bedded in and showing good signs of representing the true cost and value of running this programme. The JAS Organic programme has also increased with new Licensees becoming certified, this is a positive result of AsureQuality dropping this accreditation in New Zealand. Growth was also felt in Distribution Licensees, Health and Bodycare and Processed Products. A new service to audit on behalf of Fair Trade Australia/NZ also began in September.

Membership Levies decreased by around 47 members compared to last year with the 30th anniversary being a focus at that time. There has been less promotional activity in the Society’s strategy this year.

Readers will note that the comparison between years for the Parent (the Society) shows the impact of the separation between the Boards of the Society and BioGro NZ Ltd, particularly in expenditure. There has been no formal change in the structure of the Group as it is limited to the governance and financial reporting of the entities. The ultimate objective of each entity being to focus and continue with the charitable activities of the Council either through its own activities or the distribution of profits back to the Society. A Licence fee was agreed for a contribution of profit from BioGro NZ Ltd to the Society and to recognise the administration support and overhead cost that BioGro NZ covers on behalf of the Society’s activities, they are charged a share of these costs from BioGro. These costs include insurance, audit, some staff salaries and general administration costs. Hence the significant difference in the net loss by the Parent of ($35,316). An increase in Board fees and meeting costs has resulted from the new structure with the BioGro NZ Ltd board comprised of 3 directors from the Society plus 2 independent directors.

Personnel costs were much higher this year, largely as a result of a higher than normal staff turnover. Of significant note was our long standing CEO Michelle Glogau, leaving her position in August. Recruitment took place over 3-4 months therefore recruitment and appointment costs were much higher, during this period Kathryn McCarrison from the Board stood in as Acting CEO for 2 months. Donald Nordeng joined the company mid-January 2015 as full time CEO and comes with wide experience and knowledge of the industry. BioGro had a total of 3 staff leave during 2015, with 4 new members joining the team this has meant a higher degree of handover and development time in the various roles. Backup of resources for some roles was also required during the staff transition. In addition a new fixed term Communications role was created. As a consequence, more emphasis was placed on Staff training to invest in their development and progress within the team. Training costs also include the running of JAS training which is offset by income from the registration fees charged, these were well attended this year with 12 companies participating.

Accreditation audits increased this year with 2 being required for IOAS (due to a change in timing), the annual Japan Accreditation and 3 JAS-ANZ witness audits in conjunction with MPI.

Investment in Capital expenditure/Fixed assets reduced significantly this year in comparison to the previous 4 years when our website and database have seen much development. One of the remaining projects to enhance functionality and access to the website is nearing completion (Online Management plan) therefore the investment in capital expenditure has settled down. This has also resulted in a positive improvement in cash reserves at the end of the year ($120k increase).

We anticipate the year ahead to be one of growth and diversification with new or revised programmes coming on board, also a settling in period with our new CEO at the helm. With enhancements made to our online website login access we expect to reap the benefits of efficiencies created in the certification process and the interface with Licensees.
The New Zealand Biological Producers and Consumers Society Incorporated

(Trading as BioGro New Zealand)

Financial Statements for the year ended
31 March 2015
THE NEW ZEALAND BIOLOGICAL PRODUCERS AND
CONSUMERS SOCIETY INCORPORATED

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2015

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<tbody>
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<td>Licence Fees from BioGro NZ</td>
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<td>53,121</td>
<td>23,341</td>
</tr>
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| LESS: EXPENDITURE |            |            |             |             |
| Audit Fees | 9,200 | 8,500 | 2,220 | - |
| Accident Compensation Levies | 3,346 | 1,335 | - | - |
| Accreditation Costs | 63,789 | 73,616 | - | - |
| AGM & Board Meeting Costs | 18,981 | 17,283 | 4,522 | 953 |
| Bad & Doubtful debts | 9,965 | 2,644 | - | - |
| Board Fees | 20,875 | 13,375 | 11,875 | 13,375 |
| Computer & IT Expenses | 50,412 | 47,036 | 1,126 | 26 |
| Consultant Fees | 1,834 | 4,630 | 1,689 | 1,826 |
| Certification Costs | 412,881 | 418,657 | - | - |
| Depreciation | 65,407 | 63,590 | - | - |
| Food Shows/Field Days/Events | 11,137 | 5,806 | 4,307 | - |
| General Administration and Office Expenses | 57,178 | 54,352 | 13,487 | 196 |
| Sponsorships/Donations | 1,304 | 1,248 | - | 1,248 |
| Insurance | 19,506 | 20,662 | 4,824 | - |
| Marketing & Promotion | 6,699 | 11,795 | 570 | - |
| Membership Fees paid | 5,114 | 5,647 | 2,646 | 5,297 |
| Merchandise Costs | 3,798 | 10,469 | - | - |
| Printing, Stationery | 7,285 | 8,559 | 2,280 | - |
| Rent | 51,223 | 50,806 | - | - |
| Staff Costs/Wages & Salaries | 746,688 | 674,436 | 35,948 | - |
| Staff & Auditor Training | 20,681 | 6,840 | - | - |
| Travel Expenses | 14,366 | 29,538 | 2,933 | 2,063 |
| TOTAL OPERATING EXPENDITURE | 1,617,950 | 1,521,524 | 88,437 | 24,986 |

