



# Annual Report

FOR THE YEAR ENDED 30 JUNE 2022



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**Speirs Group Limited**

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## REPORTING BY DIRECTORS

The directors are pleased to report the result for the year ended 30 June 2022.

The Group recorded a profit after tax attributable to ordinary shareholders of \$190,000 compared to the previous year profit after tax of \$135,000. Our investment in Equipment Leasing and Finance Limited provided a significant contribution to this result with the receipt of a dividend of \$171,000 and a write up in the value of the investment of \$178,000. The contribution of Speirs Foods LP has improved on the previous year for reasons explained below. The contributions to the overall profit and comprehensive income are summarised below:

	2022 \$'000	2021 \$'000
Speirs Foods (2018) LP trading profit before interest	491	317
Fair Value Gain Through Profit and Loss Financial Assets Equipment, Leasing and Finance Holdings Limited	178	338
Dividend received from Equipment, Leasing and Finance Holdings Limited	171	229
Corporate governance costs	(291)	(276)
Net financing costs	(218)	(252)
Depreciation Expense of Speirs Group Limited in relation to acting as landlord for Speirs Foods (2018) LP	(70)	(77)
<b>Total Profit Before Tax</b>	<b>261</b>	<b>279</b>
Derecognition of Previously Recognised Future Income Tax Benefit	-	(133)
<b>Total Profit After Tax</b>	<b>261</b>	<b>146</b>
Profit attributable to non-controlling Interest	(71)	(11)
<b>Overall Profit Attributable to Ordinary Shareholders of Speirs Group Limited</b>	<b>190</b>	<b>135</b>

The information appearing in the above table contains non-GAAP (Generally Accepted Accounting Practice) financial information for the Group. Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The financial information in the reconciliation table above is extracted from the consolidated audited financial statements. The directors believe that this non-GAAP financial information is useful for readers of the consolidated financial statements as it provides a clear and concise comparative summary of the performance of each of our core activities and investments. Management use similar measures to monitor the Group's financial performance.

Details from each of our core activities and investments are outlined below.

### **Speirs Foods**

Speirs Foods (2018) LP ("Speirs Foods") continues to manufacture and supply innovative products throughout New Zealand, principally to the two major supermarket chains.

Revenue increased by 1.1% to \$18.384 million compared to \$18.179 million in the previous period. The trading profit for the year before interest was \$540,000 compared to \$317,000 for the previous period. The business was impacted by a number of factors consequential on the continuing Covid-19 pandemic:

These included:

- reduced turnover due to the Auckland regional lockdown (August 2021 to October 2021). The Auckland region represents a significant proportion of Speirs Foods monthly turnover;
- a noticeable shift in customer demand from bulk products (those sold from "under the glass" in supermarket delicatessens) to pre-packaged products which are more labour intensive in their production and often require the use of higher cost raw materials;
- higher material costs and need to source higher cost alternative supplies due to increased shipping and freight costs and supply chain constraints;
- pressure on labour availability and costs due to general market shortages and the flow on effects of the increase in the minimum wage driving labour costs up across the general labour force.

The business has taken a number of steps to address these issues and improve profitability including:

- a significant capital investment in new plant over the last two years to improve the efficiency of producing pre-pack products;

- continual work on improving product flow efficiency through the plant and increase productivity through new or replacement plant to improve labour efficiency;
- review of product margins to ensure products provide an acceptable return on the costs to produce;
- continuous development of innovative and fresh new products to support “The Whole Mix Brand” including Wholesome Bulk Salads in line with consumer trends, on-the-go delicious salads/meal solutions with protein and tasty salad kits for our customer “Home Brands”
- A successful project was completed to update information systems (including migrating some software solutions to Cloud based software) to provide better and more timely information to managers.

While the business has improved on the prior year result, it is still under performing with regards to returns achieved prior to the Covid-19 pandemic.

The benefits of the measures undertaken are starting to show returns, but cost pressures remain and the business will need to keep innovating, investing and improving processes to maintain a reasonable return on the assets employed in the business.

#### ***Equipment Leasing and Finance Holdings Limited (EL&F)***

At 30 June 2022 the Group holds 2.27% of the ordinary shares of EL&F. During the year ended 30 June 2022 a parcel of EL&F preference shares held by the Group converted into EL&F ordinary shares in accordance with their terms of issue. At 30 June 2021 the directors assessed the fair value of the EL&F shares to be \$1.55 each. At 30 June 2022 a further reassessment of the fair value of the EL&F shares resulted in directors increasing the value to \$1.65 per share, resulting in an uplift in value of \$178,000.

The value for this investment is based upon a detailed study of the EL&F performance over the last financial year and financial projections through to June 2025. Further detail on the basis for the \$1.65 carrying value for each EL&F share is provided in Note 15 of the financial statements.

The EL&F Group includes:

- AB Equipment Limited (ABE), supplying a wide range of heavy mobile equipment to the forestry, infrastructure, construction and manufacturing industries throughout New Zealand; and
- Speirs Finance Group Limited, including Speirs Finance Limited providing funding of heavy and light commercial vehicles, cars and other mobile equipment, and Yoogo Limited providing vehicle leasing facilities.

Shareholders who are interested can find more details of the activities of these businesses on their respective web sites.

Fellow EL&F shareholders are three independent large private equity firms. Your directors have confidence that, although the Group’s percentage shareholding in EL&F is small, its value to Speirs Group Limited is significant and will continue to be enhanced and realised over time.

#### ***Corporate***

Corporate costs continue to be kept as low as possible.

#### ***Financing***

As reported in the 2021 Annual Report to shareholders, a successful refinancing exercise was finalised in September 2021 to refinance \$2.5m of redeemable preference shares (that matured and were due for repayment in September 2021 (“2021 RPS”) with \$2.2 million of redeemable preference shares with a scheduled maturity date of 30 September 2025 (“2025 RPS”).

The new offer of \$2.2 million 2025 RPS was made to existing 2021 RPS holders and other eligible investors on similar terms and conditions to the maturing 2021 RPS. The dividend rate on the 2025 RPS is 7.5% compared to the 9.0% that has been paid on the maturing 2021 RPS.

The net impact of the RPS refinancing will be to reduce the annual borrowing costs on the RPS by \$60,000.

The overall impact of the transactions and trading activity over the year has resulted in the reduction in the debt owed by the Group, with the ratio of equity to total assets further improving from 42.0% to 43.7%.

In the year ended 30 June 2021 Speirs Foods (2018) LP entered into a five-year term loan facility for up to \$1 million with a New Zealand registered bank at an interest rate of 2.30%. This facility is used to fund capital expenditure including plant for increased automation of the prepack product line.

#### ***Share Consolidation***

At a Board meeting held on 21 November 2021, the directors of Speirs Group Limited decided to undertake a 1 for 10 share consolidation in relation to Speirs Group Limited’s ordinary shares effective Wednesday 24 November 2021.

On Wednesday 24 November 2021 shareholders received one consolidated ordinary share for every 10 ordinary shares that they previously held. The number of consolidated ordinary shares which shareholders received was based on their holdings of ordinary shares on 24 November 2021 and was rounded up to the nearest whole consolidated ordinary share.

There was no impact on shareholders' rights from the consolidation: for example, proportionate rights to dividends and voting rights will be unchanged. The share consolidation merely altered the number of ordinary shares on issue. At 30 June 2021 the group reported net tangible assets per share of 26 cents per ordinary share. The impact of the consolidation increases the net tangible assets per share by a factor of 10 to \$2.60 per ordinary share at 30 June 2021. At 30 June 2022 the net tangible assets per ordinary share was \$2.71.

Prior to the consolidation Speirs Group Limited had 11,334,576 ordinary shares on issue. After the ordinary share consolidation Speirs Group Limited has 1,133,596 ordinary shares on issue.

The directors undertook the ordinary share consolidation as they believe that the reduced number of total ordinary shares on issue better reflects the current requirements of Speirs Group Limited's size and scope of operations.

#### **Dividend**

During the year ended 30 June 2022 the group's two key trading investments, Speirs Foods and Equipment Leasing and finance distributed cash to the Speirs Group parent in excess of the parent's cash operating costs. After due consideration the Speirs Group Limited directors have declared that a cash dividend of 5 cents per ordinary share (plus imputations) will be paid to all ordinary shareholders on 31 October 2022. The record date for the dividend will be Friday 14 October 2022.

#### **Outlook**

While the New Zealand economy continues to be resilient in the face of the Covid-19 pandemic, we are mindful that the risks from an outbreak of Covid-19 infections and resultant restrictions in New Zealand could result in a rapid change in trading conditions for both our trading company investments. The boards of both Speirs Foods and Equipment Leasing and Finance businesses remain vigilant to these risks and will respond as required.

Inflation pressure on food prices, staff availability and supply chain disruptions and high fuel costs remain and will continue to be challenging for both the businesses in the year ahead.

We note that recent trading of Speirs Group shares, albeit at very low volumes, continues at a large discount to the net tangible asset backing of the ordinary shares (i.e.: net of the Perpetual Preference Shares) which was \$2.74 per share at 30 June 2022.

#### **Directors**

At 30 June 2022, the Board of Directors of the Company comprised four non-executive directors:

Derek Walker, B.E. (Hons), BBS., Chairman  
Fred Hutchings BBS, FCA, Deputy Chairman  
Nelson Speirs, FCA.  
David Speirs

As announced at the 2021 annual meeting of shareholders, I am due to retire by rotation at the upcoming 2022 annual meeting and I have advised the Board and shareholders that I do not intend to seek re-election. The Company is in a stable position, so it is an opportune time for me to step down.

The Board has undertaken a process to find a successor as Chair and also a new director. This process resulted in the Board agreeing to recommend to the shareholders that Lee Simpson, Speirs Group's current CEO and Company Secretary, be appointed as a director at the 2022 annual meeting of shareholders. If the shareholders resolve to appoint Lee at the 2022 annual meeting of shareholders, the Board's intention is that he would also be appointed to the role of Executive Chairman.

The Board of Speirs Foods General Partner is.

Fred Hutchings BBS, FCA, Chairman  
Sarah McCormack  
Ross Kane (Managing Director)

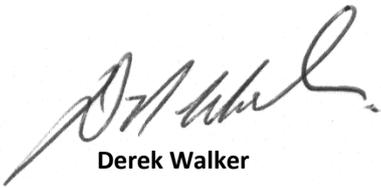
Nelson Speirs is a director of Equipment Leasing and Finance Limited but not as a Speirs Group appointee.

I thank all the directors for their continued efforts and support.

#### **Our People**

Speirs Group has continued to benefit, as it has for many years, from strong supportive relationships with all its stakeholders. We wish to again thank our investors, customers, suppliers and staff for the strong support they have provided during this past twelve-month period.

I would especially like to acknowledge again the extra efforts that the staff and directors continue to make in responding to Covid-19. In a rapidly changing market and operating environment everybody continues to stand up and provide considerable additional effort to enable the business to continue operating safely and effectively and respond to the needs of our customers.

A handwritten signature in black ink, appearing to read 'Derek Walker'.

**Derek Walker**  
Chairman

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A handwritten signature in black ink, appearing to read 'Fred Hutchings'.

**Fred Hutchings**  
Director

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7 October 2022

## Speirs Group Limited

### Purpose, Goals and Strategy

#### Purpose

Speirs Group Limited is an active investment company focused on the food and finance sectors and aims to maximise returns to its investors and enhance the well-being of all its stakeholders.

#### Goals

- Investment returns over the medium term will exceed the average NZX50 return as measured by capital growth and dividends to shareholders.
- A range of investments will be held to ensure the Group is able to diversify risk.
- The Group Board will have appropriate governance input to investments commensurate with the size and percentage of the investment holding.
- Full or partial divestment of investments may be undertaken when the value that can be realised is greater than assessed value of retaining the investment or to lower the risk profile of the portfolio.
- The ratio of debt to debt plus equity increase to at least 50% in the next 3-5 years and then be maintained at no less than 50%.
- Corporate office costs will be kept to a minimum.

