

Our Numbers



Following are our Condensed FY21 Financial Statements of Foodstuffs North Island Limited, for the year ended 28 March 2021.

These Condensed FY21 Financial Statements have been independently audited by PricewaterhouseCoopers.



Report of the independent auditor on the Consolidated Financial Statements – Condensed Version

To the shareholders of Foodstuffs North Island Limited

The consolidated financial statements – condensed version (summary financial statements) comprise:

- the consolidated statement of financial position as at 28 March 2021;
- the consolidated statement of comprehensive income for the 52 weeks then ended;
- the consolidated statement of changes in equity for the 52 weeks then ended;
- the consolidated statement of cash flows for the 52 weeks then ended; and
- the notes to the consolidated financial statements – condensed version, which include a summary of policies.

Our opinion

The summary financial statements are derived from the audited consolidated financial statements of Foodstuffs North Island Limited, including its subsidiaries (the Group) for the 52 weeks ended 28 March 2021.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary financial statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 8 July 2021.

Information other than the summary financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the summary financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Directors for the summary financial statements

The Directors are responsible, on behalf of the Company, for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Our firm provides the whistle blower hotline and carries out advisory services for the Group in the areas of tax, treasury and corporate finance. The provision of these other services has not impaired our independence as auditor of the Group.

Who we report to

This report is made solely to the Company'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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
8 July 2021

Auckland

Foodstuffs North Island Limited

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 28 March 2021

	Notes	2021 \$ '000	2020 \$ '000
Revenue	2	3,719,142	3,542,600
Cost of sales		(2,917,308)	(2,769,250)
Gross profit		801,834	773,350
Other income		3,740	1,666
Operating expenses		(596,703)	(553,733)
Loss on disposal of property, plant and equipment		(3,603)	(2,785)
Operating profit		205,268	218,498
Finance income		4,006	5,700
Finance costs		(56,478)	(54,859)
Net finance costs		(52,472)	(49,159)
Share of profit from Associates and Joint Ventures	6	3,175	2,069
Profit before distribution to Members		155,971	171,408
Distribution to Members	3	(129,060)	(140,565)
Profit before income tax		26,911	30,843
Income tax (expense)/benefit		(9,894)	12,629
Profit for the period attributable to Members		17,017	43,472
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of hedging reserves net of tax		8,548	(6,481)
Items that may not be reclassified subsequently to profit or loss:			
Changes in fair value of other financial assets		35,269	(3,319)
Total other comprehensive income/(loss)		43,817	(9,800)
Total comprehensive income for the period attributable to Members		60,834	33,672

Items in other comprehensive income are disclosed net of tax.

The attached notes form part of and are to be read in conjunction with these audited financial statements.

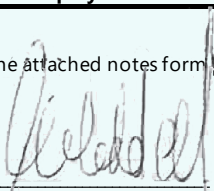
Foodstuffs North Island Limited

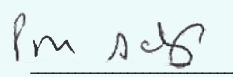
Consolidated Statement of Financial Position

As at 28 March 2021

	Notes	2021 \$ '000	2020 \$ '000
ASSETS			
Non-current assets			
Property, plant and equipment		1,947,955	1,891,611
Right of use assets	4	388,554	82,695
Sublease receivables	4	470	330
Intangible assets		270,597	283,081
Investments in associates	6	4,509	5,976
Investments in joint ventures	6	10,667	9,490
Other financial assets		75,519	40,250
Total non-current assets		2,698,271	2,313,433
Current assets			
Cash and cash equivalents		40,246	44,626
Trade and other receivables		428,429	544,501
Sublease receivables	4	286	86
Inventories		178,284	173,684
Related party receivables	6	37,838	58,163
Assets held for sale		4,575	-
Derivative financial instruments		51	1,328
Income tax receivable		1,803	-
Total current assets		691,512	822,388
Total assets		3,389,783	3,135,821
EQUITY			
Capital and reserves attributable to equity holders			
Share capital		132,573	132,573
Other financial asset revaluation reserve		(15,725)	(50,994)
Hedging reserve		(21,759)	(30,307)
Retained earnings		874,174	857,157
Total equity		969,263	908,429
LIABILITIES			
Non-current liabilities			
Liabilities to Members		531,687	522,327
Borrowings		295,000	315,000
Lease liabilities	4	391,308	76,494
Deferred tax liability		63,719	73,376
Derivative financial instruments		28,575	40,970
Other liabilities		2,135	3,039
Total non-current liabilities		1,312,424	1,031,206
Current liabilities			
Liabilities to Members		107,344	93,784
Lease liabilities	4	10,958	9,641
Trade and other payables		980,790	1,077,243
Payable of cash distribution to Members		6,998	8,235
Income taxation payable		-	3,040
Derivative financial instruments		1,646	1,125
Related party payables	6	360	3,118
Total current liabilities		1,108,096	1,196,186
Total liabilities		2,420,520	2,227,392
Total equity and liabilities		3,389,783	3,135,821

The attached notes form part of and are to be read in conjunction with these audited condensed financial statements.


