



ANNUAL REPORT 2024







INDEX

Notice of Annual General Meeting	2
Directory	3
Register of Interest	4
Chairman's Report	7
Project Manager's Report	9
Annual Report/Financial Statements	16

Mission

To promote the control of *Cysticercus ovis* (C. ovis) through communication and collaboration.

Vision

We will be recognised by the wider Red Meat Sector as protecting and promoting our reputation, of a premium consumer experience of sheep meat.

Purpose

We educate and communicate about all potential Sheep Measles biosecurity risk factors and collaborate with all people and organisations who can strengthen these efforts.

NOTICE OF ANNUAL GENERAL MEETING

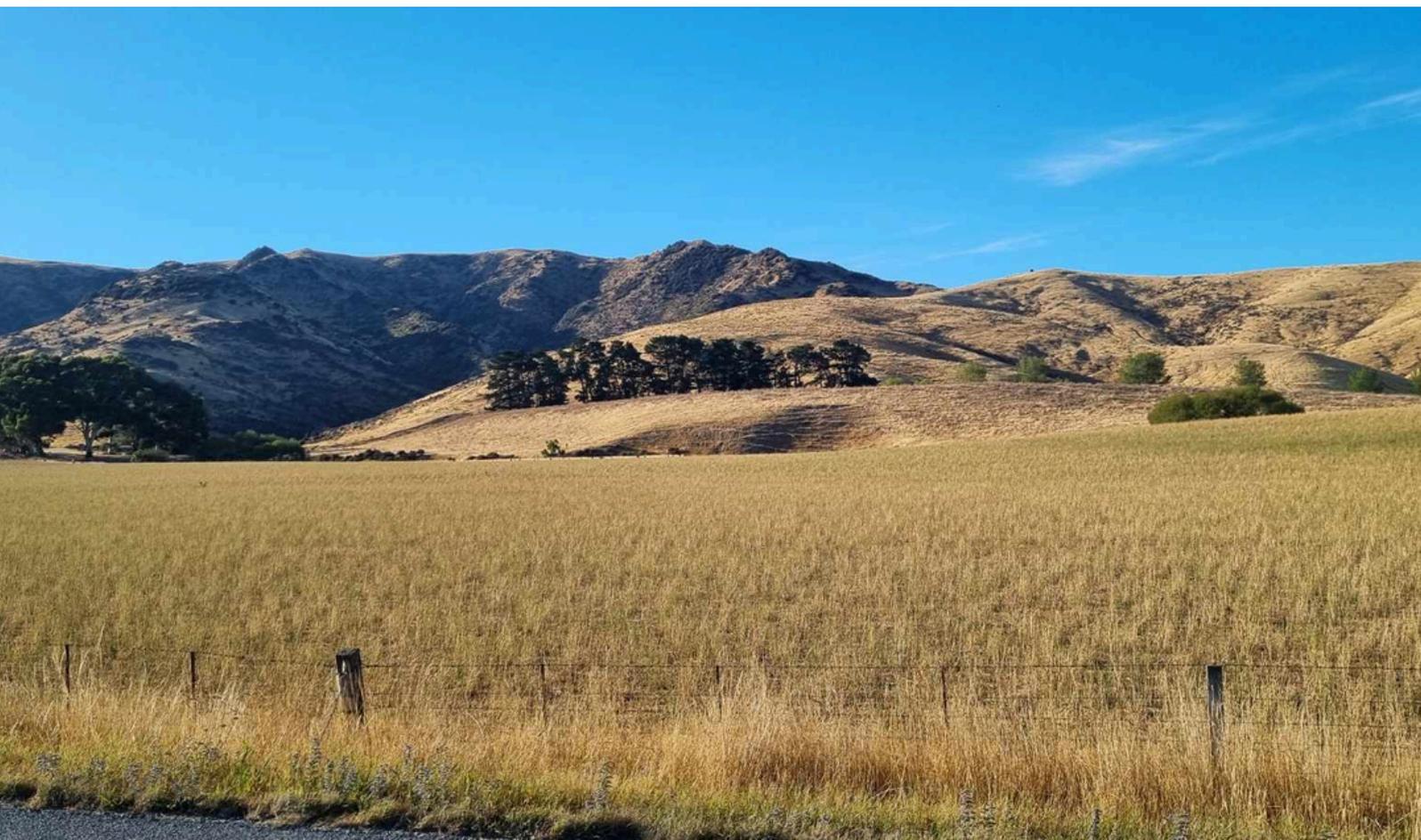
Notice is hereby given that the Annual General Meeting of the Shareholder of Ovis Management Limited will be held Tuesday 3rd September 2024, in the Board Room at Distinction Palmerston North Hotel & Conference Centre, 175 Cuba Street, Palmerston North. The AGM will commence at 2:00pm.