#### Summary of the Group's Present Investments

Investment	Holding	Type	Description
Speirs Foods (2018) LP	67%	Food – Active	Fresh food production and distribution
Equipment, Leasing & Finance Holdings Limited	2%	Finance – Active	EL&F is a supplier/servicer/funder/lessor of mobile equipment throughout New Zealand.

#### Investment Criteria

Criteria to be considered for any investment are:

1. The investment is aligned with the core competencies of the Group - food manufacture, marketing and distribution; or finance.
2. The investment has synergy with an existing investment that provides potential to increase sales, reduce costs and improve the profitability of the new and existing businesses.
3. Acceptable shareholder agreements are in place to ensure that the Group has appropriate governance input to investments commensurate with the size and percentage of the investment holding
4. The investment will within the short to medium term provide sufficient free cash for the Group to cover annual investment costs.
5. The amount of capital required is affordable for the Group and would not materially increase the financial risk to the business.

### Summary of Strategy for Each Investment

Investment	Investment Strategy
Speirs Foods (2018) LP	<p>The present intention is to hold the majority partnership interest in this investment to provide profitability and cash flow to the wider group.</p> <p>Speirs Foods (2018) LP's strategy is to:</p> <ul style="list-style-type: none"> <li>• Maintain the strong national position the LP has in the fresh salads market;</li> <li>• Grow sales by developing and marketing new products that are aligned with the business's core competencies;</li> <li>• Improve the efficiency of production and distribution with targeted capital investment and continual improvement of processes and practices;</li> <li>• Maintain the highest levels of food safety and employee health and safety.</li> </ul> <p>A further partial or full divestment of this investment would be considered if a proposal provided a better outcome for shareholders.</p>
Equipment, Leasing & Finance Holdings Limited	<p>The present intention is to hold this investment while the company builds its business and shareholder value.</p> <p>As a minority shareholder Speirs Group Limited is only able to exert modest influence in relation to this entity.</p> <p>Should there be opportunities to invest further capital into this business, the opportunity will be considered and a decision made based on the potential returns and the availability of funds within the Group.</p>

## FINANCIAL STATEMENTS

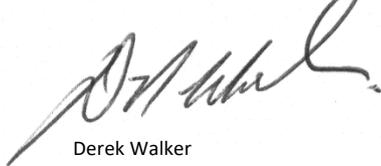
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Notes	June 2022 \$'000	June 2021 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	62	645
Loans, Advances and Investments	15	850	1,285
Trade and Other Receivables	13	2,319	1,902
Assets Held for Resale		-	30
Prepayments		39	36
Inventories	14	887	619
<b>Total Current Assets</b>		<b>4,157</b>	<b>4,517</b>
<b>Non-Current Assets</b>			
Loans, Advances and Investments	15	2,939	2,761
Deferred Income Tax Asset	16	276	276
Property, Plant & Equipment	17	2,648	2,554
Intangible Assets		67	69
<b>Total Non-Current Assets</b>		<b>5,930</b>	<b>5,660</b>
<b>Total Assets</b>		<b>10,087</b>	<b>10,177</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	18	2,159	2,073
Leases	29	67	72
Borrowings	19	566	719
<b>Total Current Liabilities</b>		<b>2,792</b>	<b>2,864</b>
<b>Non-Current Liabilities</b>			
Leases	29	77	75
Borrowings	19	2,826	2,964
<b>Total Non-Current Liabilities</b>		<b>2,903</b>	<b>3,039</b>
<b>Total Liabilities</b>		<b>5,695</b>	<b>5,903</b>
<b>Equity</b>			
Capital	20	12,925	12,925
Accumulated Deficits		(9,073)	(9,202)
<b>Equity Attributable to Owners of the Parent</b>		<b>3,852</b>	<b>3,723</b>
Non-Controlling Interest	26	540	551
<b>Total Equity</b>		<b>4,392</b>	<b>4,274</b>
<b>Total Equity and Liabilities</b>		<b>10,087</b>	<b>10,177</b>

The Board of Directors of Speirs Group Limited authorised these consolidated financial statements for issue on 7 October 2022.

Signed on behalf of the Board of Directors



Derek Walker  
Chairman



Fred Hutchings  
Director

7 October 2022

The accompanying notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

	Notes	June 2022 \$'000	June 2021 \$'000
Revenue	30	18,384	18,179
Purchases of Raw Materials		(8,586)	(7,702)
Employee Benefits Expense	6	(5,316)	(5,285)
Freight, Packaging & Other		(3,229)	(3,951)
Net Trading Income		1,253	1,241
Other Income	7	471	386
<b>Total Net Income earned from Operating Activities</b>		<b>1,724</b>	<b>1,627</b>
Gain on Fair Value Through Profit and Loss Financial Asset	15	178	338
Other Expenses	8	(1,040)	(1,076)
Earnings Before Interest, Depreciation and Amortisation		862	889
Interest Income		9	31
Interest Expense		(227)	(283)
Net Interest Expense	9	(218)	(252)
Depreciation and Amortisation		(383)	(358)
<b>Profit Before Income Tax</b>		<b>261</b>	<b>279</b>
Income Tax (Expense)/ Benefit	10	-	(133)
<b>Profit per Share Attributed to Equity Holders of the Company</b>		<b>261</b>	<b>146</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>261</b>	<b>146</b>
<b>Total Comprehensive Income for the Period Attributable to:</b>			
Owners of Speirs Group Limited		190	135
Non-Controlling Interest		71	11
		<b>261</b>	<b>146</b>

<b>Total Profit per Share Attributed to Equity Holders of the Company Based Upon Ordinary Shares on Issue at Year End:</b>	Note	2022 Cents	2021 Cents
Basic Profit per Share	11	11.38	0.65
Diluted Profit per Share	11	11.38	0.65

<b>Total Profit per Share Attributed to Equity Holders of the Company Adjusted Comparatives to Reflect the 1 for 10 Share Consolidation on 24 November 2021:</b>	Note	2022 Cents	2021 Cents
Basic Profit per Share	11	11.38	6.50
Diluted Profit per Share	11	11.38	6.50

<b>Total Profit per Share Attributed to Equity Holders of the Company Based on the Weighted Average Number of Ordinary Shares on Issue During the Year:</b>	Note	2022 Cents	2021 Cents
Basic Profit per Share	11	2.46	0.65
Diluted Profit per Share	11	2.46	0.65

The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	Note	Contributed Capital \$'000	Accumulated Deficits \$'000	Total Attributable to Owners of the Parent \$'000	Non – Controlling Interest \$'000	Total Equity \$'000
<b>Balance at 30 June 2020</b>		12,925	(9,276)	3,649	540	4,189
<b>Comprehensive Income</b>						
Profit for the Year		-	135	135	11	146
Other Comprehensive Income		-	-	-	-	-
<b>Total Comprehensive Income</b>		-	135	135	11	146
<b>Transactions with Owners in Their Capacity as Owners</b>						
Dividends Paid On Perpetual Preference Shares	20	-	(61)	(61)	-	(61)
<b>Total Transactions with Owners</b>		-	(61)	(61)	-	(61)
<b>Balance at 30 June 2021</b>		12,925	(9,202)	3,723	551	4,274
<b>Comprehensive Income</b>						
Profit for the Year		-	190	190	71	261
Other Comprehensive Income		-	-	-	-	-
<b>Total Comprehensive Income</b>		-	190	190	71	261
<b>Transactions with Owners in Their Capacity as Owners</b>						
Distribution – Non-Controlling Interest		-	-	-	(82)	(82)
Dividends Paid On Perpetual Preference Shares	20	-	(61)	(61)	-	(61)
<b>Total Transactions with Owners</b>		-	(61)	(61)	(82)	(143)
<b>Balance at 30 June 2022</b>		12,925	(9,073)	3,852	540	4,392

The accompanying notes are an integral part of these consolidated financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	<i>Notes</i>	<b>2022</b> <i>\$'000</i>	<i>2021</i> <i>\$'000</i>
<b>Cash Flows from Operating Activities</b>			
Interest Received		9	31
Dividends Received		171	229
Cash Receipts from Customers		17,967	17,731
Other Income		281	151
Dividends Paid on Redeemable Preference Shares		(184)	(226)
Interest Expense		(44)	(57)
Cash Paid to Suppliers and Employees		(18,420)	(17,633)
<b>Net Cash from Operating Activities</b>	<b>21</b>	<b>(220)</b>	<b>226</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sale of Assets Held for Resale		49	-
Proceeds from Sale of Property, Plant and Equipment		-	2
Loans Repaid		70	155
Proceeds from Maturing Short Term Deposits		365	-
Investment in Short Term Bank Deposits		-	(465)
Acquisition of Intangibles		(28)	-
Acquisition of Property, Plant & Equipment		(385)	(759)
<b>Net Cash Flows from Investing Activities</b>		<b>71</b>	<b>(1,067)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowing - Net	28	-	1,068
Issue of 2025 Redeemable Preference Shares		-	212
Repayments of Borrowings – Net	28	(291)	-
Distributions Paid to Non-Controlling Interest		(82)	(74)
Dividends Paid on Perpetual Preference Shares		(61)	(61)
<b>Net Cash Flows from Financing Activities</b>		<b>(434)</b>	<b>1,145</b>
Net Increase / (Decrease) in Cash and Cash Equivalents		<b>(583)</b>	304
Cash and Cash Equivalents at Beginning of Year		645	341
<b>Cash and Cash Equivalents at Year End</b>	<b>12</b>	<b>62</b>	<b>645</b>

The accompanying notes are an integral part of these consolidated financial statements

# Notes to the Consolidated Financial Statements

## 1 GENERAL INFORMATION

Speirs Group Limited operates as a holding company. At 30 June 2022 its principal investments were:

- Speirs Foods (2018) LP is a 67% majority owned subsidiary of Speirs Group Limited and is involved in the production and distribution of fresh food products.
- Speirs Investments LP is a wholly owned subsidiary of Speirs Group Limited which holds a 2.27% investment in Equipment, Leasing & Finance Holdings Limited.

Speirs Group Limited is a limited liability company incorporated and domiciled in New Zealand. The postal address of the head office of Speirs Group Limited is PO Box 318, Palmerston North, New Zealand.

From 1 August 2016, Speirs Group Limited has its ordinary shares trading on the Unlisted Securities Exchange .

These consolidated financial statements have been approved for issue by the Board of Directors on 7 October 2022.

## 2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of Preparation

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand and on the basis that the Group continues to operate as a going concern. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities issued by the New Zealand Accounting Standards Board. These financial statements also comply with International Financial Reporting Standards.

The consolidated financial statements are presented in New Zealand dollars, the Group's functional currency, and are rounded to the nearest thousand. They are prepared using the historical cost basis except where accounting policies detail otherwise.

#### *Entities Reporting*

The consolidated financial statements of the 'Group' are for the economic entity comprising Speirs Group Limited, its wholly owned subsidiary Speirs Investments LP, and its majority owned subsidiary Speirs Foods (2018) LP. All entities within the Group are registered in New Zealand.

The Group is designated as a profit-oriented entity for financial reporting purposes.

#### *Statutory Base*

Speirs Group Limited is a company registered under the Companies Act 1993. Being an entity regulated under the Financial Markets Conduct (FMC) Act 2013, Speirs Group Limited is an FMC entity for reporting purposes and reports under Tier 1 requirements approved by the New Zealand Accounting Standards Board.

The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the Companies Act 1993.