Chairman


Director
8 July 2021

Foodstuffs North Island Limited

Consolidated Statement of Changes in Equity

For the 52 weeks ended 28 March 2021

	Share capital \$ '000	Other financial asset revaluation reserve \$ '000	Hedging reserve \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 31 March 2019	132,573	(47,675)	(23,826)	813,664	874,736
Profit for the period	-	-	-	43,472	43,472
Prior period adjustment (tax)	-	-	-	21	21
Other comprehensive income					
Changes in fair value of other financial assets	-	(3,319)	-	-	(3,319)
Changes in fair value of hedging reserves net of tax	-	-	(6,481)	-	(6,481)
Total other comprehensive loss	-	(3,319)	(6,481)	-	(9,800)
Balance at 29 March 2020	132,573	(50,994)	(30,307)	857,157	908,429
Profit for the period	-	-	-	17,017	17,017
Other comprehensive income					
Changes in fair value of other financial assets	-	35,269	-	-	35,269
Changes in fair value of hedging reserves net of tax	-	-	8,548	-	8,548
Total other comprehensive income	-	35,269	8,548	-	43,817
Balance at 28 March 2021	132,573	(15,725)	(21,759)	874,174	969,263

The attached notes form part of and are to be read in conjunction with these audited condensed financial statements.

Foodstuffs North Island Limited

Consolidated Statement of Cash Flows

For the 52 weeks ended 28 March 2021

		2021 \$ '000	2020 \$ '000
Cash flows from operating activities			
Cash generated from operations	5	393,085	734,786
Interest received		4,088	5,684
Interest paid		(21,025)	(24,157)
Lease interest paid		(3,752)	(4,346)
Net GST paid		(51,958)	(55,720)
Net income tax paid		(27,455)	(26,349)
Net cash generated from operating activities		292,983	629,898
Cash flows from investing activities			
Purchase of property, plant and equipment		(127,046)	(98,870)
Proceeds from sale of property, plant and equipment		833	1,358
Acquisition of Lee Fish business		-	(75,732)
Purchase of intangible assets		(39,391)	(39,751)
Disposal/(acquisition) of Associates and Joint Ventures		559	(2,465)
Dividends received from Joint Ventures		1,690	391
Dividends received from other investments		3,740	1,666
Advances to Members		(133,206)	(214,472)
Repayment of advances to Members		156,474	232,289
Repayment from / (advances to) Associates		774	(2,552)
Advances to other related companies		(5,260)	(1,253)
Net cash used in investing activities		(140,833)	(199,391)
Cash flows from financing activities			
Proceeds from borrowings		65,000	20,000
Repayment of borrowings		(85,000)	(293,000)
Principal elements of lease payments		(9,246)	(9,708)
Deferred rebate vouchers paid		(72,744)	(74,036)
Interest paid on deferred rebate vouchers		(24,177)	(30,292)
Cash rebates paid		(30,363)	(32,474)
Net cash used in financing activities		(156,530)	(419,510)
Net increase in cash and cash equivalents		(4,380)	10,997
Cash and cash equivalents at beginning of period		44,626	33,629
Cash and cash equivalents at end of period		40,246	44,626

The attached notes form part of and are to be read in conjunction with these audited financial statements.

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

1 Policies

a) Basis of preparation

The summary financial statements are those of Foodstuffs North Island Limited (the 'Company' or the 'Parent Company'), its subsidiaries and associates (the 'Group' or 'Foodstuffs'). Foodstuffs North Island Limited has designated itself and the Group as profit oriented entities for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). They have been prepared in accordance with Financial Reporting Standards No. 43 "Summary Financial Statements" and have been extracted from full financial statements that comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

The full financial statements for the 52 weeks ended 28 March 2021 were issued with an unqualified opinion and were authorised by the Board of Directors on 8 July 2021.

For a complete understanding of the financial affairs of the Group, including additional note disclosures not presented here, the full financial statements are available for shareholders on request.

b) Accounting periods

The Group has a weekly operating cycle ending on Sunday night. The annual accounting period follows this cycle. The 2021 accounting period presented consists of 52 weeks to 28 March 2021 (2020: 52 weeks to 29 March 2020).