AGENDA

1. To receive and consider the Director's Report, Auditors Report and Accounts for the year ended 30 June 2024.
2. The appointment of Auditors for the forthcoming year.
3. General business.

M. Simpson
Secretary
HALCOMBE

20th August 2024



DIRECTORY

CHAIRMAN:	AD Morrison RD5, GORE 9775
DIRECTORS:	SB Karapeeva 108 Buckley Road, Southgate, WELLINGTON 6023 GB McSkimming 16 Hoylake Street, OUTRAM 9019 GF Tatham Matariki RD12, MASTERTON 5872
ASSOCIATE DIRECTOR:	J Griffin 1040c Rangiotu Road, PALMERSTON NORTH 4477
SECRETARY:	M Simpson 29 Vogel Street RD9, FEILDING 4779
REGISTERED OFFICE:	Level 5, Wellington Chambers, 154 Featherston Street, WELLINGTON
SOLICITORS:	Burrowes & Company 24 Johnston Street, WELLINGTON
BANKERS:	Bank of New Zealand 222 Lambton Quay, WELLINGTON
AUDITORS:	KPMG 44 Bowen Street, WELLINGTON
PROJECT MANAGER:	M Simpson 29 Vogel Street RD9, FEILDING 4779

REGISTER OF INTERESTS

for the year ended 30 June 2024

DIRECTOR	INTEREST
<p>ANDREW MORRISON</p>	<p>Chairman of:</p> <ul style="list-style-type: none"> • Ovis Management Ltd <p>Director of:</p> <ul style="list-style-type: none"> • Glenroy Morrison Ltd • Wool Source Manufacturing Ltd • AgResearch Ltd <p>Shareholder of:</p> <ul style="list-style-type: none"> • Farmlands Ltd • Ballance Agri Nutrients Ltd • Alliance Group Ltd
<p>SIRMA KARAPEEVA</p>	<p>Director of:</p> <ul style="list-style-type: none"> • Ovis Management Limited <p>Officer of:</p> <ul style="list-style-type: none"> • Meat Industry Association - Chief Executive <p>Member of:</p> <ul style="list-style-type: none"> • Strategic Directions Group with MPI - Co-Chair • SDG Trade and Market Access Intel Group • MIA HR Leaders Group • China Council • Livestock Sector Biosecurity Council • OSPRI Stakeholders Council • NZ International Business Forum • Approved Halal Organisations Forum • GIA Deed Governance Group and GIA Executive Committee • Primary Industry Chief Executive Animal Welfare Forum • Food Innovation Training Trust - Trustee • MIRINZ Food Technology and Research Incorporated - Board member • Beef and Lamb NZ Incorporated - Board member • AMCHAM in New Zealand • Food and Fibre Leaders Forum CE's Group • The Meat Industry Association Halal Community Response Trust - Trustee

DIRECTOR

INTEREST

**GREG
MCSKIMMING**

Director of:

- Ovis Management Limited
- Meat the Need

Shareholder of:

- Silver Fern Farms Ltd
- BK & V McSkimming Family Farms

Officer of:

- NZ Farm Assurance Incorporated
- Outram Charitable Trust

**GEORGE
TATHAM**

Director of:

- Ovis Management Limited
- Matariki Terraces Ltd

Trustee of:

- Matariki Trust

Shareholder of:

- Matariki Terraces Ltd
- Alliance Group Ltd
- Ravensdown Ltd
- Farmlands Ltd
- Wools of New Zealand
- Better Eggs Ltd





CHAIRMAN'S REPORT 2024

On behalf of the Ovis Management Ltd board and management, I am pleased to report on another successful delivery of the program for the 2023/24 year. The core role of Ovis continues and is enabled through our Project Manager, Michelle Simpson's great technical and communication skills and the wider collaboration across the sector. Key activities include:

- In-plant collection of infection recording
- Data analysis
- Education on the risks to a farmer's livelihood and consumer experience
- Collaboration with stakeholders to strengthen biosecurity efforts.

The 23/24 season has been a season most of the industry will look forward to forgetting. Both financially and climatically challenging for many of our producers and processors alike. The post-Covid impact on global economics has impacted heavily on our in-market pricing, inflationary input costs, and significantly on the cost of capital as New Zealand via the Reserve Bank Act looks to control inflation through the Official Cash Rate. Coupled with large parts of New Zealand experiencing what appears to be a trend of increased summer drought periods, it truly has been a challenging period.

Ovis Management and the great work that our Project Manager does in ensuring that sheep meat quality meets consumer expectations remain forefront of the programme delivery. This needs to be delivered in spite of the challenges industry faces in any given season.

This all must be achieved in a cost-effective manner also, and I would like to recognise the board and managements strict financial delivery of the programme. Our predominant revenue stream to fund the programme is a voluntary contribution (non-regulatory) from industry of 0.015c per ovine processed. This contribution was reset from 0.012c in 2009. The team have worked relentlessly to deliver on the programme with a revenue stream unchanged for 15 years. The programme is experiencing all the inflationary pressures that every other business in NZ is facing and so your board is working hard to model the requirements of the programme going forward.

Acknowledging the Team

In my first year as Chairman of the Ovis Programme, I want to unreservedly acknowledge the huge input that Roger Barton has committed to industry with his 16 years' service to the programme, 11 of those as Chair. The Disciplines which Roger instilled as a Chair of the clear focus on delivery and fiscal rigidity has served the industry well and continued the foundation for what is a truly unique programme. Roger was Ovis Managements second Chair after its inception in 1996 following on from Geoff Neilson who also committed 16 years to the programme. It is always wise to recognise the huge impact both with the creation and ongoing support from both industry and farmers for what is a world leading “non regulatory “on farm biosecurity, market protection programme.

Many thanks and a call out to the great work OML's Project manager Michelle Simpson, does to enable the programme's success. Michelle's unwavering commitment to excellence across technical and financial delivery, coupled with a humanistic approach in her engagement across the sector, is truly valued.

To the board, I would like to welcome George Tatham to the team and once again recognise those prepared to commit time for the enhancement to our sector. To Greg McSkimming, Sirma Karapeeva and Jason Griffin (our Associate Director) thanks for the diverse skill set and wisdom you bring to the governance of the programme. A team committed to serving industry and delivering result.

Finally, the macro call-out is the cross-sector collaboration required to deliver this program. To make this work, we all need to play our part in the game. From contributing companies and processors providing accurate data, through NZFAI delivering industry Farm Assurance programs, to on-farm support of the program. Thanks to all.

It is our industry – It is your industry

Promote – Protect – Participate

Andrew Morrison
Chairman
Ovis Management Ltd



PROJECT MANAGER'S REPORT 2024

The sheep measles prevention program was created to ensure that New Zealand sheep meat is not affected by the tapeworm *Taenia ovis*, therefore helping protect the reputation that New Zealand upholds of supplying a premium product to domestic and international markets.