#### *Critical Accounting Estimates*

The preparation of consolidated financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of NZ IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

### 2.2 Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of Speirs Group Limited, its wholly owned subsidiary Speirs Investments LP, and its majority owned subsidiary Speirs Foods (2018) LP as at 30 June 2022. Speirs Group Limited and its subsidiaries are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are those entities over which the company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 2.3 Financial Instruments

### *Recognition and Derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### *Classification and Initial Measurement of Financial Assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NZ IFRS 15 Revenue from Contracts with Customers, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised Cost
- Fair Value Through Profit or Loss (FVTPL)
- Fair Value Through Other Comprehensive Income (FVOCI)

In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

### *Subsequent Measurement of Financial Assets*

#### i. Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

#### ii. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as FVTPL assets. Further, irrespective of the business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for as FVTPL assets.

This category also contains an equity instrument. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in Equipment, Leasing and Finance Holdings Limited at Fair Value Through Other Comprehensive Income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

### *Impairment of Financial Assets*

. Instruments within the scope of NZ IFRS 9 Financial Instruments include loans and other debt-type financial assets measured at amortised cost and trade receivables.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach a distinction is made between:

- Financial instruments that have not deteriorated in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

It is presumed that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Any impairment in relation to trade receivables is based upon lifetime expected credit losses using the simplified approach.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### *Classification and Measurement of Financial Liabilities*

The Group's financial liabilities include Borrowings and Trade and Other Payables.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs.

Subsequently, unless otherwise indicated, all financial liabilities are measured at amortised cost using the effective interest method.

## 2.4 Property, Plant and Equipment

Land is recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the land.

Buildings, plant and equipment, computer equipment and vehicles are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the construction or acquisition of the items. Buildings, plant and equipment also include leasehold property held under a finance lease (See Note 2.21).

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, and only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated as no finite useful life for land can be determined. Depreciation on other assets is calculated using the straight-line method to allocate assets' costs less their residual values to their estimated lives, as follows:

- |                             |                |
|-----------------------------|----------------|
| • Buildings                 | 2.50 – 3.00%   |
| • Computer Equipment        | 12.50 – 40.00% |
| • Vehicles                  | 20.00%         |
| • Other plant and equipment | 7.00 – 67.00%  |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

## 2.5 Intangible Assets

Acquired computer software and other identifiable intangible assets are capitalised on the basis of the costs incurred to acquire them and bring them to use.

Computer software costs and other intangible assets are considered to have a finite life and are amortised over the best estimate of their useful lives (4 years).

## 2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes any borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2.7 Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequent to initial recognition are measured at amortised cost, less a valuation allowance for impairment. Creating a provision for impairment of trade receivables is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables.

## 2.8 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within liabilities on the consolidated statement of financial position.

## 2.9 Share Capital

Ordinary shares and perpetual preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2.10 Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Interest expense is recognised using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period to which it relates.

## 2.12 Employee Benefits

### *Bonus Obligations*

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the expected level of payment.

### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as other payables.

## 2.13 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.14 Income Tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the other comprehensive component in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax is realised or settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.15 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

To determine whether to recognise revenue the Group follows a 5-step process:

- i. Identifying the contract with a customer
- ii. Identifying the performance obligations
- iii. Determining the transaction price
- iv. Allocating the transaction price to the performance obligations
- v. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is shown net of goods and services tax, and is recognised as follows:

### *Sales of Goods*

Revenue from the sale of goods is recognised in the statement of comprehensive income when Group transfers the control of the goods to the customer. Control transfers to the customer at the point the customer takes undisputed delivery of the goods.

### *Provision of Services*

Revenue from the provision of services is recognised in profit or loss within the consolidated statement of comprehensive income when the service has been performed.

### *Interest Income*

Interest income and expense are recognised in the consolidated statement of comprehensive income for all interest-bearing financial instruments, including loans and advances, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and systematically allocating the interest income or interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

## 2.16 Other Income

### *Dividend Income*

Dividend income is recognised when the right to receive payment is established.

## 2.17 Dividend Distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved, if unpaid at year end, or in the consolidated statement of movements in equity if paid within the period.

## 2.18 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

## 2.19 Goods and Services Tax (GST)

The consolidated statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of trade receivables and trade payables, which include GST invoiced.

## 2.20 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss component of the consolidated statements of comprehensive income, except when deferred in equity as qualifying cash flow hedges, in which case, they are recognised in other comprehensive income.

## 2.21 Leased Assets

### **The Group as a lessee**

For any new contracts entered into the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in borrowings.

## 2.22 Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

## 2.23 Financial Reporting Standards

### **a) New and Amended Standards adopted by the Group:**

Some accounting pronouncements which became effective from 1 July 2021 and have therefore been adopted do not have a significant impact on the Group’s consolidated financial results or position.

### **b) Standards issued but not early adopted by the Group:**

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the International Accounting Standards Board. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group’s financial statements.

### 3 ESTIMATES AND JUDGMENTS

The Group makes assumptions and estimates that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgement has been exercised in:

#### Partial Recognition of a Future Income Tax Benefit

The Group has partially recognised the portion of accumulated tax losses to the extent it is probable that a taxable profit will be available against which to utilise the tax losses. The remaining benefit of tax losses and temporary differences continue to be treated as an unrecognised asset.

#### Measurement of Fair Value for EL&F

The Group's accounting policies and disclosures for the Investment in Equipment, Leasing & Finance Holdings Limited (EL&F) require the measurement of fair values. For further information about the assumptions made in measuring the fair value of EL&F refer to note 15.

There are no other significant accounting estimates and assumptions deemed critical to the Group's financial performance and financial position.

### 4 SEGMENT REPORTING

For the purposes of this note, the chief operating decision-maker has been identified as the Board of Directors of Speirs Group Limited. The Board reviews the Group's internal reporting pack on a monthly basis to assess performance and to allocate resources. Within the pack, operating segments have primarily been determined with reference to differences in products and services. The Board of Directors assesses the performance of the operating segments based on a measure of net profit after tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event.

A summarised description of each business unit is shown below:

<i>Speirs Foods</i>	The supply of salad and fresh cut vegetables to retailers and caterers.
<i>Corporate</i>	The Group has some central operations and corporate costs which are not allocated to business segments. This includes the operations of Speirs Investments LP

The Group operates wholly within New Zealand.

12 months June 2022	Speirs Foods \$'000	Corporate \$'000	Consolidation Adjustments \$'000	Consolidated \$'000
External Revenue				
Dividends Received	-	339	(168)	171
Interest Income	-	9	-	9
Revenue	18,384	-	-	18,384
Other Income	298	233	(231)	300
Intersegment Revenue / (Eliminations)	-	(399)	399	-
Total Segment Revenue	18,682	182	-	18,864
Interest Expense	(77)	(184)	34	(227)
Overall Segment Result	20	188	53	261
Income Tax Benefit/(Expense)				-
Profit for the Year				261
Segment Assets	6,049	7,112	(3,074)	10,087
Segment Liabilities	3,763	2,282	(350)	5,695
Depreciation and Amortisation	639	96	(352)	383
Capital Expenditure	388	1	-	389

Two customers account for 99% of the total Segment Revenue

12 months June 2021	Speirs Foods \$'000	Corporate \$'000	Consolidation Adjustments \$'000	Consolidated \$'000
External Revenue				
Dividends Received	-	229	-	229
Interest Income	-	31	-	31
Revenue	18,179	-	-	18,179
Other Income	155	231	(229)	157
Intersegment Revenue / (Eliminations)	-	(229)	229	-
Total Segment Revenue	18,334	262	-	18,596
Interest Expense	(100)	(228)	45	(283)
Overall Segment Result	(231)	230	280	279
Income Tax Benefit/(Expense)				(133)
Profit for the Year				146
Segment Assets	6,124	7,478	(3,425)	10,177
Segment Liabilities	3,609	2,775	(481)	5,903
Depreciation and Amortisation	657	96	(395)	358
Capital Expenditure	760	-	-	760

Two customers account for 98% of the total Segment Revenue

## 5 FINANCIAL ASSETS AND LIABILITIES

### Accounting Classifications and Fair Values

The table below sets out the Group's classification of each class of consolidated financial assets and liabilities, and their fair values (excluding accrued interest).

Group 30 June 2022	Fair Value Through Profit and Loss \$'000	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total Carrying Value \$'000
Trade and Other Receivables	-	2,319	-	2,319
Loans, Advances and Investments	2,939	850	-	3,789
Cash and Cash Equivalents	-	62	-	62
	2,939	3,231	-	6,170
Trade and Other Payables	-	-	2,077	2,077
Borrowings	-	-	3,392	3,392
	-	-	5,469	5,469
Group 30 June 2021	Fair Value Through Profit and Loss \$'000	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total Carrying Value \$'000
Trade and Other Receivables	-	1,902	-	1,902
Loans, Advances and Investments	2,761	1,285	-	4,046
Cash and Cash Equivalents	-	645	-	645
	2,761	3,832	-	6,593
Trade and Other Payables	-	-	1,948	1,948
Borrowings	-	-	3,683	3,683
	-	-	5,631	5,631

#### Determination of Fair Values

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

All Group financial assets at fair value through profit or loss are Level 3 financial assets.

## 6 EMPLOYEE BENEFITS EXPENSE

	2022 \$'000	2021 \$'000
<b>Employee Benefits Expense</b>		
Wages and Salaries	5,147	5,132
Other Personnel Expenses	169	153
<b>Total Employee Benefits Expense</b>	<b>5,316</b>	<b>5,285</b>

## 7 OTHER INCOME

	2022 \$'000	2021 \$'000
Dividends Received	171	229
Bad Debts Recovered	-	3
Reversal of Impairment of Assets Held for Resale Upon Sale of the Underlying Asset	19	-
Gain on Disposal of Property, Plant and Equipment	-	3
Government Grants	32	-
Other Income	249	324
<b>Total Other Income</b>	<b>471</b>	<b>559</b>

## 8 OTHER EXPENSES

	2022 \$'000	2021 \$'000
<b>Other Expenses</b>		
Fees Paid to Auditors		
Statutory Audit of Financial Statements	72	59
Other Services	-	-
Directors Fees – Parent	73	73
Directors Fees – Subsidiaries	25	25
Impairment of Assets Held for Resale	-	19
Cloud Software Expenses	58	-
Insurance	210	186
Write off of Obsolete Inventory	-	45
Other Expenses	602	669
<b>Total Other Expenses</b>	<b>1,040</b>	<b>1,076</b>

## 9 NET INTEREST INCOME/ (EXPENSE)

	2022 \$'000	2021 \$'000
<b>Interest Income</b>		
Cash and Cash Equivalents	8	11
Loans and Advances	1	20
<b>Total Interest Income</b>	<b>9</b>	<b>31</b>
<b>Interest Expense</b>		
Leases	11	16
Borrowings		
2021 Redeemable Preference Shares Dividends	56	225
2025 Redeemable Preference Shares Dividends	128	1
2025 Redeemable Preference Shares Early Bird Interest	-	2
Debtor Financing	13	23
Term Loan Facility	19	16
<b>Total Interest Expense</b>	<b>(227)</b>	<b>(283)</b>
<b>Net Interest Income/(Expense)</b>	<b>(218)</b>	<b>(252)</b>

## 10 INCOME TAX EXPENSE

	2022 \$'000	2021 \$'000
<b>Tax Expense/(Benefit)</b>		
<b>Current Tax Expense/(Benefit)</b>		
Current Period	-	-
<b>Total Current Tax Expense/(Benefit)</b>	<b>-</b>	<b>-</b>
<b>Deferred Tax Expense/(Benefit)</b>		
Derecognition of Previously Recognised Tax Losses	(11)	161
Recognition of Previously Unrecognised Deductible Temporary Differences	11	(28)
Total Deferred Tax Expense/(Benefit)	-	133
<b>Total Income Tax Expense/(Benefit)</b>	<b>-</b>	<b>133</b>

	2022 \$'000	2021 \$'000
<b>Reconciliation of Effective Tax Rate</b>		
Profit Before Income Tax	261	279
Income Tax at 28%	73	78
Deferred Tax in Respect of Current Year	(11)	(47)
Gain on Fair Value Through Profit and Loss Financial Asset	(50)	(95)
Non-deductible Expenses	71	37
Non-assessable Income	(61)	-
Derecognition/(Recognition) of Previously Recognised Tax Losses	(22)	161
Prior Year Adjustment	-	(1)
	-	133

	2022 \$'000	2021 \$'000
<b>Imputation Credits</b>		
Imputation Credits at Beginning of Year	2,921	2,944
Imputation Credits Attached to Dividends Received	66	89
Imputation Credits Attached to Redeemable Preference Share and Perpetual Preference Share Dividends Paid	(95)	(112)
<b>Imputation Credits at End of Year</b>	<b>2,892</b>	<b>2,921</b>

The imputation credits are available to shareholders of Speirs Group Limited through their shareholdings in Speirs Group Limited.

