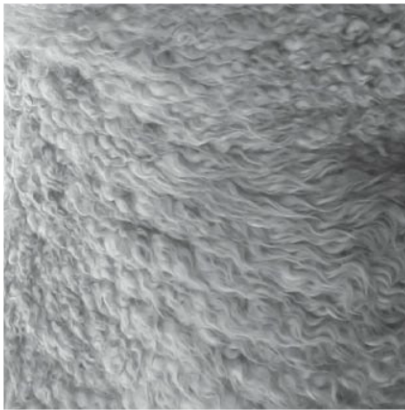


Annual Report 2012/2013





Jamie Kerr, Balclutha



Paul and Debra Magner, Hokitika



Darfield Collection Event



Mike Kettle Contracting, Hastings

Contents

Chairman's Report	3
Trustee Profiles	4 - 5
Programme Manager's Report	6
Programme Summaries Containers	7
Container & Chemicals Brand Owners	8 - 9
Programme Summaries Chemicals	10 - 11
Engagement	12 - 13
Annual Survey Summary	14
Financial Statements	15 - 21



AGRECOVERY
Rural Recycling Programme

Agrecovery Foundation
PO Box 715
Wellington 6140
Tel: 04 473 7269
Fax: 04 473 1081



Please consider the environment
before printing

Chairman's Report

The year ending June 2013 was a period of significant change for the Agrecovery Foundation, as the board continued to implement its five-year strategy.

Despite the adjustments, the board is pleased to report another record year for plastic and waste chemical removed by Agrecovery. This shows that Agrecovery can transform and improve yet stay focussed on its primary goal of increasing the amount of rural waste being collected. Every triple-rinsed 20 litre container dropped at an Agrecovery collection point is another kilogram of plastic that's not burned, buried, or thrown down a gully.

One change has been to the representation on the Agrecovery board. Joining the board was a representative of Rural Contractors New Zealand and, since balance date, an elected nominee of distributors of agrichemicals and over-the-counter animal health products. We've also welcomed a representative of dairy farmers after inviting a nomination from DairyNZ.

Another advance has been a deliberate and considered lift in the amount of resources allocated to secretariat support. Agrecovery now has the ability to engage more directly with the funders of Agrecovery – the 56 magnificent manufacturers who pay a voluntary levy. The board also has more capacity to implement changes stemming from

the 2012-2017 strategic plan, such as identifying new ways of increasing recovery rates without adding cost.

More change is ahead in 2013/2014, with the aim of increasing the amount of waste picked up. To do this we must implement new ideas to change farmers' attitudes, and dismantle the barriers which discourage them from recycling.

I'd like to thank the Agrecovery board for its strategic work, and acknowledge the mighty efforts of Jenna Leathley at Federated Farmers and the dedicated team at 3R Group, the programme manager. Finally, a message to all the farmers and growers who have supported Agrecovery – tell your neighbour.



Graeme Peters
Chairman, Agrecovery Foundation
gpeters@agcarm.co.nz



Trustee Profiles



GRAEME PETERS *representing Agcarm (Agricultural Chemical and Animal Remedies Manufacturers' Association)*

Graeme Peters was appointed a trustee in 2008 and elected chair in 2010.

He is also chief executive of Agcarm, the industry association for companies which make and sell agrichemicals and veterinary medicines. Agcarm members include some of the world's leading agribusinesses which support overseas recycling and recovery programmes similar to Agrecovery.

Graeme brings a background in science, media and communications, stakeholder management, and advocacy to the Foundation. On the weekends he blows the whistle at football games, enjoys scrabble, and competes with his three sons to grow the biggest giant pumpkin.



MARY-ANNE BAKER *representing Waikato Regional Council on behalf of local government*

Mary-Anne is a policy planner with the Tasman District Council and works in the field of land and water management, particularly around water and air quality and contaminant discharges. She has also been involved with the development of the NZ Standard for Agrichemical Management and other national standards around air quality and contaminated land regulations.

Mary-Anne comes from a farming background and for many years has been engaged with issues that affect farmers and horticulturists. She has a good understanding of production systems and the challenges facing landowners and is interested in working with them to build and support environmentally sound and sustainable farming systems.



