




Consolidated Financial Statements

For the year ended
30 June 2024





Directors

P H S Reynolds (*Chair - appointed 17 November 2023*)

N P Davies-Colley

S M Huria

M B D James

J R Parsons

F D Wilson

B S Harris (*Chair - resigned 17 November 2023*)

Registered Office

Level 9, 15 Willeston Street
Wellington, New Zealand

Auditor

BDO
Wellington, New Zealand

Solicitor

Chapman Tripp
Wellington, New Zealand

Banker

Westpac New Zealand Limited
Wellington, New Zealand

Contents

Consolidated Statement of Service Performance	2
Consolidated Statement of Comprehensive Revenue and Expense	4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8
Note 1 Reporting entity	8
Note 2 Basis of preparation	8
Note 3 Use of estimates and judgements	9
Note 4 Significant accounting policies	9
Note 5 Segmental results	11
Note 6 Revenue from non-exchange transactions	15
Note 7 Revenue from exchange transactions	16
Note 8 Expenditure	16
Note 9 Receivables and other current assets	16
Note 10 Inventories	17
Note 11 Fair values	17
Note 12 Property, plant and equipment	18
Note 13 Intangible assets	19
Note 14 Trade payables and other liabilities	20
Note 15 Financial risk management	21
Note 16 Capital	21
Note 17 Related parties	22
Note 18 Reconciliation of surplus/(deficit) to cash flow from operating activities	23
Note 19 Operating leases	24
Note 20 Categories of financial assets and liabilities	24
Note 21 Commitments	25
Note 22 Capital commitments	25
Note 23 Contingent liabilities	25
Note 24 Subsequent events	25
Note 25 Auditor's remuneration	25
Independent auditor's report	26

Consolidated Statement of Service Performance

For the year ended 30 June 2024

The following is a description of OSPRI New Zealand Limited's ('OSPRI') strategic outcomes: TBfree New Zealand Limited's ('TBfree') overall outcome is to continue reduction of measurements with the goal of eradicating bovine tuberculosis (TB) from cattle and deer by 2026, possums by 2040 and biological eradication of TB by 2055. National Animal Identification and Tracing (NAIT) Limited ('NAIT') is committed to ensuring all cattle and deer are recorded and traced effectively throughout their lives. *M. bovis* Free New Zealand Limited's ('*M. bovis*') overall outcome is to eradicate *Mycoplasma bovis* from New Zealand. Operational work centres on surveillance of the national herd through continued milk and abattoir testing, managing properties with infected cattle, and supporting affected farmers.

This report has been prepared in accordance with Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48) Service Performance Reporting. The Board of OSPRI believes that the statements contained in this report accurately reflect the overall performance of OSPRI for the year ended 30 June 2024.

Outputs	Measures	2024 Outcome	2023 Outcome
The number of bovine TB infected status cattle or deer herds.	The infected herd status is recorded in the OSPRI Operational Management System (OOMS) and stored in OSPRI databases. They can be accessed via a Power BI tool and reports directly out of OOMS. Numbers were recorded as at 30 June.	15	19
The total hectares of TB Vector Risk Area declared free of bovine TB in each financial year.	Number of hectares (within +/- 5%) where eradication has been achieved and reclassified from a vector-risk area to a vector-free area. This is an annual assessment by an independent panel and confirms whether we have proved, to 95% probability, the eradication of TB infection from Vector Risk Areas (areas where wildlife has been or remains infected with TB).	200,526	194,068
Completion of planned vector operations contracts in the financial year on time.	Percentage of vector operation projects completed during the year on time.	69%	73%
Completion of planned vector operations contracts in the financial year within budget.	Percentage of vector operation projects completed during the year within budget.	85%	72%
Annual infected herd period prevalence.	Annual period prevalence of TB infection in deer and cattle herds as a percentage of herds. Period prevalence is calculated by the total number of infected herds in a given period divided by (non-infected herds at the beginning of the financial year plus non-infected herds at the end of the financial year divided by two). The calculation inputs are from OOMS.	0.04%	0.05%