| OPERATING SURPLUS/(DEFICIT) | (2,234) | 24,002 | (35,316) | (1,445) |

| LESS: OTHER MOVEMENTS |            |            |             |             |
| 30th Anniversary Costs | - | 23,399 | - | - |

| SURPLUS/(DEFICIT) FOR THE YEAR | (2,234) | 603 | (35,316) | (1,445) |

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(Deficit) for the year</td>
<td>(2,234)</td>
<td>603</td>
<td>(35,316)</td>
<td>(1,445)</td>
</tr>
<tr>
<td>Balance at Beginning of Year</td>
<td>543,288</td>
<td>542,685</td>
<td>260,665</td>
<td>262,110</td>
</tr>
<tr>
<td>BALANCE AT END OF YEAR</td>
<td>541,054</td>
<td>543,288</td>
<td>225,349</td>
<td>260,665</td>
</tr>
</tbody>
</table>

This statement should be read in conjunction with the Notes to the Financial Statements.
### THE NEW ZEALAND BIOLOGICAL PRODUCERS AND CONSUMERS SOCIETY INCORPORATED

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2015**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL EQUITY</td>
<td>541,064</td>
<td>543,288</td>
<td>225,349</td>
<td>260,665</td>
</tr>
</tbody>
</table>

Represented By:

**CURRENT ASSETS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Bank</td>
<td>470,734</td>
<td>350,370</td>
<td>99,096</td>
<td>104,864</td>
</tr>
<tr>
<td>Prepayments</td>
<td>21,736</td>
<td>22,315</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>80,609</td>
<td>78,801</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>less provision for Doubtful Debts</td>
<td>(5,575)</td>
<td>(4,778)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receivable from BioGro New Zealand Limited</td>
<td>-</td>
<td>-</td>
<td>14,372</td>
<td>53,721</td>
</tr>
<tr>
<td>Inventory</td>
<td>8,284</td>
<td>7,733</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accrued Income</td>
<td>5,708</td>
<td>14,156</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>561,496</td>
<td>468,397</td>
<td>113,468</td>
<td>158,584</td>
</tr>
</tbody>
</table>

**NON CURRENT ASSETS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Trademark</td>
<td>154,542</td>
<td>201,234</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT ASSETS</strong></td>
<td>277,042</td>
<td>323,734</td>
<td>122,500</td>
<td>122,500</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>858,538</td>
<td>792,131</td>
<td>235,968</td>
<td>281,084</td>
</tr>
</tbody>
</table>

**CURRENT LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable &amp; Other Accruals</td>
<td>137,132</td>
<td>98,877</td>
<td>6,095</td>
<td>16,116</td>
</tr>
<tr>
<td>Employee Entitlements</td>
<td>41,807</td>
<td>50,304</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revenue Received in Advance</td>
<td>104,085</td>
<td>75,945</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GST/PAYE Payable</td>
<td>34,460</td>
<td>23,717</td>
<td>(534)</td>
<td>(864)</td>
</tr>
<tr>
<td>Payable to Organic Certification New Zealand Limited</td>
<td>-</td>
<td>-</td>
<td>5,057</td>
<td>5,167</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>317,484</td>
<td>248,842</td>
<td>10,619</td>
<td>20,419</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>317,484</td>
<td>248,842</td>
<td>10,619</td>
<td>20,419</td>
<td></td>
</tr>
</tbody>
</table>

**NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>541,064</td>
<td>543,288</td>
<td>225,349</td>
<td>260,665</td>
<td></td>
</tr>
</tbody>
</table>

The financial statements have been approved by the Board on 2nd June 2015

Heather Atkinson (Chair - Society)  
Donald Mudfong (CEO)

*This statement should be read in conjunction with the Notes to the Financial Statements.*
1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity
These financial statements comprise the financial statements of the New Zealand Biological Producers & Consumers Society Incorporated (the "Parent") for the year ended 31 March 2015.

The Parent is incorporated under the Incorporated Societies Act 1908 and a registered charity under the Charities Act 2005.

Separate financial statements for the Parent and consolidated financial statements comprising the Parent and its subsidiaries (the "Group") are presented.