ANDERS CROFOOT *representing Federated Farmers*

Anders lives and farms with his family at Castlepoint Station, a large sheep and beef property in the Wairarapa. He holds a number of positions including on the National Board of Federated Farmers (he was also Wairarapa Provincial President for four years), on the executive of the NZ Grassland Association (two years as President), and director of Grow Wellington, the economic development agency for Greater Wellington.

Prior to emigrating from the US in 1998, he earned a double degree in Computer Science and Psychology from Dartmouth, worked in hospitality and construction, set up a computer consulting practice and worked as a quantitative analyst.



JOHN ALLEN *representing Horticulture New Zealand*

After an extensive corporate career working for some of New Zealand's leading agrichemical manufacturers and distributors John and his wife Nanette purchased a kiwifruit orchard in Te Puke fifteen years ago. The aim was to have their own place in the sun and to work towards retirement.

In 2002 John entered kiwifruit politics and has since held a number of key industry representative roles including president of New Zealand Kiwifruit Growers Inc, director of Horticulture New Zealand, and director of Kiwifruit New Zealand. He was appointed by Horticulture New Zealand as a Trustee of Agrecovery on its establishment.



DAVID MOLLOY *representing Rural Contractors New Zealand*

David became a Trustee in March 2013 and represents Rural Contractors New Zealand, the national association for contractors primarily in agriculture, horticulture and viticulture.

He is Managing Director for Molloy Agriculture Ltd – a spraying business he started with his wife Sonia in 1985 – which now sprays over 100,000 hectares each year and employs 16 full time staff. David also has an independent agronomy service, Mountainview Agronomy. Molloy Agriculture has hosted an Agrecovery Container collection site since 2008.

Before starting in the spraying business, David was involved in a family farming operation and maintains his passion for farming, along with a keen interest in sports, fishing and the great outdoors. He lives in Methven with Sonia, and enjoys spending time with their two adult daughters.



Programme Manager's Report

As programme managers, 3R Group's role is to deliver the operational aspects of Agrecovery's programmes and conduct activities which complement the Foundation's strategic plan. Our key performance indicators include such targets as:

- Increasing volume of collected materials
- Increasing Agrecovery membership and participation by brand owners
- Maintaining customer satisfaction ratings above 80%
- Improving access to recycling services
- Maintaining high levels of health and safety and environmental compliance
- Operating within approved programme budgets

We are pleased that all of the above elements have been achieved to a high degree and the programme overall is in excellent health.

Maintenance and development of external relationships remain one of our key strategies for increasing penetration of Agrecovery into all sectors. A successful example from this year includes our interaction with numerous local governments. Specifically this relates to financial, operational and promotional support for our regional chemical collections, but also in growing general programme awareness as more councils implement bans on burning and burying plastic, requiring alternative disposal methods such as Agrecovery to be widely known and accessible.

Agrecovery membership rose by over 20% in the last year, with the majority of these new members being pastoral or dairy farmers. These sectors lag behind more intensive horticulture when it comes to recycling rates, largely due to their lower volume use of chemicals and the lack of any market-wide compliance initiatives or requirements for participation in recycling programmes.

As the motivation for interaction in these sectors is lower, we need to reduce the barriers to participation. Recent examples of steps taken to do this include offering direct collections and periodic collection events in areas not serviced by permanent collection sites; opening our first collection site at an RD1 store; simplifying and speeding up the registration process for new members; and recruiting new brand owners to widen the scope of products eligible for free recycling.

With the exception of the membership process, the above elements continue to be a focus in the year ahead. We are also updating our programme information to suit all market sectors and meet the requirements of associate organisations, such as Horticulture NZ and DairyNZ, to enable the Agrecovery message to be 'passed on' as widely and easily as possible to farmers and growers.

Participation in a new behavior change initiative with other rural stakeholders will also ensure that these messages are hitting the mark and directly influencing positive change on-property.