Outputs	Measures	2024 Outcome	2023 Outcome
Percentage of NAIT animals that are registered in the NAIT system prior to their first off-farm movement.	This measure shows where an animal was registered in the NAIT system prior to being recorded in an animal movement. Persons in Charge of Animals (PICAs) are obligated to ensure all animals are correctly tagged and registered within 180 days of birth or their first off farm movement, whichever comes first. This measure takes all animals that were registered in the NAIT system within a given time frame and determines if they were registered correctly or if they were registered by the recording of a movement, and therefore failed to be registered correctly.	95.4%	94.5%
Percentage of animal movements recorded within 48 hours.	This measure shows timeliness of all movements recorded within a time frame. PICAs are obligated to record all animal movements on and off their NAIT location within 48 hours (starting from the end of the day that the movement took place). This measure is dynamic, and it is important to include the collection date when providing this figure. As more movements are recorded retrospectively, the percentage of compliant movements will decrease over time.	63.2%	59.3%
The number of active Mycoplasma bovis confirmed properties in New Zealand.	The active confirmed properties are recorded in the Tiaki database system used by the programme. Number recorded on 30 June.	0	N/A
Total number of farms tested.	The number of farms tested during surveillance testing during the period.	15,030	N/A
The percentage of farms not infected with Mycoplasma bovis that had a detect.	The percentage of farms that are not infected with Mycoplasma bovis over total farms found with a detect. This is measured by farms tested in the period that have in that same period recorded an elevated result during background surveillance testing.	100%	N/A
Average wait time for support centre to answer calls.	Average speed of a phone call answer over the course of the year in minutes and seconds. The target for the year is 3 minutes.	5 mins 10 secs	6 mins 6 secs

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Revenue			
Revenue from non-exchange transactions	6	71,004	73,418
Revenue from exchange transactions	7	15,670	1,214
Total revenue		86,674	74,632
Expenditure			
Pest control and management		34,047	34,452
Disease management and testing		22,727	13,488
Animal identification and tracing operations		3,393	3,437
Support centre		2,068	2,215
Research		643	1,894
Information technology	12	25,173	8,377
Corporate services		12,274	10,968
Total expenditure	8	100,325	74,831
Deficit before financing costs		(13,651)	(199)
Interest income		385	247
(Deficit)/surplus for the year		(13,266)	48
Total comprehensive revenue and expense for the year		(13,266)	48

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Accumulated Revenue and Expense \$000	Total Equity \$000
Opening equity as at 1 July 2023	28,050	28,050
Total comprehensive revenue and expense for the year	(13,266)	(13,266)
Equity as at 30 June 2024	14,784	14,784
Opening equity as at 1 July 2022	28,002	28,002
Total comprehensive revenue and expense for the year	48	48
Equity as at 30 June 2023	28,050	28,050

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 \$000	2023 \$000
Assets			
Current Assets			
Cash at bank		20,046	10,792
Receivables and other current assets	9	4,511	5,777
Inventories	10	1,735	-
Total current assets	11	26,292	16,569
Non-current assets			
Property, plant and equipment	12	476	649
Intangible assets	13	6,172	20,046
Total non-current assets		6,648	20,695
Total assets		32,940	37,264
Liabilities			
Current liabilities			
Trade payables and other liabilities	14	9,065	8,130
Revenue in advance		7,844	-
Employee benefits' liability		1,247	1,084
Total current liabilities	11	18,156	9,214
Total liabilities		18,156	9,214
Equity			
Capital	16	-	-
Retained earnings		14,784	28,050
Total equity		14,784	28,050
Total equity and liabilities		32,940	37,264

Approval by the Directors

The financial statements were authorised on behalf of the Board of Directors on 19 September 2024.



P H S Reynolds
Chair of the Board



M B D James
Director

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 \$000	2023 \$000
Cash flows from operating activities			
Cash receipts from operations		95,125	73,598
Cash paid to employees, suppliers and other operations		(81,240)	(73,933)
Net GST received/(paid)		473	(313)
Net cash from/(used in) operating activities	18	14,358	(648)
Cash flows from investing activities			
Interest income		386	276
Term deposits matured		-	4,500
Purchase of property, plant and equipment		(143)	(128)
Purchase of intangible assets		(5,347)	(8,146)
Net cash flows used in investing activities		(5,104)	(3,498)
Net increase/(decrease) in cash at bank		9,254	(4,146)
Opening cash at bank		10,792	14,938
Closing cash at bank		20,046	10,792

The accompanying notes on pages 8-25 are an integral part of these Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 1 Reporting entity

OSPRI New Zealand Limited ('OSPRI') is a charity domiciled in New Zealand and registered under the Charities Act 2005 and the Companies Act 1993. The consolidated financial statements have been prepared in accordance with the requirements of these Acts.

These consolidated financial statements for the year ended 30 June 2024 comprise the controlling entity OSPRI and its wholly owned subsidiaries TBfree New Zealand Limited ('TBfree'), National Animal Identification and Tracing (NAIT) Limited ('NAIT') and *M. bovis* Free New Zealand Limited ('*M. bovis*'), together referred to as the 'Group'. For the purposes of financial reporting, the Group is designated as not-for-profit public benefit entities.