## 11 EARNINGS PER SHARE

### *Basic and Diluted Profit per Share*

	2022 \$'000	2021 \$'000
<b>Profit Attributable to Shareholders</b>		
Profit for the Year	190	135
Dividends Paid on Perpetual Preference Shares	(61)	(61)
<b>Profit for the Year Attributable to Shareholders</b>	<b>129</b>	<b>74</b>

	<i>Note</i>	2022 '000	2021 '000
<b>Weighted Average Number of Ordinary Shares – Basic and Diluted</b>			
Issued Ordinary Shares at Beginning of the Year	20	11,335	11,335
Issued Ordinary Shares at End of the Year	20	1,134	11,335
<b>Weighted Average Number of Ordinary Shares at Period End – Basic and Diluted</b>		<b>5,242</b>	<b>11,335</b>

On 24 November 2021 Speirs Group Limited undertook a 1 for 10 ordinary share consolidation

	2022 <i>Cents per Share</i>	2021 <i>Cents per Share</i>
<b>Total Profit per Share Attributed to Equity Holders of the Company Based Upon Ordinary Shares on Issue at Year End:</b>		
Basic Profit per Share	11.38	0.65
Diluted Profit per Share	11.38	0.65

	2022 <i>Cents per Share</i>	2021 <i>Cents per Share</i>
<b>Total Profit per Share Attributed to Equity Holders of the Company Adjusted Comparatives to Reflect the 1 for 10 Share Consolidation on 24 November 2021:</b>		
Basic Profit per Share	11.38	6.50
Diluted Profit per Share	11.38	6.50

	2022 <i>Cents per Share</i>	2021 <i>Cents per Share</i>
<b>Total Profit per Share Attributed to Equity Holders of the Company Based on the Weighted Average Number of Ordinary Shares on Issue During the Year:</b>		
Basic Profit per Share	2.46	0.65
Diluted Profit per Share	2.46	0.65

## 12 CASH AND CASH EQUIVALENTS

	<b>30 June 2022 \$'000</b>	<i>30 June 2021 \$'000</i>
<b>Cash and Cash Equivalents</b>		
Cash at Bank	58	306
Short Term Deposits – Call Accounts	4	339
<b>Total Cash &amp; Cash Equivalents</b>	<b>62</b>	<i>645</i>

All cash and cash equivalents are held in registered banks in New Zealand.

At 30 June 2022 and 30 June 2021 no Group entities had overdraft facilities.

## 13 TRADE AND OTHER RECEIVABLES

	<b>30 June 2022</b>			<i>30 June 2021</i>		
	<i>Gross Amount \$'000</i>	<i>Allowance for Expected Credit Losses \$'000</i>	<i>Carrying Amount \$'000</i>	<i>Gross Amount \$'000</i>	<i>Allowance for Expected Credit Losses \$'000</i>	<i>Carrying Amount \$'000</i>
<b>Trade and Other Receivables</b>						
Trade Receivables	2,319	-	2,319	1,902	-	1,902
<b>Total Trade and Other Receivables</b>	<b>2,319</b>	<b>-</b>	<b>2,319</b>	<i>1,902</i>	<i>-</i>	<i>1,902</i>

## 14 INVENTORIES

	<b>30 June 2022 \$'000</b>	<i>30 June 2021 \$'000</i>
<b>Inventories</b>		
Raw Materials and Consumables	753	525
Goods In Transit	35	-
Finished Goods	99	94
<b>Total</b>	<b>887</b>	<i>619</i>

No inventory is subject to retention of title clauses.

## 15 LOANS, ADVANCES AND INVESTMENTS

	<b>30 June 2022 \$'000</b>	<i>30 June 2021 \$'000</i>
Short Term Deposits – BNZ	850	1,215
Debt Owning – Rosa Foods Limited	-	70
Investment in Equipment, Leasing & Finance Holdings Limited Ordinary Shares	2,939	2,405
Investment in Equipment, Leasing & Finance Holdings Limited Preference Shares	-	356
	<b>3,789</b>	<i>4,046</i>
Impairment Allowance	-	-
	<b>3,789</b>	<i>4,046</i>
Current	850	1,285
Non-Current	2,939	2,761
	<b>3,789</b>	<i>4,046</i>

#### **Debt Owning – Rosa Foods Limited**

The \$70,000 balance due at 30 June 2021 was fully repaid by 31 August 2021 in accordance with the agreed repayment schedule. The debt was secured by a first ranking charge over all of the ordinary shares on issue in Rosa Foods Limited as well as personal guarantees from the ultimate owners of Rosa Foods Limited.

#### **Investment in Equipment, Leasing & Finance Holdings Limited Ordinary Shares**

Speirs Investments LP, a wholly owned subsidiary of Speirs Group Limited, holds 1,781,230 (30 June 2021: 1,551,872) ordinary shares in Equipment, Leasing & Finance Holdings Limited (“EL&F”). The directors’ assessment of the value for this investment is determined based on information in relation to: normalised historic earnings performance, normalised forecast future earnings and an assessment of appropriate earnings multiples for similar unlisted equity securities based on market information for similar types of companies. The directors consider this valuation approach best represents the fair value of Speirs’ shareholding in EL&F. The total number of shares on issue in EL&F are 78,344,666 (30 June 2021: 78,264,666). At 30 June 2022 the ordinary shares are valued at \$1.65 per share (30 June 2021: \$1.55 per share). The increase in the value of the EL&F ordinary shares in the current period principally arises from the recovery of the business after the Covid 19 pandemic lockdowns and the improving forecast future performance of EL&F.

#### **Investment in Equipment, Leasing & Finance Holdings Limited Preference Shares**

Speirs Investments LP, a wholly owned subsidiary of Speirs Group Limited, holds, Nil preference shares in Equipment, Leasing & Finance Holdings Limited (“EL&F”) (30 June 2021: 229,358). In accordance with certain agreements dated 30 September 2016 these preference shares converted to ordinary shares in EL&F on a one for one basis on 1 October 2021. The directors assessed that the fair value of the preference shares at 30 June 2021 should be the same value as the existing EL&F ordinary shares at 30 June 2021 - 30 June 2021 \$1.55 per share. In making this assessment the directors placed reliance on the facts that: (i) The dividend paid by EL&F in the 2021 financial year was made on both EL&F ordinary and preference shares; and (ii) on 1 October 2021 the EL&F preference shares held by Speirs Investments LP were converted into ordinary EL&F shares on a 1 for 1 basis in accordance with their terms of issue.

The total number of shares on issue in EL&F are 78,344,666 (30 June 2021: 78,264,666).

#### **EL&F Valuation – Sensitivity Analysis**

EL&F ordinary and preference shares are carried at fair value of \$1.65 per share. In the event the share valuation was to either increase, or decrease by 10%, the total impact on the carrying value of the investment would be an increase or decrease of \$294,000 (30 June 2021: \$276,000).

#### **Reconciliation**

	<b>Ordinary Shares</b>	<b>Preference Shares</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment in Equipment, Leasing &amp; Finance Holdings Limited at 30 June 2020</b>	2,111	312	2,423
Fair Value Losses on Through Profit or Loss Financial Asset – Year Ended 30 June 2021	294	44	338
<b>Investment in Equipment, Leasing &amp; Finance Holdings Limited at 30 June 2021</b>	2,405	356	2,761
Conversion of Equipment Leasing and Finance Holdings Limited Preference Shares into Equipment Leasing and Finance Holdings Ordinary Shares as Per Their Terms of Issue on 1 October 2021	356	(356)	-
Fair Value Gains on Through Profit or Loss Financial Asset – Year Ended 30 June 2022	178	-	178
<b>Investment in Equipment, Leasing &amp; Finance Holdings Limited at 30 June 2022</b>	<b>2,939</b>	<b>-</b>	<b>2,939</b>

## 16 DEFERRED TAX ASSET

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the asset can be utilised.

### Recognised Deferred Tax Assets

As at 30 June 2022 the Group has recognised a deferred tax asset of \$276,362 (30 June 2021: \$276,362) which is principally comprised of previously unrecognised tax losses.

	Deferred Tax Asset 30 June 2020 \$'000	Recognised in Profit or Loss 2021 \$'000	Deferred Tax Asset 30 June 2021 \$'000	Recognised in Profit or Loss 2022 \$'000	Deferred Tax Asset 30 June 2022 \$'000
Property, Plant and Equipment	7	20	27	18	45
Intangibles	(1)	1	-	1	1
Employee Entitlements	63	7	70	(4)	66
Provisions	17	-	17	(5)	12
Tax Losses	323	(161)	162	(10)	152
<b>Total Deferred Tax</b>	<b>409</b>	<b>(133)</b>	<b>276</b>	<b>-</b>	<b>276</b>

### Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised for the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	Group	
	30 June 2022 \$'000	30 June 2021 \$'000
<b>Temporary Differences Relating To:</b>		
- Property Plant and Equipment	-	-
- Intangible Assets	-	-
- Employee Entitlements	-	-
- Provisions and Other	-	-
<b>Tax Losses</b>	<b>7,042</b>	<b>7,010</b>
<b>Total</b>	<b>7,042</b>	<b>7,010</b>

## 17 PROPERTY, PLANT AND EQUIPMENT

	Land \$'000	Buildings \$'000	Computer Equipment \$'000	Vehicles \$'000	Other Plant & Equipment \$'000	Capital Work in Progress \$'000	Total \$'000
<b>Cost</b>							
Balance at 30 June 2020	60	2,565	650	111	2,898	72	6,356
Additions	-	62	24	26	693	-	805
Disposals	-	-	(25)	(13)	(77)	-	(115)
Transfer into WIP	-	-	-	-	-	760	760
Transfer from WIP	-	-	-	-	-	(779)	(779)
Balance at 30 June 2021	60	2,627	649	124	3,514	53	7,027
<b>Additions</b>	<b>1</b>	<b>12</b>	<b>117</b>	<b>26</b>	<b>336</b>	-	<b>492</b>
<b>Disposals</b>	-	-	<b>(49)</b>	<b>(50)</b>	<b>(230)</b>	-	<b>(329)</b>
<b>Transfer into WIP</b>	-	-	-	-	-	<b>387</b>	<b>387</b>
<b>Transfer from WIP</b>	-	-	-	-	-	<b>(399)</b>	<b>(399)</b>
<b>Balance at 30 June 2022</b>	<b>61</b>	<b>2,639</b>	<b>717</b>	<b>100</b>	<b>3,620</b>	<b>41</b>	<b>7,178</b>
<b>Depreciation</b>							
Balance at 30 June 2020	-	1,524	566	56	2,061	-	4,207
Depreciation for the Year	-	80	45	36	171	-	332
Disposals	-	-	(25)	(13)	(28)	-	(66)
Balance at 30 June 2021	-	1,604	586	79	2,204	-	4,473
<b>Depreciation for the Year</b>	-	<b>78</b>	<b>61</b>	<b>15</b>	<b>216</b>	-	<b>370</b>
<b>Disposals</b>	-	-	<b>(33)</b>	<b>(50)</b>	<b>(230)</b>	-	<b>(313)</b>
<b>Balance at 30 June 2022</b>	-	<b>1,682</b>	<b>614</b>	<b>44</b>	<b>2,190</b>	-	<b>4,530</b>
<b>Carrying Amounts</b>							
At 30 June 2021	60	1,023	63	45	1,310	53	2,554
<b>At 30 June 2022</b>	<b>61</b>	<b>957</b>	<b>103</b>	<b>56</b>	<b>1,430</b>	<b>41</b>	<b>2,648</b>

All assets are used for food processing purposes.