We gratefully acknowledge the support of organisations that host collection sites or promote our programmes within their spheres of influence, and congratulate all brand owners, farmers and growers who have made the choice to actively participate in Agrecovery.



3R Group Limited
www.3R.co.nz

Containers

This financial year farmers, growers and turf managers recycled 182,331 kg of HDPE plastic, up 15.8% on the previous 12 months. With the processed plastic made into 15cm wide underground cable cover, this volume would be sufficient to produce enough cover to reach from Auckland to Invercargill and back.

During the year Agrecovery welcomed four new brand owners to the programme, most of which highlighted customer pressure as their main motivation to participate. We hope to continue to see this customer pressure continue to influence other brands to join Agrecovery in the future.

One brand owner withdrew from the programme and three brands were removed from eligibility lists due to no longer trading or no longer selling products in relevant packaging sizes.

The fixed container collection infrastructure is such that the majority of NZ's rural properties (8ha and larger) are within 25km of a collection site. Improving the coverage of this network continues to be a high priority and this year three new sites were opened, including the first RD1 hosted site (Taupiri). Successful collection events were also held in areas where demand for a fixed collection site is low, including Darfield, Pahiatua, and Fairlie.

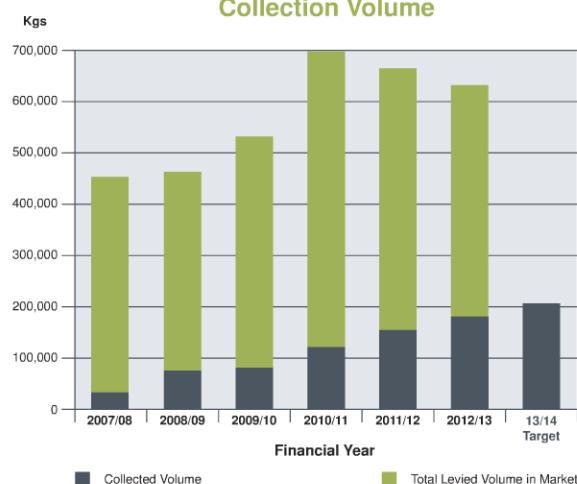
Demand for direct on-property collections for high volume users (300+ containers) is increasing, relieving pressure on collection sites and removing barriers to recycle. Forty-seven direct collections were carried out during 2012-2013 representing approximately 7.5% of total recycled containers; this number will increase in the next 12 months.

The programme manager has been advised of increased levels of contamination in collected materials this year, both by large paper/foil labels and also mixed packaging

types such as coated or thin-wall plastics which are technically not solely HDPE plastic. In the next 12 months we will work with stakeholders to ensure that recycling pathways continue to be open and optimised for future packaging requirements.

Brand owners:	56
Collected plastic:	182,331 kg
Growth over previous 12 months:	15.8%
Collection sites:	40 North Island (fixed)
	30 South Island (fixed)
Other collections:	3 collection events
	47 direct collections
Sites opened or transferred:	3

Annual Growth in Container Collection Volume



Thanks to those brand owners who support



the Container and Chemicals programmes...



As at 1st October 2013

Chemicals

During the 2012-2013 financial year five collections were completed: Marlborough, Waikato, Canterbury, Hawke's Bay and a special event for stockpiled intractables. Collected volumes increased 37%, when compared to the previous year, to 15,923kg.

This large volume was partly due to an extremely successful collection in the Waikato region which exceeded the previous record for a single collection. During the event over 6,000kg was collected with chemicals coming from 136 properties. The Canterbury collection at 5,464 kg also exceeded previous collections in that region.

In addition to funding from Agrecovery and the Waste Minimisation Fund, the Waikato and Canterbury collections were supported financially and in kind by the Waikato Regional Council, Environment Canterbury and numerous district councils. The results were threefold: excellent publicity and exposure; the ability to fund additional collection activity that would have otherwise attracted user-pays fees and a subsequently higher cancellation rate; and increased recovery rates.

To maximise the use of funds available to cover disposal costs, drop off points were set up in both regions at appropriately consented transfer stations with on-property collections only occurring if it was economically beneficial or if the hazardous nature of the chemicals to be collected required it.