All entities within the Group are domiciled in New Zealand. TBfree manages the National Pest Management Plan for bovine tuberculosis in accordance with the provisions of the Biosecurity Act 1993. NAIT is responsible for implementing the National Animal Identification and Tracing Scheme and operates under the National Animal Identification and Tracing Act 2012. *M. bovis* is contracted to manage the day-to-day operational activities of the MPI Mycoplasma bovis eradication programme. After the incorporation of *M. bovis* Free New Zealand Limited in August 2022, the company remained dormant until 1 November 2023 when it became active.

As OSPRI and its subsidiaries are registered charitable entities, the Group is exempt from New Zealand income tax.

Note 2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with, and comply with, New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). They comply with Tier 1 Public Benefit Entity (PBE) accounting standards (Not-For-Profit). The consolidated financial statements were authorised for issue by the Board of Directors on 19 September 2024.

Accounting standards issued but not yet required to be adopted for the year ended 30 June 2024 are:

Standard	Effective
PBE IPSAS 1	Disclosure of fee for audit firm's services
	Periods beginning 1 January 2024

(b) Changes due to the initial application of new, revised and amended PBE standards

There have been no changes to PBE standards requiring application in these financial statements.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars, which is the functional and reporting currency of the company. All values are rounded to the nearest thousand dollars unless indicated otherwise.

Note 3 Use of estimates and judgements

The preparation of the financial statements in conformity with NZ GAAP requires the use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note		Judgement
Note 12	Intangible Assets	Recognition of internally generated software, being the amounts to capitalise or expense

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2024 is included in the following note:

Note		Uncertainties
Note 12	Intangible Assets	Impairment, useful life and residual value of software

Note 4 Significant accounting policies

The accounting policies set out below and in the notes to the consolidated financial statements have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group.

(a) Goods and Services Tax ('GST')

The financial statements have been prepared so that all components are stated exclusive of GST, with the exception of some receivables and payables, which may include GST.

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

The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

(b) Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives value from another entity (e.g. funding) without giving approximately equal value to that entity in exchange. Funding received from non-exchange transactions is recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same funding received. Liabilities are recognised in relation to funding received when there is a resulting present obligation to perform or satisfy a condition (or milestone), and the failure of which will result in the refund of any funding that have been received in relation to the specified condition (or milestone).

Note 4 Significant accounting policies continued...

(c) Financial instruments – Non-derivative financial assets and liabilities

The Group initially recognises financial instruments on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets

Financial assets are within the scope of PBE IPSAS 41 Financial instruments. The classifications for the financial assets are determined at initial recognition. On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive revenue and expenses (FVOCRE) – debt investment and equity investment; or fair value through surplus or deficit (FVTSD).

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expense. The Group's financial assets are classified as amortised cost. Financial assets include cash and cash equivalents, receivables and prepayments.

All financial assets are subject to review for impairment at least at each reporting date.

These assets are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Financial liabilities

All financial liabilities are initially recognised at fair value plus any attributable transactions costs and are measured subsequently at amortised cost using the effective interest method.

The Group's financial liabilities include payables from exchange and non-exchange transactions which are classified as financial liabilities at amortised cost.

(d) Intangible assets

All intangible assets are stated at cost less amortisation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of self-constructed assets are recognised as capital work in progress until the assets are operating in the manner intended, at which time they are transferred to intangible assets.

Amortisation is recognised in comprehensive revenue and expense and is calculated to amortise the cost of the intangible assets less any residual values using the straight-line method over their estimated useful lives of 3–7 years. The assets' residual values and useful lives are reviewed and adjusted during the reporting period as appropriate.

(e) Non-financial assets

The Group has determined that all property, plant and equipment and intangible assets (including capital work in progress) are non-cash generating assets, as they are held to provide activities and services that benefit biosecurity, traceability and industry good. Work in progress balances are reviewed on a regular basis. In scenarios where projects are not completed, or are no longer considered to add value to the Company, the amount of work in progress held for those projects is written off.

At each reporting date, the Group estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. Impairment losses are recognised in the determination of comprehensive revenue and expense.

Note 5 Segmental results

The Group is organised into and reports to the directors on the basis of four functional areas: OSPRI, TBfree, NAIT and *M. bovis*. Expenses incurred by OSPRI on behalf of its subsidiaries are allocated across the three other functional areas on a proportional basis.