On 5 May 2022 the directors received an independent commercial valuation report on the land and buildings which assessed their "as occupied" market value at that date as being \$1.73 million.

Included in the net carrying amount of property, plant and equipment are right of use assets as follows:

	<b>Carrying Amounts 30 June 2022 \$'000</b>	<b>Carrying Amounts 30 June 2021 \$'000</b>
Computer Equipment	58	22
Vehicles	40	47
Other Plant & Equipment	41	68
<b>Total</b>	<b>139</b>	<b>137</b>

## 18 TRADE AND OTHER PAYABLES

	<b>30 June 2022 \$'000</b>	<i>30 June 2021 \$'000</i>
<b>Trade and Other Payables</b>		
Trade Payables	<b>1,393</b>	1,282
Other Payables and Accrued Expenses	<b>766</b>	791
<b>Total</b>	<b>2,159</b>	2,073

## 19 BORROWINGS

	<b>30 June 2022 \$'000</b>	<i>30 June 2021 \$'000</i>
Debtor Financing Facility	<b>427</b>	71
Term Loan Facility	<b>765</b>	900
2025 Redeemable Preference Shares	<b>2,200</b>	212
2021 Redeemable Preference Shares	<b>-</b>	2,500
	<b>3,392</b>	3,683
Current	<b>566</b>	719
Non-Current	<b>2,826</b>	2,964
	<b>3,392</b>	3,683

The year-end effective interest rates with respect to borrowings are set out in the table below:

	<b>30 June 2022 %</b>	<i>30 June 2021 %</i>
Debtor Financing Facility	<b>7.48%</b>	4.88%
Term Loan Facility	<b>2.30%</b>	2.30%
2025 Redeemable Preference Shares	<b>7.50%</b>	7.50%
2021 Redeemable Preference Shares	<b>N/A</b>	9.00%

### Debtor Financing

The Group has a debtor financing arrangement with a Registered Bank.

The key terms of this facility are:

- Is secured by a first ranking charge over the assets and undertakings of Speirs Foods (2018) LP and a guarantee from Speirs Foods General Partner Limited; and
- Until 2 May 2022 (when the covenant was removed by the Registered Bank) had a covenant requiring that EBITDA (earnings before interest, tax expense, depreciation and amortisation of intangibles) is to be maintained at a minimum of 3.00 times of gross interest expense. This will be tested as at the last day of each financial year on a rolling 12-month basis. At 30 June 2021 this covenant was respected.

### 2025 Redeemable Preference Shares

At 30 June 2022 there are 2,200,000 (30 June 2021: 212,315) fully paid 2025 Redeemable Preference Shares on issue at \$1 each. The 2025 Redeemable Preference Shares have a scheduled redemption date of 30 September 2025, although Speirs Group Limited has the right to redeem at any time before the scheduled redemption date. The 2025 Redeemable Preference Shares rank behind all other liabilities of Speirs Group Limited, equally with the 2021 Redeemable Preference Shares (until their maturity on 30 September 2021), but ahead of ordinary and perpetual preference shareholders. The fixed dividend rate on the 2025 Redeemable Preference Shares is 7.50% per annum.

On 30 September 2021 Speirs Group Limited issued an additional 1,987,685 2025 Redeemable Preference Shares.

### 2021 Redeemable Preference Shares

At 30 June 2022 there are Nil (30 June 2021: 2,500,000) fully paid 2021 Redeemable Preference Shares on issue at \$1 each. The 2021 Redeemable Preference Shares had a scheduled redemption date of 30 September 2021, although Speirs Group Limited had the right to redeem at any time before the scheduled redemption date. The 2021 Redeemable Preference Shares ranked behind all other

liabilities of Speirs Group Limited, equally with the 2025 Redeemable Preference Shares, but ahead of ordinary and perpetual preference shareholders. The fixed dividend rate on the 2021 Redeemable Preference Shares was 9.00% per annum.

On 30 September 2021:

- \$512,315 was repaid to holders of the maturing 2021 Redeemable Preference Shares; and
- 1,987,685 of the maturing 2021 Redeemable Preference Shares were converted into 1,987,685 2025 Redeemable Preference Shares. The holders of the converting shares had entered into an irrevocable undertaking with Speirs Group Limited in relation to this conversion prior to 30 June 2021.

## Term Loan Facility

On 22 September 2020 Speirs Foods (2018) LP resolved to enter into a term loan facility with a bank registered in New Zealand ("The Bank"). The key terms of the facility are:

Amount	\$1 million
Main Purpose of the Facility	To fund capital expenditure
Term	5 years
Interest Rate	2.30% (fixed for 5 years until September 2025)
Repayment Terms	60 monthly payments of \$12,900.18 The repayment amounts are based on a repayment period of 7 years. If this repayment period extends past the 5-year maturity date, Speirs Foods (2018) LP must repay the loan on the maturity date in full unless The Bank agrees to extend it. Based on the scheduled repayments a principal balance of \$302,308 will require refinancing or repayment at the end of the 5-year period.
Security	A first ranking charge over the assets of Speirs Foods (2018) LP and a guarantee from Speirs Foods General Partner Limited
Covenants	<p>Until 2 May 2022 (when the covenants were removed by the Registered Bank) this facility had two covenants:</p> <ul style="list-style-type: none"> <li>• EBITDA (earnings before interest, tax expense, depreciation and amortisation of intangibles) for Speirs Foods (2018) LP is to be maintained at a minimum of 3 times gross interest expense. This will be tested as at the last day of each financial quarter on a rolling 12-month basis; and</li> <li>• Equity (total assets less loans to related parties less total liabilities plus loans from Limited Partners) for Speirs Foods (2018) LP is to be maintained at a minimum of \$1,500,000 at all times. This will be tested as at the last day of each financial quarter.</li> </ul> <p>At 30 June 2021 both covenants were respected.</p>

## 20 CAPITAL

Group	30 June 2022 \$'000	30 June 2021 \$'000
Balance at 1 July	12,925	12,925
<b>Balance at Year End</b>	<b>12,925</b>	<b>12,925</b>
Capital is comprised of:	30 June 2022 \$'000	30 June 2021 \$'000
Ordinary Shares	12,217	12,217
Perpetual Preference Shares	708	708
<b>Total Capital</b>	<b>12,925</b>	<b>12,925</b>

Group	Ordinary Shares	
	30 June 2022 '000	30 June 2021 '000
Number of Shares on issue at 1 July	11,335	11,335
<b>Number of Shares on issue at Period End</b>	<b>1,134</b>	11,335

The total authorised number of ordinary shares is 1,133,596 (30 June 2021: 11,334,576). All issued shares were fully paid and entitled to one vote. There are no preferences or restrictions attached to this class of share. Ordinary shares have no par value. On 24 November 2021 Speirs Group Limited undertook a 1 for 10 ordinary share consolidation.

## Perpetual Preference Shares

Group	Perpetual Preference Shares	
	30 June 2022 '000	30 June 2021 '000
Number of Shares authorised and on issue at 1 July	679	679
<b>Number of Shares authorised and on issue at Period End</b>	<b>679</b>	679

During the year ended 30 June 2012, in accordance with shareholder resolutions passed at a special shareholder meeting, 679,000 perpetual preference shares ("PPS") were issued at \$1 each.

The table below sets out some of the key terms of the PPS.

<b>Issue price</b>	\$1.00 each.
<b>Dividends payable by Speirs Group Limited</b>	<p>Dividends are discretionary and only payable if authorised by the Board. If authorised, dividends are payable at the higher of:</p> <ul style="list-style-type: none"> <li>(a) 9% per annum; and</li> <li>(b) the average bid and offered swap rate for a one-year swap as quoted on the Reuters Screen Page "FISSWAP" plus 5% at 30 June each year.</li> </ul> <p>No dividends may be authorised by the Board in respect of ordinary shares in Speirs Group Limited unless dividends are authorised in respect of the PPS and all dividends on the PPS, including authorised but unpaid dividends, have been paid. Where a dividend is not authorised in a given period in accordance with the principles set out above, rights to those dividends do not accrue.</p>
<b>Ranking in respect of dividends</b>	Behind the dividends payable on the RPS, equally with all other dividends payable on the PPS, and ahead of dividends payable on ordinary shares in Speirs Group Limited and any other shares in Speirs Group Limited that are expressed to rank behind the PPS.
<b>When redeemable</b>	May, at the sole option of Speirs Group Limited, be redeemed by Speirs Group Limited at any time after 10 years from the issue date (i.e. from 25 May 2022).
<b>Redemption amount payable by Speirs Group Limited</b>	\$1.00 plus any authorised but unpaid dividends.
<b>When convertible</b>	Convertible at the election of the holder between 5 and 10 years from the date of issue (i.e. between 24 May 2017 and 24 May 2022). On 24 May 2022 this conversion option lapsed and the PPS holders can no longer convert their PPS into ordinary shares.
<b>Rate of conversion</b>	Prior to the ordinary share consolidation on 24 November 2021, 1 PPS converted into 8 ordinary shares in the Company. After the ordinary share consolidation on 24 November 2021 and until the conversion option lapsed on 24 May 2022, 10 PPS could have converted into 8 ordinary shares in the Company. At 30 June 2022 the PPS have no right to convert into ordinary shares.
<b>Ranking in liquidation</b>	Behind the creditors of Speirs Group Limited, behind the RPS holders, but ahead of ordinary shareholders and any other holders of shares that are expressed to rank behind the RPS.

## Dividends

The following dividends were declared and paid by Speirs Group Limited:

	<b>30 June 2022 '000</b>	<b>30 June 2021 '000</b>
0.0c per Qualifying Ordinary Share (30 June 2021: 0.0)	-	-
9.0c per Qualifying Perpetual Preference Share (30 June 2021: 9.00c)	61	61

## 21 RECONCILIATION OF PROFIT AFTER TAX FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

	<b>30 June 2022 \$'000</b>	<b>30 June 2021 \$'000</b>
<b>Reconciliation of Profit After Tax for the Year to Net Cash from Operating Activities</b>		
Profit for the Year	190	135
<b>Adjustments for Non-Cash Items:</b>		
Depreciation of Property, Plant and Equipment	353	331
Amortisation of Intangible Assets	30	27
Bad Debts Written-off/(Recovered)	-	(3)
Lease Payments on Right of Use Assets	(65)	(86)
Impairment/ (Reversal of Impairment) of Assets Held for Resale	(19)	19
Profit Share Attributable to Non-Controlling Interest	71	11
Impairment/(Gain) of Fair Value Through Profit or Loss Financial Asset	(178)	(338)
Derecognition of Previously Recognised Tax Losses	-	133
Loss/(Gain) on Disposal of Property, Plant and Equipment	-	(3)
	<b>382</b>	<b>226</b>
<b>Movement in Other Working Capital Items:</b>		
Change in Inventories	(268)	(23)
Change in Trade and Other Receivables and Prepayments	(420)	(466)
Change in Trade and Other Payables	86	489
<b>Net Cash From Operating Activities</b>	<b>(220)</b>	<b>226</b>

## 22 RELATED PARTIES

### Transactions with Key Management Personnel

Key management personnel are considered to be the Directors of the Group and executives with the greatest authority for the strategic direction and management of the Group.

Key management personnel compensation comprised:

	<b>30 June 2022 \$'000</b>	30 June 2021 \$'000
Directors' Fees	98	98
Consulting Fees Paid to Key Management Personnel	327	321
	<b>425</b>	419

At 30 June 2022 the amount of unpaid consulting fees payable to key management personnel was \$23,000 (30 June 2021: \$23,000).