A significant change in user behavior is now being witnessed with farmers and growers booking their chemicals for disposal with the programme manager in anticipation of future events. This shows a greater level in understanding between the service now offered by Agrecovery (booked, planned events) and the service offered by some Councils prior to 2010.

Chemical disposal (Group 1 & 2): 15,923 kg

Included intractables: 7,658 kg

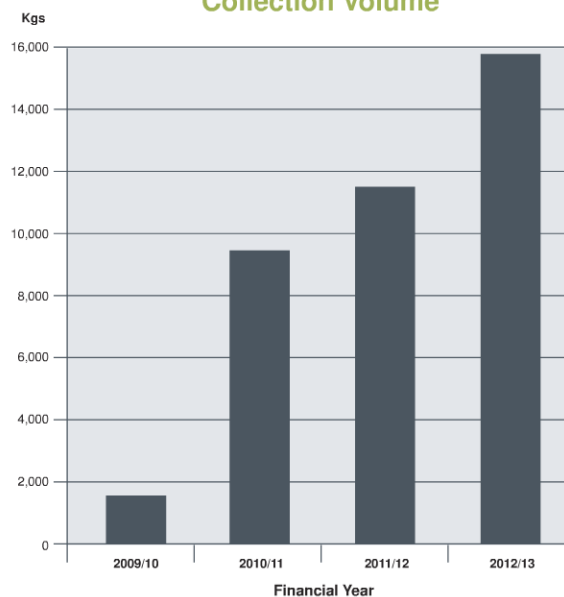
Growth over previous 12 months: 37%

Number of collections completed: 5

Future collections planned by end of 2013:

Hawke's Bay, Taranaki, Nelson, Tasman, Otago, Southland

**Annual Growth in
Collection Volume**



Chemicals Expenditure and Income

A fundamental part of the planning process for the Chemicals programme is the agreement of a quota of Group 1 agrichemicals to be collected. Once this is agreed the manager then seeks funding from other sources to enable disposal of Group 2 agrichemicals.

The collection and disposal of current and recently expired Group 1 agrichemicals are funded by the Agrecovery Brand owners.

During this financial year Group 2 agrichemicals were jointly funded from the Waste Minimisation Fund (WMF) 2012 funding round, financial support from participating councils, and user pays fees.

Funding from the WMF is sought annually and an application for continuation of funding has been submitted.

The programme manager is responsible for Group 2 funding and has submitted the following expenditure and income for this activity during the 2012/2013 financial year.



	Jul '12 - Jun '13
INCOME	
Brand Owner Levy Contribution*	176,507.00
MfE (Central Govt)	157,918.38
User Pays (Councils / Members)	84,110.04
Total Income	418,535.42
EXPENSE	
BASE COSTS	
Collection Coordination	76,022.75
SMS Booking System	5,381.96
TRAVEL / ACCOMMODATION	
Chemical Coordinator	2,098.93
Contractors	1,542.61
EVENT BUILDING ACTIVITIES	22,720.65
COLLECTION / AGGREGATION COSTS	
JBL Environmental Ltd	37,824.10
Haz-tech Environmental Ltd	33,374.10
DISPOSAL COSTS	
TPI (NZ)	44,314.28
Tredi (Offshore)	173,636.12
Storage Costs (to date)	1,418.35
SALES & MARKETING COST	13,093.06
Total Expense	411,426.91
NET**	7,108.51

* \$51.1k apportioned internally to cover increased costs

** Net carried over to cover future storage costs

Engagement

Agrecovery is fortunate to have the support of a wide range of individuals and organisations as it seeks to educate and encourage participation among farmers, growers, and other agrichemical users.

Agrecovery makes the most of opportunities to talk **FACE TO FACE** with farmers and growers around the country. Examples included Ahuwhenua Trophy field days and supportive on-farm activity with large groups such as Dairy Holdings and the Dairy Goat Cooperative.

RETAILERS, VETS, CONTRACTORS, and LOCAL GOVERNMENT provide a critical service hosting our 70 permanent container collection sites. Agrecovery is grateful for their time and resource without which the programme would not be as effective.



