

# 04.

## Our Numbers

Following are our Consolidated FY22 Financial Statements of Foodstuffs North Island Limited, for the year ended 3 April 2022.

These Consolidated FY22 Financial Statements have been independently audited by PricewaterhouseCoopers.



## Report of the independent auditor on the summary financial statements

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 3 April 2022
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated statement of cash flows for the period then ended; and
- the notes to the consolidated financial statements – condensed version, which include a summary of policies.

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### 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 53 weeks ended 3 April 2022.

In our opinion, the accompanying consolidated 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.

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### Consolidated 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.

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### 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 29 June 2022.

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### 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.

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### 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*.



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### **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*.

We are independent of the Group. Our firm carries out other services for the Group in the areas of whistleblower hotline services, direct tax compliance services and advisory services in the areas of tax, property, 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.

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A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over a faint, larger version of the same signature.

Chartered Accountants  
29 June 2022

Auckland

## Foodstuffs North Island Limited

# Consolidated Statement of Comprehensive Income

For the 53 weeks ended 3 April 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>Revenue</b>	2	4,020,844	3,719,142
Cost of sales		(3,156,617)	(2,917,308)
<b>Gross profit</b>		864,227	801,834
Other income		5,333	3,740
Operating expenses		(599,497)	(600,306)
<b>Operating profit</b>		270,063	205,268
Finance income		4,477	4,006
Finance costs		(61,767)	(56,478)
Net finance costs		(57,290)	(52,472)
Share of profit/(loss) from Associates and Joint Ventures		3,537	3,175
<b>Profit before distribution to Members</b>		216,310	155,971
Distribution to Members	3	(149,934)	(129,060)
<b>Profit before income tax</b>		66,376	26,911
Income tax expense		(20,986)	(9,894)
<b>Profit for the period attributable to Members</b>		<b>45,390</b>	<b>17,017</b>
<b>Other Comprehensive Income</b>			
Items that may be reclassified subsequently to profit or loss:			
Increase in fair value of hedging net of tax		16,424	8,548
Items that may not be reclassified subsequently to profit or loss:			
Increase/(decrease) in fair value of other financial assets		(7,820)	35,269
<b>Total other comprehensive gain</b>		8,604	43,817
<b>Total comprehensive income for the period attributable to Members</b>		<b>53,994</b>	<b>60,834</b>

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 consolidated financial statements.

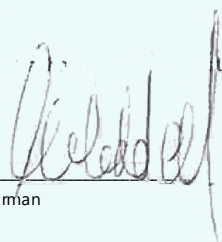
# Foodstuffs North Island Limited

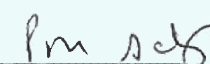
## Consolidated Statement of Financial Position

As at 3 April 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,911,575	1,947,955
Right of use assets	4	381,665	388,554
Sublease receivables	4	153	470
Intangible assets		242,183	270,597
Investments in associates		4,260	4,509
Investments in joint venture		9,734	10,667
Other financial assets		-	75,519
<b>Total non-current assets</b>		<b>2,549,570</b>	<b>2,698,271</b>
<b>Current assets</b>			
Cash and cash equivalents		26,895	40,246
Trade and other receivables		519,610	428,429
Sublease receivables	4	294	286
Inventories		189,433	178,284
Related party receivables	6	80,390	37,838
Assets held for sale		39,701	4,575
Derivative financial instruments		-	51
Income tax receivable		-	1,803
<b>Total current assets</b>		<b>856,323</b>	<b>691,512</b>
<b>Total assets</b>		<b>3,405,893</b>	<b>3,389,783</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders</b>			
Share capital		132,573	132,573
Other financial asset revaluation reserve		-	(15,725)
Hedging reserve		(5,335)	(21,759)
Retained earnings		896,019	874,174
<b>Total equity</b>		<b>1,023,257</b>	<b>969,263</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to Members		558,643	531,687
Borrowings		250,000	295,000
Lease liabilities	4	394,796	391,308
Deferred tax liability		56,382	63,719
Derivative financial instruments		6,662	28,575
Other liabilities		4,468	2,135
<b>Total non-current liabilities</b>		<b>1,270,951</b>	<b>1,312,424</b>
<b>Current liabilities</b>			
Liabilities to Members		110,886	107,344
Lease liabilities	4	17,811	10,958
Borrowings		154,000	-
Trade and other payables		805,618	980,790
Payable of Cash distribution to Members		6,741	6,998
Income taxation payable		10,849	-
Derivative financial instruments		1,405	1,646
Related party payables	6	4,375	360
<b>Total current liabilities</b>		<b>1,111,685</b>	<b>1,108,096</b>
<b>Total liabilities</b>		<b>2,382,636</b>	<b>2,420,520</b>
<b>Total equity and liabilities</b>		<b>3,405,893</b>	<b>3,389,783</b>