The Society has two wholly owned subsidiaries:

<table>
<thead>
<tr>
<th>BioGro New Zealand Limited</th>
<th>Provides certification to BioGro Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Certification New Zealand Limited</td>
<td>Provides marketing, training and other support services.</td>
</tr>
</tbody>
</table>

The subsidiary companies are incorporated under the Companies Act 1993 and registered as Charities under the Charities Act 2005.

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

Basis of Preparation
The Financial Statements of the Parent and Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

They comply with Financial Reporting Standards and Statements of Standard Accounting Practice issued by the New Zealand Institute of Chartered Accounts (this Framework of accounting Standards is now referred to as "old NZ GAAP"), and other applicable Financial Reporting Standards, as appropriate for Public Benefit Entities.

The Parent and Group are 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.

The Parent and Group qualifies for differential reporting exemptions; on the basis that it is not publicly accountable or large as defined for financial reporting purpose. The Society and Group has taken advantage of all differential reporting exemptions available.

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

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

Presentation currency
The financial statements are presented in New Zealand dollars.
THE NEW ZEALAND BIOLOGICAL PRODUCERS & CONSUMERS SOCIETY INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

Specific Accounting Policies
The following specific accounting policies which materially affect the measurement of financial performance and position have been applied.

Consolidation
The Group financial statements consolidate the financial statements of the Parent and all entities 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").

The consolidation of the Parent and subsidiary entities involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intra-group balances are eliminated on consolidation of Group financial position and performance.

Fixed Assets
Fixed Assets are stated at cost less aggregate depreciation. Depreciation has been calculated using the following rates:

- Office Equipment: 26% SL
- Kitchen Equipment: 12% - 20% SL
- Leasehold Improvements: 7% - 17.5% SL
- Display Equipment: 20% - 40% SL
- Computer Hardware/Software: 20% - 48% SL
- Office Furniture: 8.5% - 19% SL

Trademark
The BioGro Trademark was valued by BioGro New Zealand's Board of Directors during the financial year ended 31 March 1998. The valuation was calculated on the basis of projected levy income. The trademark has been subsequently carried at deemed cost.

The trademark is deemed to have an indefinite useful life and therefore is not amortised.

Accounts Receivable
Accounts Receivable are stated at estimated net realisable value.

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

Taxation
Due to its charitable status, the Parent and Group is exempt from income tax.

Revenue Received in Advance
Certification Fees received are not fully recognised as income until the certification process and audit has been completed.

Revenue Received in Advance holds 67% of fees received until the work is completed and the full fee is able to be recognised as Income.

Changes in Accounting Policies
There have been no significant changes in accounting policies. All accounting policies have been applied on bases consistent with those in previous years.

Comparatives
Comparative figures have been adjusted to conform to the current year's presentation.
2 CERTIFICATION FEES

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group</td>
<td>Group</td>
</tr>
<tr>
<td>Primary Producers</td>
<td>672,619</td>
<td>722,928</td>
</tr>
<tr>
<td>Processor/Processed</td>
<td>129,155</td>
<td>126,838</td>
</tr>
<tr>
<td>Product</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exporter</td>
<td>43,876</td>
<td>42,800</td>
</tr>
<tr>
<td>Retailer</td>
<td>7,749</td>
<td>8,595</td>
</tr>
<tr>
<td>Input Products</td>
<td>341,024</td>
<td>264,587</td>
</tr>
<tr>
<td>Service Provider</td>
<td>17,676</td>
<td>14,164</td>
</tr>
<tr>
<td>Packhouse</td>
<td>32,151</td>
<td>34,400</td>
</tr>
<tr>
<td>Distribution</td>
<td>18,304</td>
<td>9,085</td>
</tr>
<tr>
<td>Domestic</td>
<td>48,628</td>
<td>55,093</td>
</tr>
<tr>
<td>JAS Certification</td>
<td>25,360</td>
<td>3,020</td>
</tr>
<tr>
<td>Canadian Organic</td>
<td>34,575</td>
<td>34,675</td>
</tr>
<tr>
<td>Regime</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non IFOAM/Standard</td>
<td>86,170</td>
<td>75,537</td>
</tr>
<tr>
<td>Programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natrue Certification</td>
<td>17,607</td>
<td>11,586</td>
</tr>
<tr>
<td>Fair Trade</td>
<td>8,157</td>
<td></td>
</tr>
<tr>
<td>Doalnara Audits</td>
<td>1,053</td>
<td>4,860</td>
</tr>
<tr>
<td>IBD/EcosocialAudits</td>
<td>1,000</td>
<td>1,848</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,485,101</td>
<td>1,416,016</td>
</tr>
</tbody>
</table>