Scott Morpeth, WFS, and Gareth Mentzer, 3R



Leon McPhillips, 3R and Denis Collins, Miraka
Ahuwhenua Trophy field days



Mike Telfer, The Vet Centre, Otorohanga



National Agricultural Fielddays



Hallet Griffin, Griffin Ag-Air, Palmerston North

Engagement

Local and national **PUBLICATIONS** and **TELEVISION** help to spread the word, most without any paid Agrecovery advertising.



LOCAL GOVERNMENT and others help to spread the word via Twitter



National and regional **ORGANISATIONS** encourage members to take up the recycling challenge to protect our clean, green image, so vital to export markets.

FARM IQ SYSTEMS LIMITED



Land WISE INCORPORATED



NEW ZEALAND WINE PURE DISCOVERY

NZ SPORTS + TURF INSTITUTE



Annual Survey Summary

Each year the programme manager conducts a survey of programme users to measure customer satisfaction and to gather feedback relating to specific programme aspects.

The responses help us to better understand our customers' experience and help guide programme development where appropriate.

For the 2012/2013 Programme User survey, conducted online, more than 600 responses were received from all property types, with Livestock, Dairy and Orchard being most common.

Below is a summary of key responses:

SURVEY RESULTS:

General

- Main reasons for using Agrecovery was to minimise environmental impacts of waste materials and to avoid burning or burying waste on-property
- 58% of respondents use the Agrecovery website
- 85% of those regard the website as good or excellent
- 84% of respondents regard their contact with Agrecovery staff as good or excellent

Container programme

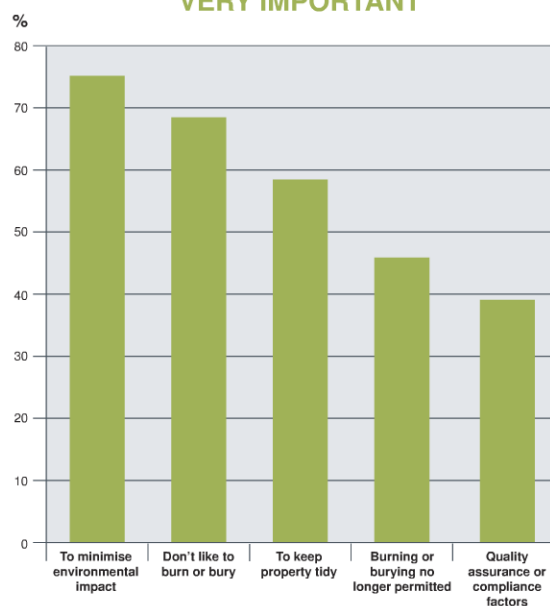
- 86% of respondents rated service from collection site staff as good or excellent
- 86% of respondents are likely to recommend the programme to a friend or colleague
- 64% of respondents use less than 50 containers per year; only 5% use more than 300

Chemicals programme

- 79% of survey respondents were aware that Agrecovery periodically collects unwanted or expired agrichemicals and animal health products
- 35% of respondents had booked chemicals at some stage in the past

- 60% of chemical bookings were made via the Agrecovery website and this is also the preferred method for future bookings
- 91% of users had no issues understanding or using the chemical programme
- 54% of respondents would prefer annual collections
- 87% of respondents are likely to recommend the programme to a friend or colleague

Motivation: The % of respondents who rated these reasons to recycle as VERY IMPORTANT



AGRECOVERY FOUNDATION

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
Operating Revenue	2	1,332,195	1,393,724
Operating Expenses	3	1,272,631	1,218,135
Net surplus/(deficit) for the year		59,564	175,589

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
Equity at beginning of year	430,864	255,275
Net surplus/(deficit) for the year	59,564	175,589
Equity at the end of the year	490,428	430,864

These financial statements should be read in conjunction with the notes to the financial statements