Dividends paid on **Perpetual Preference Shares** to related parties and Perpetual Preference Shares held at year end were:

	<b>PPS Dividends Paid Year Ended 30 June 2022 \$'000</b>	<b>PPS Dividends Paid Year Ended 30 June 2021 \$'000</b>	<b>PPS Shares Held 30 June 2022 \$'000</b>	<b>PPS Shares Held 30 June 2021 \$'000</b>
Nelson Speirs - Director	35	35	389	389
David Speirs - Director	26	26	290	290
	<b>61</b>	61	<b>679</b>	679

Dividends paid on **2021 Redeemable Preference Shares** to related parties and 2021 Redeemable Preference Shares held at year end were:

	<b>RPS Dividends Paid Year Ended 30 June 2022 \$'000</b>	<b>RPS Dividends Paid Year Ended 30 June 2021 \$'000</b>	<b>RPS Shares Held 30 June 2022 \$'000</b>	<b>RPS Shares Held 30 June 2021 \$'000</b>
Derek Walker - Director	1	3	-	30
Lee Simpson – Company Secretary	3	11	-	126
	<b>4</b>	14	-	156

Dividends paid on **2025 Redeemable Preference Shares** to related parties and 2025 Redeemable Preference Shares held at year end were:

	<b>RPS Dividends Paid Year Ended 30 June 2022 \$'000</b>	<b>RPS Dividends Paid Year Ended 30 June 2021 \$'000</b>	<b>RPS Shares Held 30 June 2022 \$'000</b>	<b>RPS Shares Held 30 June 2021 \$'000</b>
Derek Walker - Director	2	-	29	-
Lee Simpson – Company Secretary	8	-	138	12
	<b>10</b>	-	<b>167</b>	12

### Other Transactions with Key Management Personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or for which might reasonably be expected to be available, on similar transactions to non-key management personnel.



## 24 EVENTS AFTER THE REPORTING PERIOD

On 7 October 2022 the Speirs Group Limited directors declared that a cash dividend of 5 cents per ordinary share (plus imputations) will be paid to all ordinary shareholders on 31 October 2022. The record date for the dividend will be Friday 14 October 2022.

No other adjusting or significant non-adjusting events have occurred between the 30 June 2022 reporting date and the date of authorisation.

## 25 FINANCIAL RISK MANAGEMENT

### Introduction and Overview

The Group had exposure to the following risks arising from its use of financial instruments:

- Credit risks
- Liquidity risks
- Market risks

The Group manages raw material price risks through negotiated supply contracts. However, these contracts are for the purpose of receipt in accordance with the Group's expected usage requirements only and, accordingly, are not accounted for as financial instruments.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of its Capital.

### *Risk Management Framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Risk management is carried out and monitored by the senior management team under policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management.

### **Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

### *Management of Credit Risk*

The Board of Directors are responsible for the approval of credit risk policy. Senior management is responsible for the management and oversight of the credit risk policy established by the Board of Directors.

All reporting entities within the Group are required to implement Group credit policies and procedures, with credit approval delegated from senior Management. Each business unit has a Senior Executive who reports on all credit related matters to the Board of Directors. Each business unit is responsible for the quality and performance of its credit portfolio and for the monitoring and controlling of all credit risks in its portfolios.

Assets subject to credit risk are monitored by Directors and management on a monthly basis as part of the monthly reporting cycle.

- The ageing of accounts receivable is monitored to ensure that receivables are being collected in a timely manner. Should any issues be identified management will be asked to actively engage with the customer to either collect the debt or impair the receivable should this become necessary. The Board of Directors must approve any significant bad debt write-offs. On a six-monthly basis management and the Board of Directors review actual bad debts written off and reviews the current ageing profile of the accounts receivable to determine future estimated credit losses.
- The credit rating of the Registered Bank where cash and short-term deposits are held is regularly reviewed.

### Exposure to Credit Risk

The maximum credit risk is the amount represented on the consolidated statement of financial position. Financial Assets which subject the Group to credit risks consist of:

	Group	
	30 June 2022 \$'000	30 June 2021 \$'000
Cash and Cash Equivalents	62	645
Trade and Other Receivables	2,319	1,902
Loans, Advances and Investments	850	1,285

The following categories are not impaired, contain no past due balances, nor contain any impairment allowances: cash and cash equivalents and BNZ Short Term Deposits. A summary of impaired assets, past due assets, and allowances for impairment with respect to loans and advances and trade and other receivables is set out below:

Group	Loans and Advances		Trade and Other Receivables	
	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
Carrying Amount – Trade and Other Receivables	-	-	2,319	1,902
Carrying Amount – Rosa Foods Limited	-	70	-	-
Total Carrying Amounts	-	70	2,319	1,902
Past Due by 90 days but not Impaired	-	70	3	5
Neither Past Due nor Impaired	-	-	2,316	1,897
Impairment Allowance	-	-	-	-
Total Carrying Amount	-	70	2,319	1,902

Trade and other receivables totalling \$3,260 (2021: \$5,450) are greater than 90 days overdue. The Group has assessed the expected credit losses that should be recognised on the loans and advances as required by NZ IFRS 9 Financial Instruments. The loans and advances did not deteriorate in credit quality and the amount of the probability-weighted expected credit losses is immaterial and therefore not disclosed separately.

### Concentrations of Credit Risk

Concentration of credit risks arises where monetary assets are invested with a particular individual customer or in a particular industrial or geographic sector.

The Group has a concentration of credit risk in relation to trade receivables as 99% (2021: 98%) of total sales are made to two customers.

The Group manages concentration of credit risk by placing restrictions on the maximum amounts which may be deposited with a Registered Bank and ensuring that payments received from trade customers are made within prearranged payment parameters.

The Parent Company (Speirs Group Limited) has an approved Registered Bank maximum credit exposure limits of \$1,500,000 (30 June 2021: \$1,500,000) at any of BNZ, Westpac, ANZ, ASB, Rabobank and Kiwibank. At 30 June 2021 and 2020 the Group only had surplus funds deposited with the BNZ.

- At 30 June 2022 the amount held with BNZ by the Parent Company (Speirs Group Limited) was \$865,286 (30 June 2021: \$1,245,411).
- At 30 June 2022 the amount held with BNZ by the Group was \$910,887 (30 June 2021: \$1,860,000).

### Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

#### Management of Liquidity Risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group mitigates its liquidity risk through the holding of liquid cash reserves and by having supporting credit lines.

The Group has a debtor financing facility. See Note 21. At 30 June 2022 the undrawn facility on the debtor financing facility was \$1,075,569 (30 June 2021: \$1,308,783). The maximum credit limit of the debtor financing facility at 30 June 2022 was \$1,500,000 (30 June 2021: \$2,000,000).

The Group also has potential access to additional funds from:

- mortgaging land and buildings owned by the Group. The land and buildings owned by Speirs Group Limited and leased to Speirs Foods (2018) LP are unencumbered and mortgage finance could be sought. In May 2022 an independent valuation placed a market value on the land and buildings of \$1,730,000 on an “as occupied” basis.
- The partial or full sale of EL&F shares currently held by the Group and valued at \$2,939,000 at 30 June 2022 (See Note 15 above).

*Exposure to Liquidity Risk*

The following tables set out the contractual cash flows for all financial assets and liabilities and derivatives that are settled on a gross cash flow basis:

30 June 2022	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Non-Derivative Assets</i>								
Cash and Cash Equivalents	62	62	62	-	-	-	-	-
Loans, Advances and Investments	850	857	-	164	562	131	-	-
Trade and Other Receivables	2,319	2,319	-	2,319	-	-	-	-
<b>Total</b>	<b>3,231</b>	<b>3,238</b>	<b>62</b>	<b>2,483</b>	<b>562</b>	<b>131</b>	-	-

30 June 2022	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Non-Derivative Liabilities</i>								
Trade and Other Payables	2,159	2,159	-	2,159	-	-	-	-
Borrowings	3,392	4,000	-	88	88	602	320	2,902
<b>Total</b>	<b>5,551</b>	<b>6,159</b>	-	<b>2,247</b>	<b>88</b>	<b>602</b>	<b>320</b>	<b>2,902</b>

30 June 2021	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Non-Derivative Assets</i>								
Cash and Cash Equivalents	645	645	645	-	-	-	-	-
Loans, Advances and Investments	1,285	1,289	-	848	61	380	-	-
Trade and Other Receivables	1,902	1,902	-	1,902	-	-	-	-
<b>Total</b>	<b>3,832</b>	<b>3,836</b>	<b>645</b>	<b>2,750</b>	<b>61</b>	<b>380</b>	-	-

30 June 2021	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Non-Derivative Liabilities</i>								
Trade and Other Payables	2,073	2,073	-	2,073	-	-	-	-
Borrowings	3,683	4,470	-	613	82	233	320	3,222
<b>Total</b>	<b>5,756</b>	<b>6,543</b>	-	<b>2,686</b>	<b>82</b>	<b>233</b>	<b>320</b>	<b>3,222</b>

The Group had no contractual cash flows with respect to financial liabilities going out beyond 5 years at both reporting dates.

The above tables show the undiscounted cash flows of the Group’s financial liabilities on the basis of their earliest possible contractual maturity.

### Market Risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

#### Management of Market Risk

Equity price risk and credit spread risk (not relating to the obligor / issuer's credit standing) are not monitored by management in relation to all investments other than the Group's investment in Equipment Leasing and Finance Holdings Limited as they are not currently significant in relation to the overall results and the consolidated financial position of the Group. With regard to equity price risk for Equipment Leasing and Finance Holdings Limited, this is monitored via the review of regular management reporting information received from Equipment Leasing and Finance Holdings Limited.

#### Equity Price Risk Sensitivity

At 30 June 2022 and 2021 the Group is exposed to changes in the value of its investment in Equipment Leasing and Finance Holdings Limited.

The following table illustrates the sensitivity of profit and equity to a reasonable possible change in the share price of Equipment Leasing and Finance Holdings Limited of +/- 20 cents per share (2021: +/- 20 cents per share) (The carrying value at both 30 June 2022 was \$1.65 per share and 30 June 2021 was \$1.55 per share). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the share price for each period, and the shares held at each reporting date that are sensitive to changes in the share price. All other variables are held constant.

	Profit for the Year		Equity	
	+20 cents	-20 cents	+20 cents	-20 cents
30 June 2022 (\$'000)	356	(356)	356	(356)
30 June 2021 (\$'000)	356	(356)	356	(356)

#### Interest Rate Sensitivity

At 30 June 2022 and 2021 the Group is exposed to changes in market interest rates through debtor financing at variable interest rates. Other borrowings are at fixed interest rates. The Group's investments in Bank Deposits all pay fixed interest rates. The exposure to interest rates for the Group's short-term deposits is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonable possible change in interest rates of +/- 1% (2021: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the Year		Equity	
	+1%	-1%	+1%	-1%
30 June 2022 (\$'000)	(5)	5	(5)	5
30 June 2021 (\$'000)	4	(4)	4	(4)

#### Exposure to Interest Rate Risk

Interest rate margin risk arises as a result of mismatches between the repricing dates of advances and debt securities.

The interest rate gap position is calculated based on the earlier of the underlying instruments' maturity date or repricing date. A summary of the interest rate gap positions is as follows:

30 June 2022	Carrying Amount	Non-Interest Bearing	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	62	58	4	-	-	-	-
Loans, Advances and Investments	850	-	160	560	130	-	-
	912	58	164	560	130	-	-
Borrowings	3,392	-	-	-	427	-	2,965
	3,392	-	-	-	427	-	2,965
	(2,480)	58	164	560	(297)	-	(2,965)

30 June 2021	Carrying Amount \$'000	Non-Interest Bearing \$'000	Less than 3 Months \$'000	3-6 Months \$'000	6-12 Months \$'000	1-2 Years \$'000	2-5 Years \$'000
Cash and Cash Equivalents	645	306	339	-	-	-	-
Loans, Advances and Investments	1,285	-	845	60	380	-	-
	1,930	306	1,184	60	380	-	-
Borrowings	3,683	-	546	34	139	139	2,825
	3,683	-	546	34	139	139	2,825
	(1,753)	306	638	26	241	(139)	(2,825)

### Capital Management

The Group's capital includes share capital, accumulated deficits and a non-controlling interest.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. To achieve this the Directors and management monitor such matters as profitability and capital held on a monthly basis.