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

  
Chairman

  
Director  
29 June 2022

## Foodstuffs North Island Limited

# Consolidated Statement of Changes in Equity

For the 53 weeks ended 3 April 2022

	Share capital \$ '000	Other financial assets revaluation reserves \$ '000	Hedging reserve \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at At 29 March 2020	132,573	(50,994)	(30,307)	857,157	908,429
Profit for the period	-	-	-	17,017	17,017
<b>Other comprehensive income</b>					
Changes fair value of other financial assets	-	35,269	-	-	35,269
Changes in fair value of hedging net of tax	-	-	8,548	-	8,548
Total other comprehensive income	-	35,269	8,548	-	43,817
<b>Balance at At 28 March 2021</b>	<b>132,573</b>	<b>(15,725)</b>	<b>(21,759)</b>	<b>874,174</b>	<b>969,263</b>
Profit for the period	-	-	-	45,390	45,390
Transfer from reserves to retained earning	-	23,545	-	(23,545)	-
<b>Other comprehensive income</b>					
Changes in fair value of other financial assets	-	(7,820)	-	-	(7,820)
Changes in fair value of hedging reserves net of tax	-	-	16,424	-	16,424
Total other comprehensive income	-	15,725	16,424	(23,545)	8,604
<b>Balance at As at 3 April 2022</b>	<b>132,573</b>	<b>-</b>	<b>(5,335)</b>	<b>896,019</b>	<b>1,023,257</b>

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

## Foodstuffs North Island Limited

# Consolidated Statement of Cash Flows

For the 53 weeks ended 3 April 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	5	223,128	393,085
Interest received		4,396	4,088
Interest paid		(35,096)	(21,025)
Lease interest paid		(10,488)	(3,752)
Net GST paid		(67,482)	(51,958)
Net income tax paid		(21,872)	(27,455)
<b>Net cash generated from operating activities</b>		<b>92,586</b>	<b>292,983</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(85,245)	(127,046)
Proceeds from sale of property, plant and equipment		6,675	833
Purchase of intangible assets		(26,046)	(39,391)
Disposal/(acquisition) of Associates and Joint Ventures		-	559
Dividends received from Joint Ventures		5,029	1,690
Dividends received from other investments		4,903	3,740
Sale of other financial assets		67,699	-
Advances to Members		(246,552)	(133,206)
Repayment of advances to Members		201,820	156,474
Repayment from Associates		1,328	774
Repayment from/(advances to) other related companies		5,078	(5,260)
<b>Net cash used in investing activities</b>		<b>(65,311)</b>	<b>(140,833)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		174,000	65,000
Repayment of borrowings		(65,000)	(85,000)
Principal elements of lease payments		(4,901)	(9,246)
Deferred rebate vouchers paid		(91,941)	(72,744)
Interest paid on deferred rebate vouchers		(24,667)	(24,177)
Cash rebates paid		(28,117)	(30,363)
<b>Net cash used in financing activities</b>		<b>(40,626)</b>	<b>(156,530)</b>
Net decrease in cash and cash equivalents		(13,351)	(4,380)
Cash and cash equivalents at beginning of period		40,246	44,626
<b>Cash and cash equivalents at end of period</b>		<b>26,895</b>	<b>40,246</b>

The attached notes form part of and are to be read in conjunction with these audited consolidated 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 53 weeks ended 3 April 2022 were issued with an unqualified opinion and were authorised by the Board of Directors on 29 June 2022.

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 2022 accounting period presented consists of 53 weeks to 3 April 2022 (2021: 52 weeks to 28 March 2021).

### 2 Revenues

	2022 \$'000	2021 \$'000
Sale of goods	3,490,692	3,250,585
Service income	46,988	26,873
Rental income	164,380	153,618
Freight Income	56,667	51,925
Services to Members	235,289	212,141
Co-operative income	9,610	8,903
Miscellaneous Income	17,218	15,097
<b>Total revenues</b>	<b>4,020,844</b>	<b>3,719,142</b>

### 3 Distributions to Members

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

	2022 \$'000	2021 \$'000
Cash rebates payable	6,741	6,998
Cash rebates paid	21,119	22,335
Deferred rebate vouchers (DRVs)	122,074	99,727
<b>Distributions to Members before interest</b>	<b>149,934</b>	<b>129,060</b>
Interest on deferred rebate vouchers	26,639	28,129
<b>Total distributions to Members</b>	<b>176,573</b>	<b>157,189</b>

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
<b>At 3 April 2022</b>			
Opening net book amount	388,514	40	388,554
Acquisitions	7,045	-	7,045
Disposals & transfers		(27)	(27)
Depreciation & Impairments	(13,894)	(13)	(13,907)
Closing net book amount	381,665	-	381,665

#### Lease Receivable

	2022 \$'000	2021 \$'000
Current	294	286
Non-current	153	470
<b>Total lease Receivable</b>	<b>447</b>	<b>756</b>

#### Lease liabilities

	2022 \$'000	2021 \$'000
Current	17,811	10,958
Non-current	394,796	391,308
<b>Total lease liabilities</b>	<b>412,607</b>	<b>402,266</b>