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2024

	OSPRI \$000	TBfree \$000	NAIT \$000	<i>M bovis</i> \$000	Group \$000
Operating Revenue					
Crown funding	-	24,000	4,340	-	28,340
Crown service delivery fee	-	-	-	13,839	13,839
Dairy industry funding	-	14,500	-	-	14,500
Deer industry funding	-	914	198	-	1,112
Dairy slaughter levies	-	11,094	-	-	11,094
Beef slaughter levies	-	8,485	-	-	8,485
Tagged and untagged animal slaughter levies	-	-	4,046	-	4,046
Animal identification tag levies	-	-	3,265	-	3,265
Live export levies	-	3	-	-	3
Tuberculosis reactor proceeds	-	67	-	-	67
Corporate services	1,831	-	-	-	1,831
Other income	-	-	92	-	92
Total operating revenue	1,831	59,063	11,941	13,839	86,674
Operating expenditure					
Pest control and management	-	34,047	-	-	34,047
Disease management and testing	-	14,742	-	7,985	22,727
Animal identification and tracing operations	-	-	3,393	-	3,393
Support centre	-	415	1,508	145	2,068
Research	-	627	-	16	643
Information technology	-	11,131	12,581	1,461	25,173
Corporate services	1,792	5,484	2,501	2,497	12,274
Total operating expenditure	1,792	66,446	19,983	12,104	100,325
Net operating surplus for the year	39	(7,383)	(8,042)	1,735	(13,651)
Interest income	-	222	63	100	385
Total comprehensive revenue and expense for the year	39	(7,161)	(7,979)	1,835	(13,266)

Note 5 Segmental results continued...**Statement of Financial Position as at 30 June 2024**

	OSPRI \$000	TBfree \$000	NAIT \$000	<i>M bovis</i> \$000	Intra- Group \$000	Group \$000
Current assets	732	12,191	2,903	10,769	(303)	26,292
Non-current assets	3,366	3,094	3,086	-	(2,898)	6,648
Total assets	4,098	15,285	5,989	10,769	(3,201)	32,940
Current liabilities	2,185	8,336	1,902	8,934	(3,201)	18,156
Total liabilities	2,185	8,336	1,902	8,934	(3,201)	18,156
Retained earnings and reserves	1,874	14,110	12,066	-	-	28,050
Surplus for the year	39	(7,161)	(7,979)	1,835	-	(13,266)
Total equity	1,913	6,949	4,087	1,835	-	14,784
Total equity and liabilities	4,098	15,285	5,989	10,769	(3,201)	32,940

Note 5 Segmental results continued...**Statement of Comprehensive Revenue and Expense for the year ended 30 June 2023**

	OSPRI \$000	TBfree \$000	NAIT \$000	<i>M bovis</i> \$000	Group \$000
Operating Revenue					
Crown funding	-	24,000	4,340	-	28,340
Dairy industry funding	-	14,500	-	-	14,500
Deer industry funding	-	1,170	306	-	1,476
Dairy slaughter levies	-	10,491	-	-	10,491
Beef slaughter levies	-	9,529	-	-	9,529
Tagged and untagged animal slaughter levies	-	-	4,114	-	4,114
Animal identification tag levies	-	-	3,536	-	3,536
Live export levies	-	1,295	-	-	1,295
Tuberculosis reactor proceeds	-	68	-	-	68
Corporate services	1,214	-	-	-	1,214
Other income	-	-	69	-	69
Total operating revenue	1,214	61,053	12,365	-	74,632
Operating expenditure					
Pest control and management	2	34,450	-	-	34,452
Disease management and testing	-	13,488	-	-	13,488
Animal identification and tracing operations	-	-	3,437	-	3,437
Support centre	-	393	1,822	-	2,215
Research	-	1,894	-	-	1,894
Information technology	-	4,184	4,192	-	8,376
Corporate services	1,213	6,963	2,793	-	10,969
Total operating expenditure	1,215	61,372	12,244	-	74,831
Net operating (deficit)/surplus for the year	(1)	(319)	121	-	(199)
Interest income	-	188	59	-	247
Total comprehensive revenue and expense for the year	(1)	(131)	180	-	48

Note 5 Segmental results continued...**Statement of Financial Position as at 30 June 2023**