3 FIXED ASSETS - Group

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
<th></th>
<th>2014</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accum</td>
<td>Depreciation</td>
<td>Book Value</td>
<td>Depreciation</td>
<td>Expense</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>6,872</td>
<td>6,424</td>
<td>448</td>
<td>228</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchen Equipment</td>
<td>3,162</td>
<td>2,318</td>
<td>844</td>
<td>439</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasinghold</td>
<td>59,783</td>
<td>18,853</td>
<td>40,930</td>
<td>4,287</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Display Equipment</td>
<td>10,222</td>
<td>9,990</td>
<td>231</td>
<td>198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Furniture</td>
<td>33,891</td>
<td>22,638</td>
<td>11,252</td>
<td>2,827</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Hardware/</td>
<td>293,313</td>
<td>192,477</td>
<td>100,837</td>
<td>57,427</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software &amp; Website</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>407,243</td>
<td>252,701</td>
<td>154,542</td>
<td>65,407</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th></th>
<th></th>
<th>2014</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accum</td>
<td>Depreciation</td>
<td>Book Value</td>
<td>Depreciation</td>
<td>Expense</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>6,872</td>
<td>6,196</td>
<td>676</td>
<td>600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchen Equipment</td>
<td>3,162</td>
<td>1,879</td>
<td>1,283</td>
<td>439</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasinghold</td>
<td>58,936</td>
<td>14,565</td>
<td>44,371</td>
<td>4,275</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Display Equipment</td>
<td>10,221</td>
<td>9,792</td>
<td>429</td>
<td>198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Furniture</td>
<td>33,891</td>
<td>19,811</td>
<td>14,080</td>
<td>2,797</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Hardware/</td>
<td>277,651</td>
<td>137,256</td>
<td>140,395</td>
<td>55,280</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software &amp; Website</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>390,733</td>
<td>189,500</td>
<td>201,234</td>
<td>63,590</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4 OPERATING LEASES
BioGro New Zealand has a non-cancellable operating lease in relation to office space with the next renewal period being 1 November 2016. The operating lease commitment below has been based on the assumption the lease period will be extended beyond the 1 November 2016 renewal date.

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 5, 156-158 Victoria Street</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion</td>
<td>51,538</td>
<td>50,330</td>
</tr>
<tr>
<td>Non-current portion</td>
<td>133,140</td>
<td>180,348</td>
</tr>
<tr>
<td>Total</td>
<td>184,678</td>
<td>230,677</td>
</tr>
<tr>
<td>Copier</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion</td>
<td>5,400</td>
<td>5,400</td>
</tr>
<tr>
<td>Non-current portion</td>
<td>13,950</td>
<td>19,350</td>
</tr>
<tr>
<td>Total</td>
<td>19,350</td>
<td>24,750</td>
</tr>
<tr>
<td>Water Cooler</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion</td>
<td></td>
<td>468</td>
</tr>
<tr>
<td>Non-current portion</td>
<td></td>
<td>390</td>
</tr>
<tr>
<td>Total</td>
<td>390</td>
<td>858</td>
</tr>
</tbody>
</table>

5 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES
The Parent and group has no capital commitments or contingent liabilities at the reporting date (2014:Nil)

6 RELATED PARTIES
The parent has a related party relationship with some of its Directors. Due to the nature of the business, Directors may be a Licensee or member of other Boards. Transactions with related parties are performed on an arm's length basis.

7 SUBSEQUENT EVENTS
There are no significant adjusting events that have occurred between the reporting date and the date of authorisation.
INDEPENDENT AUDITOR'S REPORT

To the Readers of the Consolidated Financial Statements of the New Zealand Biological Producers & Consumers Society Incorporated and Group (trading as BioGro New Zealand)

Report on the Financial Statements

We have audited the consolidated financial statements of the New Zealand Biological Producers & Consumers Society Incorporated (the "Parent") and Group (the "Group") on pages 2 to 7, which comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statement of financial performance and consolidated statement of movements in equity for the year then ended, and a summary of significant accounting policies.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Council determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board’s preparation and fair presentation of the consolidated 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 Board’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 presentation of the consolidated financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Parent and Group.
Basis for Qualified Opinion

As disclosed in note 1 of the consolidated financial statements, trademarks are recorded at deemed cost based on a Council valuation of projected levy income. We note the trademark intangible asset was initially recognised by the Parent for $122,500 and has not subsequently been revalued or amortised. NZ IAS 38 provides that intangible assets should be initially recognised at cost if the cost can be reliably measured. Intangible assets with an indefinite useful life must not be amortised but must be subject to an annual impairment test.

We have qualified our opinion because we have not been able to verify the initial recognition basis of the trademark asset. In addition trademark assets have not been subsequently subject to an annual impairment test.

Any reduction in the carrying value or derecognition of the trademark asset to reflect the true acquisition cost, or to reflect any impairment, would reduce the reported surplus and net asset position of the Parent and Group.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements on pages 2 to 7 present fairly, in all material respects, the consolidated financial position of the Parent and Group as at 31 March 2015, and its consolidated financial performance and consolidated movements in equity for the year then ended.