2 Revenues

	2021 \$'000	2020 \$'000
Sale of goods	3,250,585	3,061,045
Service income	26,873	51,019
Rental income	153,618	151,984
Freight Income	51,925	53,370
Services to Members	212,141	134,507
Co-operative income	8,903	77,853
Miscellaneous Income	15,097	12,822
Total revenues	3,719,142	3,542,600

3 Distributions to Members

The total distribution for the period is made up as follows:

	2021 \$'000	2020 \$'000
Cash rebates payable	6,998	8,028
Cash rebates paid	22,335	23,940
Deferred rebate vouchers (DRVs)	99,727	108,597
Distributions to Members before interest	129,060	140,565
Interest on deferred rebate vouchers	28,129	29,193
Total distributions to Members	157,189	169,758

These balances and transactions are with related parties (refer note 6).

4 Leases

The Group is involved in the leasing of property, land, offices and equipment.

Right of use assets (ROU)

	Property \$'000	Others \$'000	Total \$'000
At 28 March 2021			
Opening net book amount	81,527	1,168	82,695
Acquisitions	326,517	-	326,517
Disposals & transfers	(7,295)	-	(7,295)
Depreciation & Impairments	(12,235)	(1,128)	(13,363)
Closing net book amount	388,514	40	388,554

	2021 \$'000	2020 \$'000
Lease Receivable		
Current	286	86
Non-current	470	330
Total lease Receivable	756	416

	2021 \$'000	2020 \$'000
Lease liabilities		
Current	10,958	9,641
Non-current	391,308	76,494
Total lease liabilities	402,266	86,135

FSNI entered into leases with Auckland International Airport Limited ("AIAL") for Landing Drive Distribution Centre on 5 October 2020 and for the Support Centre office on 21 December 2020. Management has reviewed the lease agreements and adopted an incremental borrowing rate of 4.36% and included rights of renewal in the lease terms. The renewal option component contributed \$32,476,000 to the total Right of use asset. The leases have been recognised as Right of use (ROU) assets and lease liabilities in the financial statements as at the lease commencement dates.

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

5 Reconciliation of profit before tax to net cash generated from operations

	2021 \$'000	2020 \$'000
Net profit before tax for the period	26,911	30,843
Adjustments to reconcile net profit to net cash generated from operations:		
Depreciation and amortisation	125,981	116,428
Impairment of assets	867	4,881
Distribution to Members	129,060	140,565
Share of loss/(profit) from Associates & Joint Ventures	(3,175)	(2,069)
Net finance costs	52,472	49,159
Unrealised loss/(gain) on derivative transaction	1,433	(1,931)
Dividends received from other financial assets	(3,740)	(1,666)
Net loss/(gain) on disposal of assets	3,603	2,785
Working capital movements:		
(Increase)/decrease in inventories	(4,600)	(18,555)
(Increase)/decrease in trade and other receivables	97,727	(148,764)
Increase/(decrease) in trade and other payables	(43,386)	477,391
Increase in lease liabilities	10,272	86,135
Increase in sublease receivables	(340)	(416)
Cash generated from operations	393,085	734,786

6 Related party transactions

(a) Transactions with related parties

Foodstuffs North Island Limited operates as a co-operative and predominantly trades with Members. On a Group level, approximately \$3,713,536,000 (2020: \$3,529,890,000) of revenue represents sales to and rental from Members.

In the ordinary course of business the Group bears charges for the shared activities undertaken by its associated companies and related parties and incurs direct costs which are recovered from them. The net charges from associated companies were \$15,977,787 (2020: \$20,883,554). Net charges to related parties were \$48,285 (2020: \$101,129). Key management personnel compensation in the Group is \$10,249,272 (2020: \$9,286,730). These charges are recognised as part of related party receivables and payables in the Statement of Financial Position and cost of sales, other income, operating expenses and finance income and expenses in the Statement of Comprehensive Income.

Advances, repayment of advances, and distributions to Members are presented in the Statement of Cash Flows and note 3.

There have been no transactions with directors outside trading in the normal course of business in their capacity as Members, other than directors fees. Total directors fees paid and payable for the current year end amount to \$1,202,638 (2020: \$1,043,860).

(b) Outstanding balances at balance date with related parties

The Parent company advances funds to subsidiaries, Members and associate companies in the normal course of business. All loans are secured and repayable on demand. At 28 March 2021 a reserve against future recoverability of Member loans of \$nil (2020: \$nil) was held.

	2021 \$'000	2020 \$'000
Loans to Members	27,799	51,066
Loans to Associates	2,708	2,298
Receivable from other related companies	7,331	4,799
Related party receivables	37,838	58,163

Included in trade debtors for the Group is \$334,753,000 (2020: \$433,763,000) arising from Member purchases.

Other related parties, due to their relationship with the Group, represent balances owing from Foodstuffs Auckland Provident Fund Limited, Foodstuffs (N.Z.) Limited and Modern Merchants Limited.