	OSPRI \$000	TBfree \$000	NAIT \$000	<i>M bovis</i> \$000	Intra- Group \$000	Group \$000
Current assets	2,676	9,873	3,915	-	105	16,569
Non-current assets	2,957	10,022	10,036	-	(2,320)	20,695
Total assets	5,633	19,895	13,951	-	(2,215)	37,264
Current liabilities	3,759	5,785	1,885	-	(2,215)	9,214
Total liabilities	3,759	5,785	1,885	-	(2,215)	9,214
Retained earnings and reserves	1,875	14,241	11,886	-	-	28,002
(Deficit)/surplus for the year	(1)	(131)	180	-	-	48
Total equity	1,874	14,110	12,066	-	-	28,050
Total equity and liabilities	5,633	19,895	13,951	-	(2,215)	37,264

Note 6 Revenue from non-exchange transactions

	2024 \$000	2023 \$000
Crown funding	28,340	28,340
Dairy industry funding	14,500	14,500
Deer industry funding	1,112	1,476
Dairy slaughter levies	11,094	10,491
Beef slaughter levies	8,485	9,529
Tagged and untagged animal slaughter levies	4,046	4,114
Animal identification tag levies	3,265	3,536
Live export levies	3	1,295
Other income	159	137
Total revenue from non-exchange transactions	71,004	73,418

The Group's non-exchange transactions are recognised according to the following criteria.

Crown and industry funding

The recognition of non-exchange revenue for Crown and industry funding depends on whether the funding comes with any stipulations imposed on the use of funding provided.

Stipulations that are 'conditions' that specifically require the return of any funding received if the funds are not used in the way stipulated, result in the recognition of a liability (revenue in advance) that is subsequently recognised as non-exchange revenue, as and when the conditions are satisfied.

Funding subject to stipulations that are 'restrictions' that do not specifically require the return of any funding received if the funds are not utilised in the way stipulated, are recognised as non-exchange revenue when the funds are received.

TBfree receives funding from the Crown, dairy, beef and deer industry sectors pursuant to a 'TB Plan Funders' Agreement'. The funding provided is restricted to being used to carry out its National Pest Management Plan for bovine tuberculosis control and eradication from cattle and deer herds. The funding agreement does not impose any condition that require unspent funds to be returned, and the funding is recognised as non-exchange revenue when the funds are received.

NAIT receives funding from the Crown to enable it to carry out its animal identification and tracing operations, and the funding is recognised as non-exchange revenue when the funds are received. The funding agreement has specific strategic objectives and performance measures which are subject to independent audit and review. Ongoing funding is dependent on the achievement of these milestones. If the milestones are not achieved, or if the funding provided has been underspent, then further funding may be reduced.

Levies

In accordance with the applicable legislation, regulations, and orders, levies are charged when cattle and deer are processed by a meat processor and when cattle are exported live for commercial purposes. The purpose of the levies collected is to partially fund the implementation of a national bovine tuberculosis management plan and the establishment and ongoing maintenance of a disease management system. There are no conditions imposed in respect of this revenue, and it is recognised as non-exchange revenue when the funds are received.

Note 7 Revenue from exchange transactions

	2024 \$000	2023 \$000
Corporate services	1,831	1,214
Crown service delivery fee	13,839	-
Total revenue from exchange transactions	15,670	1,214

Crown fee

M. bovis receives a fee from the Crown pursuant to a 'Services Agreement'. The fee provided is restricted to being used to identify and eradicate any *Mycoplasma bovis* infected cattle in New Zealand. The Statement of Work supporting the Service Agreement imposes a condition that requires unspent funds to be returned. The amount to be returned in October 2024 is \$7.8m related to the year ended 30 June 2024 and is recognised as revenue in advance in the Statement of Financial Position.

Note 8 Expenditure

Total expenses includes the following:

	Note	2024 \$000	2023 \$000
Employee remuneration		16,028	13,166
KiwiSaver contribution		613	548
Depreciation	12	315	367
Amortisation	13	2,619	2,265
Impairment	13	16,601	-
Operating lease expenses		1,588	1,385

Note 9 Receivables and other current assets

	Note	2024 \$000	2023 \$000
Receivables from non-exchange transactions			
Industry funding	17	1,528	1,513
Slaughter levies		1,753	2,440
Animal identification tag levies		521	605
Other receivables and current assets		349	1,219
Total receivables from non-exchange transactions		4,151	5,777
Receivables from exchange transactions			
Crown service delivery fee		360	-
Total receivables from exchange transactions		360	-
Total receivables and other current assets		4,511	5,777

Note 9 Receivables and other current assets continued...