The Group's equity at the reporting dates comprises:

	30 June 2022 \$'000	30 June 2021 \$'000
Capital	12,925	12,925
Accumulated Deficits	(9,073)	(9,202)
<b>Equity Available to Ordinary Shareholders</b>	<b>3,852</b>	<b>3,723</b>
Non-Controlling Interest	540	551
<b>Total Equity Balance at Period End</b>	<b>4,392</b>	<b>4,274</b>

There have been no material changes in the Group's management of capital during the period. There are no externally imposed capital requirements.

## 26 INVESTMENT IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy 2.2.

All subsidiaries are incorporated in New Zealand.

Name of Entity	Principal Activity	Equity Holding	
		30 June 2022	30 June 2021
Speirs Securitisation Management Limited	General Partner for Speirs Investments LP	100%	100%
Speirs Investments LP	Limited Partnership holding a 2.27% investment in EL&F Holdings Limited	100%	100%
Speirs Foods (2018) LP	Food processing entity	67%	67%
Speirs Foods General Partner Limited	General Partner for Speirs Foods (2018) LP	67%	67%

### Subsidiary with Material Non-Controlling Interests

The Group includes one subsidiary, Speirs Foods (2018) LP with material non-controlling interests (NCI). The table below and the associated table showing the comparative prior year information is derived after any intragroup eliminations have been accounted for

#### 30 June 2022

Name	Proportion of Ownership Interests and Voting Rights held by the NCI	Total Comprehensive Income Allocated to the NCI	Accumulated NCI
	%	\$'000	\$'000
Speirs Foods (2018) LP	33	71	540

30 June 2021

Name	Proportion of Ownership Interests and Voting Rights held by the NCI	Total Comprehensive Income Allocated to the NCI	Accumulated NCI
	%	\$'000	\$'000
Speirs Foods (2018) LP	33	11	551

Distributions were declared to the NCI during the year ended 30 June 2022 of \$82,500 (30 June 2021: \$Nil).

Summarised financial information for Speirs Foods (2018) LP, before intragroup eliminations, is set out below:

	<b>30 June 2022 \$'000</b>	<i>30 June 2021 \$'000</i>
Non-Current Assets	2,760	2,925
Current Assets	3,288	3,199
<b>Total Assets</b>	<b>6,048</b>	6,124
Non-Current Liabilities	911	1,189
Current Liabilities	2,852	2,420
<b>Total Liabilities</b>	<b>3,763</b>	3,609
Equity Attributable to Owners of the Parent	1,531	1,685
Non-Controlling Interests	754	830
	<b>30 June 2022 \$'000</b>	<i>30 June 2021 \$'000</i>
Revenue	18,682	18,507
Profit/(Loss) for the Year Attributable to Owners of the Parent	13	(155)
Profit/(Loss) for the Year Attributable to NCI	7	(76)
<b>Profit for the Year</b>	<b>20</b>	(231)
Other Comprehensive Income for the Year		
Total Comprehensive Income for the Year Attributable to Owners of the Parent	145	20
Total Comprehensive Income for the Year Attributable to NCI	71	11
<b>Total Comprehensive Income</b>	<b>216</b>	31
Net Cash From Operating Activities	(173)	176
Net Cash From/(to) Investing Activities	(366)	(705)
Net Cash From/(to) Financing Activities	(29)	843
<b>Net Cash Inflow/(Outflow)</b>	<b>(568)</b>	314

## 27 NET TANGIBLE ASSETS PER SECURITY

	<b>30 June 2022</b>	<i>30 June 2021</i>
Net Tangible Assets Per Security - \$ per security based on the year end number of ordinary shares on issue	2.74	0.26
Adjusted Comparative Net Tangible Assets per Share to Reflect 1 for 10 Share Consolidation on 24 November 2021	N/A	2.60

## 28 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long Term Borrowings \$'000	Short Term Borrowings \$'000	Total \$'000
Balance at 1 July 2021	2,964	719	3,683
<b>Cash Flows</b>			
- Repayments – Net	(138)	(153)	(291)
- Proceeds – Net	-	-	-
Balance at 30 June 2022	2,826	566	3,392
	Long Term Borrowings \$'000	Short Term Borrowings \$'000	Total \$'000
Balance at 1 July 2020	2,500	-	2,500
Amount Owing from Debtor Finance Provider	-	(97)	(97)
<b>Cash Flows</b>			
- Repayments – Net	-	-	-
Issue of 2025 Redeemable Preference Shares	212	-	212
- Proceeds – Net	252	816	1,068
Balance at 30 June 2021	2,964	719	3,683

## 29 LEASES

### NZ IFRS 16 Leases

The Group has leases for motor vehicles, forklifts and some IT equipment. The lease liabilities are secured over the related underlying assets. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 17).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Lease liabilities are presented in the Consolidated Statement of Financial Position as follows:

	30 June 2022 \$'000	30 June 2021 \$'000
Lease Liabilities (current)	67	72
Lease Liabilities (non-current)	77	75
	144	147

Future minimum lease payments are as follows:

### Minimum Lease Payments Due

30 June 2022	Within 1 Year \$'000	1 to 5 Years \$'000	After 5 Years \$'000	Total \$'000
Lease Payments	75	82	-	157
Finance Charges	(8)	(5)	-	(13)
<b>Net Present Values</b>	<b>67</b>	<b>77</b>	<b>-</b>	<b>144</b>

30 June 2021	Within 1	1 to 5	After 5	Total
	Year	Years	Years	
	\$'000	\$'000	\$'000	\$'000
Lease Payments	82	80	-	162
Finance Charges	(10)	(5)	-	(15)
<b>Net Present Values</b>	<b>72</b>	<b>75</b>	<b>-</b>	<b>147</b>

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the Consolidated Statement of Financial Position:

### 30 June 2022

Right-of-Use Asset	Number of Right-of-Use Assets Leased	Range of Remaining Terms	Average Remaining Lease Term	Number of Leases with Extension Options	Number of Leases with Options to Purchase	Number of Leases with Variable Payments Linked to an Index	Number of Leases with Termination Options
Computer Equipment	2	30 to 52 months	45 months	0	0	0	0
Vehicles	3	5 to 31 months	25 months	0	0	0	0
Other Plant and Equipment	3	13 to 27 months	20 months	0	0	0	0

### 30 June 2021

Right-of-Use Asset	Number of Right-of-Use Assets Leased	Range of Remaining Terms	Average Remaining Lease Term	Number of Leases with Extension Options	Number of Leases with Options to Purchase	Number of Leases with Variable Payments Linked to an Index	Number of Leases with Termination Options
Computer Equipment	1	19 months	19 months	0	0	0	0
Vehicles	4	1 to 32 months	23 months	0	0	0	0
Other Plant and Equipment	3	25 to 39 months	30 months	0	0	0	0

#### Lease Payments Not Recognised as a Liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

Additional information on the right-of-use assets by class of assets is as follows:

### 30 June 2022

	Carrying Amount	Depreciation Expense	Impairment
	(Note 17) \$'000	\$'000	\$'000
Computer Equipment	58	15	-
Vehicles	40	33	-
Other Plant and Equipment	41	28	-
<b>Total Right-of-Use Assets</b>	<b>139</b>	<b>76</b>	<b>-</b>

### 30 June 2021

	Carrying Amount	Depreciation Expense	Impairment
	(Note 17) \$'000	\$'000	\$'000
Computer Equipment	22	25	-
Vehicles	47	36	-
Other Plant and Equipment	68	28	-
<b>Total Right-of-Use Assets</b>	<b>137</b>	<b>89</b>	<b>-</b>

## 30 REVENUE

The following table summarises some key characteristics of the Group's revenue streams.

	2022	2021
Geographical Region	New Zealand - 100% of Revenue	New Zealand - 100% of Revenue
Type of Goods	Salads and fresh cut vegetables	Salads and fresh cut vegetables
Customers/Sales Channels	Supermarket Chains – 99% of Revenue	Supermarket Chains – 98% of Revenue
Timing of Transfer of Goods	Revenue from goods or services transferred to customers at a point in time – 100% of Revenue	Revenue from goods or services transferred to customers at a point in time – 100% of Revenue
Transaction Pricing	Each good sent to customers is individually priced on the associated invoice. Any payment discounts available to customers is netted off revenue in the month in which the sale took place.	Each good sent to customers is individually priced on the associated invoice. Any payment discounts available to customers is netted off revenue in the month in which the sale took place.
Timing of Revenue Recognition	When the customer takes undisputed control of the goods. This occurs when the goods are delivered to the customer.	When the customer takes undisputed control of the goods. This occurs when the goods are delivered to the customer.
Payment Terms	Generally 30 days after the goods have been supplied. There are no subsequent performance obligations.	Generally 30 days after the goods have been supplied. There are no subsequent performance obligations.
Key Assumptions and Judgements in Relation to Revenue Recognition	None	None
Credit Risk Associated with Revenue	Minimal	Minimal
Obligation to Provide a Credit Note for Returned Goods	Only in relation to goods which arrive in a damaged condition. These equate to approximately 2.8% of all sales made. At balance date the obligations to provide a credit note for returned goods was immaterial.	Only in relation to goods which arrive in a damaged condition. These equate to approximately 2.0% of all sales made. At balance date the obligations to provide a credit note for returned goods was immaterial.

## 31 IMPACT OF COVID-19

In preparing the 30 June 2022 Annual Report the directors have assessed the continuing impact of the Covid 19 pandemic on the businesses that the group is involved with and any consequent impacts upon the financial statements.

Please see below for a discussion relating to the key investments held by the Group:

- **Speirs Foods (2018) LP**

The continuing Covid 19 pandemic has continued to affect the business of Speirs Foods (2018) LP in the year ended 30 June 2022, principally in the following ways:

- **Changes in Customer Purchasing Behaviour**

There has been a noticeable and continuing shift in customer demand to pre-packaged products. As these products can be more labour intensive in their production and may require the use of higher cost raw materials, this has had a detrimental impact on Speirs Foods (2018) LP's overall profitability in the 2022 year. To address this issue the business has made significant capital investments to assist in streamlining the production of these pre-packaged products in the 2021 and 2022 years as well as holding ongoing pricing negotiations with customers.

- **Raw Materials**

Due to shipping and freight issues a number of Speirs Foods (2018) LP suppliers have been increasing their prices. Some suppliers have been unable to supply materials traditionally used by Speirs Foods (2018) LP due to global supply issues necessitating a change to alternative products, sometimes at a higher cost and requiring changes to Speirs Foods (2018) LP's manufacturing processes.

- **Staffing**

The relatively recent reopening of international travel has meant that Speirs Foods (2018) LP has experienced difficulty in recruiting staff across all areas of the business. This staffing shortage, combined with lower-than-average unemployment rates and the continuing increases in the minimum wage has increased employees' remuneration expectations.