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

	2022 \$'000	2021 \$'000
Net profit before tax for the period	66,376	1,26,911
Adjustments to reconcile net profit to net cash generated from operations:		



# Foodstuffs North Island Limited

## Notes to the Consolidated Financial Statements

Depreciation and amortisation	125,076	125,981
Impairment of assets	-	867
Distribution to Members	149,934	129,060
Share of loss/(profit) from Associates & Joint Ventures	(3,537)	(3,175)
Net finance costs	57,290	52,472
Unrealised loss/(gain) on derivative transaction	684	1,435
Dividends received from other financial assets	(5,333)	(3,740)
Net loss/(gain) on disposal of assets	1,727	3,603
Working capital movements:		
Increase in inventories	(11,149)	(4,600)
(Increase)/decrease in trade and other receivables	(102,175)	97,727
Decrease in trade and other payables	(73,304)	(43,386)
Increase in lease liabilities	17,230	10,272
Decrease/(increase) in sublease receivables	309	(340)
<b>Cash generated from operations</b>	<b>223,128</b>	<b>393,085</b>

### 6 Related party transactions

#### (a) Transactions with related parties

Foodstuffs North Island Limited, the ultimate parent company, operates as a co-operative and predominantly trades with Members. On a Group level, approximately \$4,009,740,000 (2021: \$3,713,536,000) 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 \$19,840,968 (2021: \$15,977,787). Net charges to related parties were \$142,267 (2021: \$48,285). Key management personnel compensation in the Group is \$10,838,225 (2021: \$10,249,272). These charges are recognised as part of related party receivables and payables in the Consolidated Statement of Financial Position and cost of sales, other income, operating expenses and finance income and expenses in the Consolidated Statement of Comprehensive Income. The outstanding related party balances will be settled by cash.

Advances, repayment of advances, and distributions to Members are presented in the Consolidated 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 \$1,304,442 (2021: \$1,202,638).

#### (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.

	2022 \$'000	2021 \$'000
Loans to Members	72,531	27,799
Loans to Associates	1,711	2,708
Receivable from other related companies	6,148	7,331
<b>Related party receivables</b>	<b>80,390</b>	<b>37,838</b>

Included in trade debtors for the Group is \$352,748,000 (2021: \$334,753,000) arising from Member purchases.

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

	2022 \$'000	2021 \$'000
Payable to Associates	145	25
Payable to other related companies	4,230	335
<b>Related party payables</b>	<b>4,375</b>	<b>360</b>

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 3.21% (2021: 2.9%).

The majority of the other related parties balance is owing to Modern Merchants 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 \$7,700,000 (2021: \$ nil).

#### (c) Guarantees

	2022 \$'000	2021 \$'000
Guarantees for Members' bank loans	411,218	440,334

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.

#### (d) Fair values

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

# Foodstuffs North Island Limited

## Notes to the Consolidated Financial Statements

### (e) Investment in subsidiaries

The Group's principal subsidiaries are:

	Business activity	Share of issued capital and voting rights	
		2022	2021
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%
Lee Fish 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	Type	Business activity	Share of issued capital	
				2022	2021
Foodstuffs (N.Z.) Limited	3 April	Joint Ventures	Brand management	50%	50%
Foodstuffs Liquor New Zealand Limited*	31 March	Joint Ventures	Retail	67%	67%
Foodstuffs Own Brands Limited	3 April	Joint Ventures	Procurement	50%	50%
Foodstuffs Inbound Limited	3 April	Joint Ventures	Transport	50%	50%
Eat My Lunch Limited	31 August	Associates	Catering Service	25.23%	26.05%
Fresh Connection Limited	30 June	Associates	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.

	2022	2021
	\$'000	\$'000
<b>Interests in Associates</b>		
Carrying value at beginning of period	4,509	5,976
(Disposal/Sale)/Acquisition of shares in Associates	-	(1,774)
Advances to Associates	(210)	-
Group's share of Associate's profit	21	307
Dividends received (declared)	(60)	-
<b>Carrying value at end of period</b>	<b>4,260</b>	<b>4,509</b>
	2022	2021
	\$'000	\$'000
<b>Interests in Joint Ventures</b>		
Carrying value at beginning of period	10,667	9,490
Acquisition/(Disposal/Sale) of shares in Joint Venture	-	-
Advances to JV	-	-
Group's share of Joint Venture's profit	3,517	2,868
Dividends declared	(4,450)	(1,691)
<b>Carrying value at end of period</b>	<b>9,734</b>	<b>10,667</b>
	2022	2021
	\$'000	\$'000
<b>Results of Associates and Joint Ventures</b>		
Share of profit before income tax	4,963	4,400
Income tax	(1,426)	(1,225)
<b>Share of profit from Associates and Joint Ventures</b>	<b>3,537</b>	<b>3,175</b>

## 7 Subsequent events

There have been no material events subsequent to 3 April 2022.