The aging of receivables from non-exchange transactions as at reporting date is as follows:

	2024		\$000 Net
	\$000 Gross	\$000 Impairment	
Not past due	4,162	-	4,162
Total receivables	4,162	-	4,162

	2023		\$000 Net
	\$000 Gross	\$000 Impairment	
Not past due	5,482	-	5,482
1 - 60 days	295	-	295
Total receivables	5,777	-	5,777

The entities utilise the simplified approach as permitted by PBE IPSAS 41 in determining the expected credit losses (ECL). Both historical and forward-looking factors have been considered in this assessment. Management has determined that an ECL of nil is applicable for the current reporting period.

Note 10 Inventories

	2024 \$000	2023 \$000
Test kits	1,735	-
Total inventories	1,735	-

Inventories are stated at cost. The cost of inventory is determined on a first-in, first-out basis. The cost of inventories consumed during the year are recognised as an expense in surplus or deficit.

Note 11 Fair values

The carrying amounts of all financial assets and liabilities approximate their fair values. The fair value of the financial assets and liabilities is the amount at which the instruments could be exchanged in a current transaction between willing parties, that is, other than in a forced sale or liquidation. The Group has no financial instruments that are subject to fair value adjustments at each reporting period.

Note 12 Property, plant and equipment**2024 - Net book value**

	Property, plant and equipment \$000	Work in Progress \$000	Total \$000
Cost	2,787	-	2,787
Accumulated depreciation	(2,311)	-	(2,311)
Net book value	476	-	476
Opening balance	2,822	-	2,822
Additions	142	-	142
Disposals	(177)	-	(177)
Total cost	2,787	-	2,787
Opening balance	2,173	-	2,173
Depreciation	315	-	315
Disposals	(177)	-	(177)
Accumulated depreciation	2,311	-	2,311

2023 - Net book value

	Property, plant and equipment \$000	Work in Progress \$000	Total \$000
Cost	2,822	-	2,822
Accumulated depreciation	(2,173)	-	(2,173)
Net book value	649	-	649
Opening balance	3,020	340	3,360
Additions	468	(340)	128
Disposals	(666)	-	(666)
Total cost	2,822	-	2,822
Opening balance	2,473	-	2,473
Depreciation	367	-	367
Disposals	(667)	-	(667)
Accumulated depreciation	2,173	-	2,173

Note 13 Intangible assets

The majority of the software comprises the NAIT Database, Disease Management System and the development of a new integrated information system.

2024 - Net book value

	Software \$000	Work in Progress \$000	Total \$000
Cost	41,041	8,190	49,231
Accumulated amortisation and impairments	(34,869)	(8,190)	(43,059)
Net book value	6,172	-	6,172
Opening balance	35,341	8,544	43,885
Additions	-	5,346	5,346
Capitalisation of WIP	5,700	(5,700)	-
Total cost	41,041	8,190	49,231
Opening balance	23,839	-	23,839
Amortisation	2,619	-	2,619
Impairment	8,411	8,190	16,601
Accumulated amortisation and impairments	34,869	8,190	43,059

2023 - Net book value

	Software \$000	Work in Progress \$000	Total \$000
Cost	35,341	8,544	43,885
Accumulated amortisation and impairments	(23,839)	-	(23,839)
Net book value	11,502	8,544	20,046
Opening balance	31,669	4,070	35,739
Additions	-	8,146	8,146
Capitalisation of WIP	3,672	(3,672)	-
Total cost	35,341	8,544	43,885
Opening balance	21,574	-	21,574
Amortisation	2,265	-	2,265
Accumulated amortisation and impairments	23,839	-	23,839

Note 13 Intangible assets continued...

Internally generated software

Judgement is required when distinguishing between the research and development phase of customised software projects and whether the costs meet the recognition requirements for capitalisation. Post capitalisation, management monitors whether the recognition requirements continue to be met, or whether there are any indications that capitalisation costs are impaired. As enhancements to internally developed software are created and capitalised, the Group reviews the useful life of the existing asset. If the enhancement will extend the useful life of the asset, this is adjusted.

Impairment of assets

Impairment losses recorded against intangible assets are included in information technology expenditure.

During the year a decision was made to pause the construction of part of the intangible asset, Information Systems Strategic Plan (ISSP), which constituted an indicator of impairment. Therefore, the Group was required to test ISSP for impairment in accordance with PBE IPSAS 21. An independent review of ISSP was carried out and part of ISSP, MyOSPRI's architecture, had issues so critical that a decision has been made to restart. MyOSPRI and other projects that have been discontinued are therefore recognised with book value of nil at 30 June 2024. This has resulted in an impairment charge for the Group of \$16.6m which has been allocated 50% to TBfree and 50% to NAIT. The remaining intangibles assets consist of OOMS and CRM.