# Independent auditor's report

To the shareholders of Speirs Group Limited

## Report on the audit of the consolidated financial statements



### Opinion

We have audited the consolidated financial statements of Speirs Group Limited (the Company) and its consolidated entities (the Group) on pages 9 to 42 which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") issued by the New Zealand Accounting Standards Board.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Audit and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* 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 Group.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. We summarise below a matter, and our key audit procedures, to address that matter in order that the Company's shareholders, as a body, may better understand the process by which we arrived at our audit opinion. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Why the matter is significant	How our audit addressed the key audit matter
<p><b>Equipment, Leasing &amp; Finance Holdings Limited (EL&amp;F) Investment classified as at fair value through profit or loss</b></p> <p>The Group holds investments in EL&amp;F ordinary shares (see Note 15).</p> <p>The investments are a key audit matter due to their significance to the Group's consolidated statement of financial position and the level of judgement involved in determining the fair value.</p> <p>Inputs used to determine the fair value are unobservable, and management place reliance on a valuation prepared by a third party when determining the current year carrying value.</p>	<p>Our work focused on understanding the overall valuation methodology for compliance with NZ IFRS 13 <i>Fair Value Measurement</i> and evaluating significant inputs.</p> <p>In obtaining sufficient appropriate audit evidence, we:</p> <ul style="list-style-type: none"><li>• obtained and read the 3rd party valuation report;</li><li>• engaged our Corporate Finance team to review the valuation and consider whether the methodology adopted by the 3<sup>rd</sup> party was appropriate;</li><li>• reviewed projections for reasonableness;</li><li>• Reviewed the 3<sup>rd</sup> party's EBITDA multiple and compared this to our own analysis of comparable companies;</li><li>• discussed the basis for the valuation with Directors and their conclusion in respect to the appropriateness of the valuation;</li></ul>

Why the matter is significant	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>considered the adequacy of the related financial statement disclosures including consideration of sensitivity analysis in respect to the changes in value of the investment; and</li> <li>Recalculated the gain on fair value through profit and loss related to the EL&amp;F asset.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the Reporting by Directors, Purpose, Goals and Strategy, Statutory Information and the Directory but does not include the consolidated financial statements on pages 9 to 42 and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

### Directors' responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group 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 the directors 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole 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) 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

### Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body 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 Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

### Grant Thornton New Zealand Audit Limited



**B R Smith**  
**Wellington**  
**7 October 2022**

## STATUTORY INFORMATION

### Principal activities

Speirs Group Limited (the Company) operates as a holding company. At 30 June 2022 its principal interests are in:

Entity	Interest	Principal Activity
Speirs Foods (2018) LP	Majority (67%) owned subsidiary	Fresh food production and distribution
Speirs Investments LP	Speirs Group Limited is the sole Limited Partner	Holding an investment in Equipment, Leasing and Finance Holdings Limited

### Directors' shareholdings – ordinary shares

	Beneficial Holdings	Non-Beneficial Holdings
The number of shares held by Directors of Speirs Group Limited at 30 June 2022:		
Nelson Speirs	104,768	140,965
Derek Walker	-	-
Fred Hutchings	-	-
David Speirs	-	27,139
David Speirs (as Co-Trustee)	-	132,128

A Beneficial Holding records that the Director holds the shares in his own name. A Non-Beneficial Holding records that the Director(s) hold the shares in their capacity as a Trustee.

### Directors' shareholdings – perpetual preference shares

	Beneficial Holdings	Non-Beneficial Holdings
The number of shares held by Directors of Speirs Group Limited at 30 June 2022:		
Nelson Speirs	389,000	-
David Speirs	290,000	-

A Beneficial Holding records that the Director holds the shares in his own name. A Non-Beneficial Holding records that the Director(s) hold the shares in their capacity as a Trustee.

### Directors' shareholdings – 2025 redeemable preference shares

	Beneficial Holdings	Non-Beneficial Holdings
The number of shares held by Directors of Speirs Group Limited at 30 June 2022:		
Derek Walker	28,500	-

A Beneficial Holding records that the Director holds the shares in his own name. A Non-Beneficial Holding records that the Director(s) hold the shares in their capacity as a Trustee.

## Disclosure of interests by directors

The following entries were made in the Interests Register during the year ended 30 June 2022:

- On 30 September 2022 Derek Walker declared:
  - That he (jointly with J P Walker) was issued 28,500 2025 Redeemable Preference Shares in Speirs Group Limited.

### Governance positions held by directors at 30 June 2022

Director	Entity	Relationship
Derek Walker	Palmerston North Hospital Medical Trust	Trustee
	TBL Investments Limited	Director
	Elmira Consulting Limited	Director
	Wildbase Recovery Community Trust	Trustee
	Centralines Limited	Director
Nelson Speirs	Speirs Securitisation Management Limited	Director
	Equipment, Leasing & Finance Holdings Limited and Associated Companies	Director
Fred Hutchings	Amwell Holdings Limited	Director
	Walker Nominees Limited	Director
	Speirs Foods General Partner Limited	Director (Chair)
	Seeka Limited & Associated Companies	Director
	Commerce Commission Audit Finance and Risk Management	Convenor
David Speirs	-	-

## Transfers of interests in Speirs Group Limited ordinary shares by directors during the year

- Nil

## Directors' remuneration

Directors' remuneration received, or due and receivable during the year ended 30 June 2022, is as follows:

Name	Consultants Fees	Parent Company Directors Fees	Subsidiary/Associate Company Directors Fees	Total Remuneration	
Derek Walker	\$ Nil	\$30,000	\$Nil	\$30,000	Independent Director and Chair
Nelson Speirs	\$ Nil	\$12,000	\$Nil	\$12,000	Non-Independent Director
Fred Hutchings	\$ Nil	\$21,000	\$10,000	\$31,000	Independent Director
David Speirs	\$ Nil	\$10,000	\$ Nil	\$10,000	Non-Independent Director

Directors do not receive any performance or equity-based remuneration, superannuation or retirement benefits. Directors are reimbursed for travel and accommodation expenses and any other costs properly incurred by them in connection with the business of Speirs Group Limited.

## Use of Company information by directors

There were no recorded notices from directors requesting to use Company information received in their capacity as directors that would not otherwise have been available to them.

## Directors' Loans

During the years ended 30 June 2022 and 30 June 2021, there were no loans to directors.

## Indemnification and insurance of directors and officers

The Company has arranged policies of directors' and officers' liability insurance which together with an indemnity provided under the Company's constitution ensures that generally directors will incur no monetary loss as a result of actions taken by them as directors. Certain actions, such as penalties and fines which may be imposed in respect of breaches of the law, are excluded.

## Employee Remuneration

Remuneration and other benefits exceeding \$100,000 paid to employees during the years ended 30 June 2022 and 2021 were:

- **30 June 2022**
  - \$100,000 to \$110,000      2 employees
  - \$110,001 to \$120,000      1 employee
  
- **30 June 2021**
  - \$100,000 to \$110,000      2 employees

## Chief Executive Remuneration

The role of Speirs Group Limited's Chief Executive is fulfilled by the Company Secretary. The Company Secretary is engaged on a fixed hourly rate on a part time and as required basis. No incentive payments, share options, superannuation and retirement benefits are available to the Company Secretary. During the year ended 30 June 2022 \$81,480 (30 June 2021: \$81,140) was paid to the Company Secretary.

## Political Donations

Speirs Group Limited does not make political donations.

## Auditors

The Audit Committee liaises with Speirs Group Limited's external auditor Grant Thornton on the appointment and re-appointment of the external auditors, to ensure the independence of the external auditor is maintained, and to approve the performance of any non-audit services. Speirs Group Limited requires the external auditor to rotate its lead audit partner at least every five years, with suitable succession planning to ensure consistency. Grant Thornton and the current lead partner were first appointed as Speirs Group Limited's external auditor in relation to the audit for the year ended 30 June 2018. On a regular basis the Audit Committee meets with the external auditor to discuss any matters that either party believes should be discussed confidentially. The Chair of the Audit Committee will call a meeting of that Committee if so requested by the external auditor. The Audit Committee Chair and Board Chair must be different people. Management may only attend Audit Committee meetings at the invitation of the Committee and the Committee routinely has time with the external auditors without management present

The Audit Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, balance and timeliness of financial statements. It reviews Speirs Group Limited's full and half-year financial statements and makes recommendations to the board concerning accounting policies, areas of judgement, compliance with accounting standards and legal requirements, and the results of the external audit.

## Protected Disclosures Policy

Speirs Group Limited and Speirs Foods (2018) LP have a Protected Disclosures Policy ("Whistleblowing") in place.

## Disclosure in Relation to Shareholders

### Twenty-one largest shareholders at 30 June 2022

	<i>Fully Paid Ordinary Shares</i>	<i>Percentage of Issued Voting Capital</i>
Nelson Speirs	<b>104,768</b>	<b>9.24%</b>
Jennifer Speirs	<b>92,956</b>	<b>8.20%</b>
B H Wallace	<b>83,169</b>	<b>7.34%</b>
Nelson Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	<b>70,549</b>	<b>6.22%</b>
Ann Nicholas, Sandra Baldwin, David Speirs and Markhams Wanganui Trustees Limited	<b>64,228</b>	<b>5.67%</b>
Nelson Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	<b>52,123</b>	<b>4.60%</b>
Keith Taylor	<b>50,000</b>	<b>4.41%</b>
Ann Nicholas, Sandra Baldwin, David Speirs and Markhams Wanganui Trustees Limited	<b>42,179</b>	<b>3.72%</b>
David Speirs, Rebecca Speirs	<b>27,139</b>	<b>2.39%</b>
Ann Nicholas, Sandra Baldwin, David Speirs and Markhams Wanganui Trustees Limited	<b>25,721</b>	<b>2.27%</b>
P B McCormack	<b>24,390</b>	<b>2.15%</b>
K Mody	<b>23,500</b>	<b>2.07%</b>
Lee Simpson	<b>15,767</b>	<b>1.39%</b>
P O Belk, B J Belk	<b>13,240</b>	<b>1.17%</b>
Custodial Services Limited – Account 4	<b>12,910</b>	<b>1.14%</b>
T A Morgan, S Morgan	<b>12,489</b>	<b>1.10%</b>
M Le Moigne	<b>10,939</b>	<b>0.96%</b>
M W Speirs	<b>10,300</b>	<b>0.91%</b>
Estate M B Beale	<b>10,240</b>	<b>0.90%</b>
Nelson Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	<b>10,000</b>	<b>0.88%</b>
W Carson	<b>10,000</b>	<b>0.88%</b>
	<b>766,607</b>	<b>67.62%</b>

## Shareholder Statistics at 30 June 2022

<i>Ordinary Shares</i>	<i>Holders</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
1 to 99	25	5.92	1,311	0.12
100 to 499	193	45.73	43,020	3.80
500 to 999	60	14.22	42,981	3.79
1,000 to 9,999	123	29.15	279,677	24.67
10,000 and over	21	4.98	766,607	67.62
Total	422	100.00	1,133,596	100.00

## DIRECTORY

### Directors

At 30 June 2022 the Board of Directors of Speirs Group Limited is comprised of four Non-Executive Directors. All Directors have served for the whole year.

#### Non-Executive Directors

Derek Walker (Chairman) , BE (Hons), BBS

Fred Hutchings (Deputy Chairman) BBS, FCA

Nelson Speirs, FCA

David Speirs

#### Company Secretary

Lee Simpson BBS, CA, FCG, FGZ

Email: [lees@speirs.co.nz](mailto:lees@speirs.co.nz)

#### Registered Office

19 Lower High Street, Marton  
P O Box 318, Palmerston North  
Telephone: 06 350 6004

#### Securities Registrar

Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1142

Telephone: 09 488 8700

Facsimile: 09 488 8787

Investor Enquiries: 09 488 8777

Website: [www.computershare.co.nz](http://www.computershare.co.nz)

Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

#### Production Facility Offices

Speirs Foods (2018) LP		
Hair Street		
Marton		
P O Box 108, Marton		
Telephone: 0800 366 324		
Facsimile: 06 327 5717		
Email: <a href="mailto:sales@speirs.co.nz">sales@speirs.co.nz</a>		
Website: <a href="http://www.speirsfoods.co.nz">www.speirsfoods.co.nz</a>		

#### Advisors/Service Suppliers

<b>Independent Auditor</b>	<b>Solicitors</b>
Grant Thornton	Chapman Tripp
<b>Bankers</b>	Fitzherbert Rowe
Bank of New Zealand	