AGRECOVERY FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

		2013	2012
	Note	\$	\$
Current Assets			
Cash & cash equivalents	4	457,780	242,085
Loan to Agrecovery Wrap		-	45,000
Trade and other receivables	5	189,171	286,460
Total Current Assets		646,951	573,545
Less Current Liabilities			
Trade creditors		117,893	126,786
GST payable		38,630	15,895
Total Current Liabilities		156,523	142,681
Net Assets		490,428	430,864
Represented by			
Total Equity		490,428	430,864



Chairman
16 September 2013



Trustee
16 September 2013

AGRECOVERY FOUNDATION

SUPPLEMENTARY SCHEDULE TO THE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
OPERATING REVENUE		
Grants	-	4,348
Levies	1,264,542	1,321,254
Sale of Recovered Container Plastic	59,331	61,770
Sale of Labels	290	1,060
Interest	8,032	4,143
Large bag income	-	1,149
Total Revenue	1,332,195	1,393,724
OPERATING EXPENSES		
AGRECOVERY PROGRAMME OPERATIONS BASE COST		
Programme Manager Fee	234,842	-
Sales & Marketing Management	158,265	-
Advertising in industry publications	11,150	-
Media, PR & Monitoring	4,669	-
Design & Photography	6,070	-
Printing & Reproduction	14,379	-
Collection Site Support & Promotion	28,940	-
Signage	1,200	-
Industry Event Support	15,450	-
General (excluding booking system)	12,987	-
Total Agrecovery Programme Operations Base Cost	487,952	-
CONTAINERS		
Administration	69,071	164,000
Operations	100,788	611,758
Compliance	-	70,000
Training	-	27,942
Marketing & Communications	-	62,537
Global Container Management	-	-
Commission	4,015	-
User Education and Field Support	-	32,463
North Island/South Island Coordination	115,260	-
Agrecovery Truck Driver	85,439	-
Container Site Costs	24,353	-
Use of Assets	38,071	-

These financial statements should be read in conjunction with the notes to the financial statements

AGRECOVERY FOUNDATION

SUPPLEMENTARY SCHEDULE TO THE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
Running Costs	48,100	-
Capital Recovery	37,200	-
R&M on Network	31,500	-
Improvements Container Network	12,000	-
Total Containers Expenditure	565,797	968,700
CHEMICALS		
Administration	70,606	70,680
Operations	31,999	89,821
Marketing & Communications	-	29,200
Travel & Accommodation	2,800	-
Event Building Activities	20,018	8,701
Total Chemicals Expenditure	125,423	198,402
FOUNDATION ADMINISTRATION		
Audit Fee	2,750	3,000
Accounting Fee	-	544
Annual Report	3,300	5,000
General Expenses	1,663	-
FFNZ Management Fees	73,006	28,340
Legal	2,526	-
Donations & Sponsorships	250	-
Bank Fees	75	-
Meetings	1,167	1,548
Intellectual Property	-	-
Strategic Review	-	3,984
Travel Expenses	8,315	3,499
Other	-	770
Waste Oil Project	-	4,348
Phone/Fax	166	-
Photocopying	161	-
Postage	82	-
Total Foundation Administration	93,458	51,033
Total Expenditure	1,272,631	1,218,135

AGRECOVERY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. Statement of Accounting Policies

a. Reporting Entity

Agrecovery Foundation is a not for profit entity incorporated on May 2006 under the Charitable Trusts Act 1957 and since re-registered under the Charities Act 2005. The Foundation has been developed by a coalition of major grower groups, industry parties and local and central government to provide a solution to the problem of waste agricultural containers, chemicals and wraps.

b. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

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

Change in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

c. Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are set out below; they have been applied consistently to all years presented in these financial statements.

Cash and Cash Equivalents

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

Financial Instruments

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents and other financial instruments, trade creditors and other payments, borrowings and other financial liabilities.

Financial assets and liabilities are recognised initially at fair value plus transaction costs, except for those carried at fair value through the profit and loss, which are measured at fair value.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

The Foundation's cash and cash equivalent, trade and other receivables fall into this category of financial instruments.

Revenue

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

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

Interest Income

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

Donations and Grants

Donations and grant income is recognised as revenue when received and all associated obligations have been met. Where grants have been given for a specific purpose, or with conditions attached, income is not recognised until agreed upon services and conditions have been satisfied.

Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis. Accounts Receivable and Accounts Payable are reported on a GST inclusive basis.

Income Tax

Agrecovery Foundation has full charitable status under sections CW 41 and CW 42 of the Income Tax Act 2007 and accordingly is not liable for Income tax.

Differential Reporting

Agrecovery Foundation qualifies for differential reporting on the basis of size and public accountability. Agrecovery Foundation has applied all differential reporting exemptions.

	2013	2012
	\$	\$
2. Operating Revenue Includes:		
Grants	-	4,348
Levies	1,264,542	1,321,254
Sale of Recovered Container Plastic	59,331	61,770
Sale of Labels	290	1,060
Interest	8,032	4,143
Large bag income	-	1,149
	1,332,195	1,393,724

AGRECOVERY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
3. Operating Expenses Include:		
Audit Fee	2,750	3,000
Accounting Fee	-	544
Annual Report	3,300	5,000
FFNZ Management fees	73,006	28,340
Legal	2,526	-
Intellectual Property	-	-
Strategic Review	-	3,984
Travel Expenses	8,315	3,499
Agrecovery Programme Costs		
3r Expenses	1,179,173	1,167,102
Other Operating expenses	1,899	6,666
	1,272,632	1,218,135
4. Cash & Cash Equivalents	\$	\$
BNZ - Cheque Account	56,351	23,575
BNZ - Call Account	251,429	218,510
BNZ - Term Deposits	150,000	-
	457,780	242,085
5. Trade & other Receivables	\$	\$
Accounts receivable	188,776	286,460
Accrued interest	395	-
GST refund due	-	-
	189,171	286,460
6. Fee Paid to Auditors	\$	\$
Silks Audit		
- for audit services	2,600	-
Grant Thornton 2012		3,000
	2,600	3,000

7. Impact of Adopting Not-for-Profit Public Benefit Entities (NFP PBE) Standards

The new Accounting Standards Framework is currently being developed and implemented in stages by the External Reporting Board (XRB). The Trust is eligible to continue to apply 'Old GAAP' as it does not have public accountability and it is not large as defined in XRB A1 Application of Accounting Standards.

Under the new Accounting Standards Framework, the Trust will have to transition to the new Not-for-Profit Public Benefit Entities (NFP PBE) Standards, that will be based on International Public Sector Accounting Standards (IPSAS). The effective date for the new NFP PBE Standards is expected to be for reporting periods beginning on or after 1 April 2015. Therefore, the Trust will have to prepare its financial statements in accordance with the new NFP PBE Standards for the first time for the annual period ending 30 June 2016. The Trust has not been able to determine the impact of this transition as the new NFP PBE Standards are currently being developed by the XRB.

8. Related Party

During the year to 30 June 2013, the Trust paid administration fees to Federated Farmers of New Zealand Incorporated for the use of their premises and fixed assets and for administration services. The Trust paid a management fee of \$80,000 for administration services.

9. Commitments & Contingencies

There were no commitments or contingencies as at balance date (2012: Nil).

10. Events Occurring After Balance Date

There are no subsequent events requiring disclosure in or adjustment to the financial statements for the year ended 30 June 2013.



INDEPENDENT AUDITORS REPORT

To the Members of Agrecovery Foundation.

Report on the Financial Statements

We have audited the financial statements of Agrecovery Foundation on pages 15 to 21 which comprise the statement of financial position as at 30 June 2013 and the statement of financial performance, statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trust's Responsibility for the Financial Statements

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

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Agrecovery as at 30 June 2013, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Other Matter

The financial statements of Agrecovery Foundation for the year ended 30 June 2012, were audited by another auditor who expressed an unqualified opinion on those statements on the 24 October 2012.

Silks Audit
Chartered Accountants
Wanganui, New Zealand

Date: 16 September 2013

Principals: David Fraser, Cameron Town

CHARTERED
ACCOUNTANTS

Wanganui

Taranaki

Manawatu

Central Plateau

Auckland

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