Note 14 Trade payables and other liabilities

	2024 \$000	2023 \$000
Trade payables	2,098	2,290
GST payable	143	330
Other liabilities and accruals	6,824	5,510
Total trade payables and other liabilities	9,065	8,130

Trade payables are non-interest bearing and are normally settled on 30 day terms.

TBfree entered into an agreement for the use of a bank overdraft facility with Westpac, secured by a General Security Agreement. The overdraft limit is \$15.0m with an ability to draw down from 1 July 2022. OSPRI and TBfree both have credit card facilities of \$0.3m and \$0.1m respectively available.

Note 15 Financial risk management

As part of its normal operations, the Group is exposed to a number of risks and has policies in place to mitigate the adverse impacts of these risks. The most significant are credit risk, interest rate risk and liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet or defaults on its contractual obligations. The carrying amounts of all financial assets represents the maximum exposure to credit risk. The Group is not exposed to any material concentrations of credit risk other than its exposure to the dairy and beef industries.

The Group does not require any collateral or security to support financial instruments relating to its receivables. The receivables and recoverable balances are monitored on a continual basis in order to mitigate bad debts. Any receivables identified as being uncollectable are immediately written off.

The Group holds all its cash and cash equivalents with major New Zealand registered banks and has limits in place to ensure there is no concentration of credit risk with any one bank. Credit ratings of all major New Zealand registered banks as issued by Standard & Poor's (AA-), Fitch (A+) and Moody's (Aa3) at 30 June 2024 are noted (unchanged from 2023).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial arrangement will fluctuate because of adverse changes in market interest rates. The Group's Treasury Policy states that investments can only be held for a maximum of 185 days. During the financial year and as at the end of the financial year, the Group's exposure to interest rate risk was not material.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions. Under the Group's Treasury Policy, only cash deemed surplus to the Group's liquidity is invested short-term. The only financial liabilities that the Group has are payables from exchange transactions, which are expected to settle within the agreed credit terms subsequent to balance date.

Current creditors and other payables are all due to be settled on 30-day terms.

The Group's capital includes share capital and retained earnings. Accumulated surpluses are available for future purposes. The Group prepares long term forecasts to manage its capital and liquidity.

Note 16 Capital

OSPRI New Zealand Limited has 110 (2023:110) ordinary shares that have been issued and fully paid with no par value.

As the Company is a not-for-profit entity, the holder of ordinary shares is not entitled to receive dividends or distributions of any kind from the Company, as stated in the Company's constitution.

Note 17 Related parties

Shareholders and associates

OSPRI is the parent and ultimate controlling entity of TBfree, NAIT and *M. bovis*.

The shareholders of OSPRI are DairyNZ Incorporated, Beef + Lamb New Zealand Limited and Deer Industry New Zealand.

Board and key management personnel

The Board consists of the directors (who together govern the Group). The total remuneration of the Board was:

	2024 \$000	2023 \$000
Board fees (including committee fees)	321	331
Number of persons	7	7
NAIT panel fees	18	18
Number of persons	3	3
Total remuneration to Board members	339	349

The executive leadership team consisted of the Chief Executive, Chief Operating Officer, Chief Information Officer, General Managers, and Head of Traceability. The total remuneration of the executive leadership team and the number of personnel, on a full-time equivalent basis, receiving remuneration in this category are:

	2024 \$000	2023 \$000
Executive leadership team remuneration	2,631	2,687
Total remuneration to executive leadership team	2,631	2,687
Number of persons	8	10

Transactions with related parties

The Group had the following material transactions with its related parties:

	2024 \$000	2023 \$000
DairyNZ Incorporated	14,500	14,500
Deer Industry New Zealand	1,113	1,476
Revenue from non-exchange transactions	15,613	15,976
AgResearch Limited	1,736	1,614
Landcare Research NZ Limited	262	488
Beef + Lamb New Zealand Limited	48	-
Operating expenditure	2,046	2,102

Note 17 Related parties continued...

The Group had the following balances outstanding with its related parties:

	2024 \$000	2023 \$000
DairyNZ Incorporated	1,390	1,390
Deer Industry New Zealand	138	123
Receivables from non-exchange transactions	1,528	1,513
AgResearch Limited	304	152
Landcare Research NZ Limited	16	69
Beef + Lamb New Zealand Limited	23	-
Payables	343	221

P H S Reynolds was a director of AgResearch Limited and Landcare Research NZ Limited as at 30 June 2024.