	2021 \$'000	2020 \$'000
Payable to Associates	25	55
Payable to other related companies	335	3,063
Related party payables	360	3,118

Loans to Members are due within one year and the rate of interest is determined over the period at the floating rate existing at that time except where alternative arrangements have been made. The average floating rate at balance date was 2.9% (2020: 4.0%).

Other related parties represent balances owing to Modern Merchants Limited, Foodstuffs (N.Z.) Limited and Foodstuffs Inbound Limited.

Modern Merchants Limited is in an agency relationship with the related party landlords who are part of the Foodstuffs North Island Limited Group.

Foodstuffs (Auckland) Provident Fund Limited and Foodstuffs North Island Limited share a common director.

Eight Directors of the Company are also store owners and as such may receive loans under the same terms and conditions as other loans to Members. At balance date, these amounted to \$ nil (2020: \$ nil).

(c) Guarantees

	2021 \$'000	2020 \$'000
Guarantees for Members' bank loans	440,334	504,267

The Group acts as a guarantor for a number of Members' bank loans. The Group is obligated under the guarantee to make the loan payments in the event the Member defaults on a loan agreement. The Group generally holds first debenture security over the assets and prudently manages exposures. Based on the application of the expected credit loss model under NZ IFRS 9, no amount has been included in the financial statements in relation to these guarantees as no guarantees are expected to be called.

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

(d) Fair values

The carrying values of balances receivable or payable are approximately their fair value.

(e) Investment in subsidiaries

The Group's principal subsidiaries are:

	Business activity	Share of issued capital and voting rights	
		2021	2020
Equity Funding Limited	Investment	100%	100%
Foodstuffs (Auckland) Nominees Limited	Investment	100%	100%
Foodstuffs (Auckland) Systems & Technology Leasing Limited	Leasing	100%	100%
Foodstuffs Finance (Auckland) Limited	Funding	100%	100%
Foodstuffs Fresh (Auckland) Limited	Distribution	100%	100%
Merchant Property Management Limited	Property management	100%	100%
Foodstuffs North Island Transport Limited	Transport	100%	100%
The National Trading Company of New Zealand Limited	Retail property	100%	100%
Foodstuffs Properties (Wellington) Limited	Retail property	100%	100%
Wai Iti Developments Limited	Investment	100%	100%
Wardell Bros. & Coy Limited	Investment	100%	100%
Gilmour's Wholesale Limited	Wholesaling	100%	100%

(f) Investment in Associates and Joint Ventures

The Group's principal Associates and Joint Ventures are:

	Reporting date	Business activity	Share of issued capital	
			2021	2020
Foodstuffs (N.Z.) Limited	29 March	Brand management	50%	50%
Foodstuffs Liquor New Zealand Limited*	31 March	Retail	67%	67%
Foodstuffs Own Brands Limited	29 March	Procurement	50%	50%
Foodstuffs Inbound Limited	29 March	Transport	50%	50%
Eat My Lunch Limited	31 August	Catering Service	26.05%	26.05%
Fresh Connection Limited	30 June	Produce Distribution	25%	25%

* Foodstuffs North Island share the voting rights in Foodstuffs Liquor New Zealand Limited with Foodstuffs South Island equally.
All Associate and Joint Venture companies are incorporated and domiciled in New Zealand which is their principal place of business.

Associates are entities over which the Group has significant influence to participate in the financial and operating policy decisions of the associate, but does not have control or joint control over these policies.

Joint Ventures are entities over which the Group has significant influence to participate in the financial and operating policy decisions of the joint venture and has joint control over these policies.

	2021 \$'000	2020 \$'000
Interests in Associates		
Carrying value at beginning of period	5,976	1,827
(Disposal/Sale)/Acquisition of shares in Associates	(1,774)	3,804
Group's share of Associate's profit	307	345
Carrying value at end of period	4,509	5,976

	2021 \$'000	2020 \$'000
Interests in Joint Ventures		
Carrying value at beginning of period	9,490	8,157
Group's share of Joint Venture's profit	2,868	1,724
Dividends declared	(1,691)	(391)
Carrying value at end of period	10,667	9,490

	2021 \$'000	2020 \$'000
Results of Associates and Joint Ventures		
Share of profit before income tax	4,400	3,006
Income tax	(1,225)	(937)
Share of profit from Associates and Joint Ventures	3,175	2,069

7 Subsequent events

On 21 May 2021, The Group disposed of its investment in The Warehouse Group Limited of 20,746,726 shares at a sell price per share of \$3.27. As at 28 March 2021 the shares were held at a fair value of \$3.64 per share based on the share closing price in an active market. The difference (\$7,676,000) between the sell price per share and the carrying value at balance date per share will be recognised in other comprehensive income in FY22.