Note 18 Reconciliation of surplus/(deficit) to cashflow from operating activities

	2024 \$000	2023 \$000
(Deficit)/surplus for the year	(13,266)	48
Deduct items classified as investing activities		
Interest received	(385)	(247)
Add non-cash movements		
Amortisation and depreciation	2,933	2,631
Impairment of intangible assets	16,602	-
Movement in working capital items		
Decrease/(increase) in receivables and other current assets	1,267	(1,032)
Increase in inventories	(1,735)	-
Increase/(decrease) in employee entitlements	163	(23)
Increase in revenue in advance	7,844	-
Increase/(decrease) in payable and other liabilities	935	(2,025)
Net cashflows from/(used in) operating activities	14,358	(648)

Note 19 Operating leases

The Group has entered into non-cancellable operating leases for offices and motor vehicles. The lease commitments are based on current rentals. Future lease commitments at year end in respect of these non-cancellable leases are as follows:

	2024 \$000	2023 \$000
Due within one year	1,527	1,410
Due between one and two years	923	1,385
Due between two and five years	419	984
Total non-cancellable operating lease payments	2,869	3,779

Note 20 Categories of financial assets and liabilities

	2024 \$000	2023 \$000
Financial assets at amortised cost		
Cash at bank	20,046	10,792
Receivables and other current assets	4,160	5,777
	24,206	16,569
Financial liabilities at amortised cost		
Payables from exchange transactions and other liabilities	8,922	7,800
	8,922	7,800

Note 21 Commitments

Pest management control

TBfree enters into contractual arrangements for the completion of pest management control operations. The estimated cost to complete pest control operations that were not accrued, but had been contracted at 30 June 2024 is \$0.9m (2023: \$4.8m).

Tuberculosis management areas

TBfree has entered into a number of agreements regarding contracts for future pest control work in particular regions. These contracts can be terminated up to 12 months prior to commencement of work at no cost to TBfree. Where contracts are terminated within 12 months of commencement of work, TBfree will reimburse actual costs incurred up to date of contract termination plus up to 5% of the relevant project price to cover the contractor's lost margin. As at 30 June 2024, TBfree has no intention to materially change any awarded contracts and the result of any contract cancellation is not expected to have a material impact on the financial statements of the Group.

Research contracts

OSPRI has entered into a number of funding agreements for research projects. The continued funding of these is subject to performance reviews. Future commitments at year end in respect of these funding agreements are as follows:

	2024 \$000	2023 \$000
Due within one year	486	706
Due between one and two years	165	261
Total research funding commitments	651	967

Note 22 Capital commitments

Capital commitments as at 30 June 2024 were nil (2023: nil).

Note 23 Contingent liabilities

OSPRI has ongoing claims, investigations and inquiries, none of which are expected to have a significant effect on the financial statements of the Group (2023: nil).

Note 24 Subsequent events

There were no significant events after reporting date that would have a material impact on the financial statements of the Group.

Note 25 Auditor's remuneration

The auditor of the Group for 2024 is BDO Limited (2023: BDO Limited).

	2024 \$000	2023 \$000
Amounts paid or payable to the auditors for auditing the accounts of the company	74	64



BDO Wellington Audit Limited

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF OSPRI NEW ZEALAND LIMITED**

Opinion

We have audited the general purpose financial report of OSPRI New Zealand Limited (“the Company”) and its subsidiaries (together, “the Group”), which comprise the consolidated financial statements on pages 5 to 23, and the consolidated service performance information on pages 3 to 4. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

- the consolidated financial position of the Group as at 30 June 2024, and (of) its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated service performance for the year ended 30 June 2024, in accordance with the Group’s service performance criteria,

in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated 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 the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and 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 in our capacity as auditor we have no relationship with, or interests in, the Company or any of its subsidiaries.

Board’s Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Group for:

- (a) the preparation and fair presentation of the consolidated financial statements and consolidated 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 those charged with governance determine is necessary to enable the preparation of the consolidated financial statements and consolidated service performance information that are free from material misstatement, whether due to fraud or error.



BDO Wellington Audit Limited

In preparing the general purpose financial report those charged with governance are responsible for assessing the 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 those charged with governance either intend to liquidate the Group 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 consolidated financial statements as a whole, and the consolidated 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) and NZ AS 1 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 or collectively, 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 description forms part of our auditor's report.

Who we Report to

This report is made solely to the Group's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's shareholder, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED

Wellington

New Zealand

20 September 2024