Sheep measles is the common term for cysts in sheep meat caused by the tapeworm *Taenia ovis*. The cysts are approximately 4-6mm in diameter and each contain a single tapeworm head. Most commonly, cysts occur in heart and diaphragm muscle, however in sheep with heavy infestations, cysts will develop in muscle.

Over time (2-3 months), the immune system of the sheep attacks the cysts – killing them. This process results in pus-filled abscesses that eventually become calcified and turn into gritty-hard nodules.

Taenia ovis has always been present in New Zealand and was controlled by the processes implemented to eradicate hydatids. The control of *Taenia ovis* was included in the Hydatids Act 1968 due to concerns regarding increased infection and the effect of the marketability of New Zealand's meat products.

The sheep, the dog (host) or even human do not seem to be affected by sheep measles. Sheep measles has only aesthetic significance for the New Zealand meat sector, which could hinder international trade and have a detrimental effect on carcass value

Taenia ovis tapeworms live in the small intestine of dogs. Dogs become infected by eating sheep meat infected with the intermediate cystic stage of the parasite. From the time of infection, it takes about two months of development before cysts in sheep muscle are infective to dogs and remain infective for only 2-3 months. Once these viable cysts are consumed by the dog, it takes approximately 35-42 days to mature and start producing eggs.

Dogs defecate the eggs onto pasture where sheep graze and ingest them. One tapeworm can produce up to 250,000 eggs per day and some dogs carry 3-4 tapeworms. Eggs can remain viable on pasture for at least 300 days (Jansen, 2021) and can be carried by flies, wind and rain up to 10kms (Lawson et al, 1985). Once sheep are infected, they are infected for life.

Using only one control method has proven to be less effective than using many control methods.

On-farm control includes dosing all dogs monthly with a product containing Praziquantel; ensuring any sheep meat fed to dogs is frozen for at least 10 days at -10°C or cooked to a core temperature of $+72^{\circ}\text{C}$; restricting external and roaming dogs; and collecting and disposing of all sheep carcasses in areas away from dogs.

Off-farm control includes dosing all dogs travelling near sheep grazing areas with a product containing Praziquantel at least 48 hours before arrival.

Sheep measles (*C. ovis*) control program

Sheep measles cases would continue to rise in the absence of a preventative programme (Figure 1). Research performed in 1994 reported that the frequency of sheep measles in lambs had increased by more than 300% since the change in parasite control once hydatids was controlled. They state that “it seems that, in the absence of official 6-weekly dosing, dog owners are failing to maintain sufficient control pressure to restrain transmission of this highly fecund parasite”. (Lawson, 1994)

The Ovis control committee in 1994, notes that while processing losses are negligible, additional losses from losing out on prime market revenue could be significant. They estimate that these losses may potentially reach \$5–\$10 million and exceed any expenses associated with processing. They also point out—as do Lawson et al. (1988)—that the true costs of sheep measles are related to lost market access and the potential for the parasite to be exploited as an excuse for non-tariff trade barriers. A reasonable estimate of a 1% decline in the sheep meat export value from New Zealand would result in a \$12 million loss.



In 1985 a benefit-cost analysis of the New Zealand sheep measles control programme was performed by K.H. Christiansen and K.C. Corrin. Progress at that time was measured by testing faecal samples from dogs for the *Taenia ovis* tapeworm and recording the numbers of infected carcasses at meat inspection.

Statistical data was used to estimate future losses from sheep measles. The incidence of sheep measles (*C. ovis*) in sheep and lambs under the sheep measles programme was estimated to remain at 5.24% in sheep (2024; 1.4%) and 0.65% in lambs (2024; 0.50%). If control was totally removed, the incidence in sheep would rise to 5.4% from year 1 and in lambs to 2.8% in year 1 and 5.0% from year 2. (Christiansen et al, 1985)

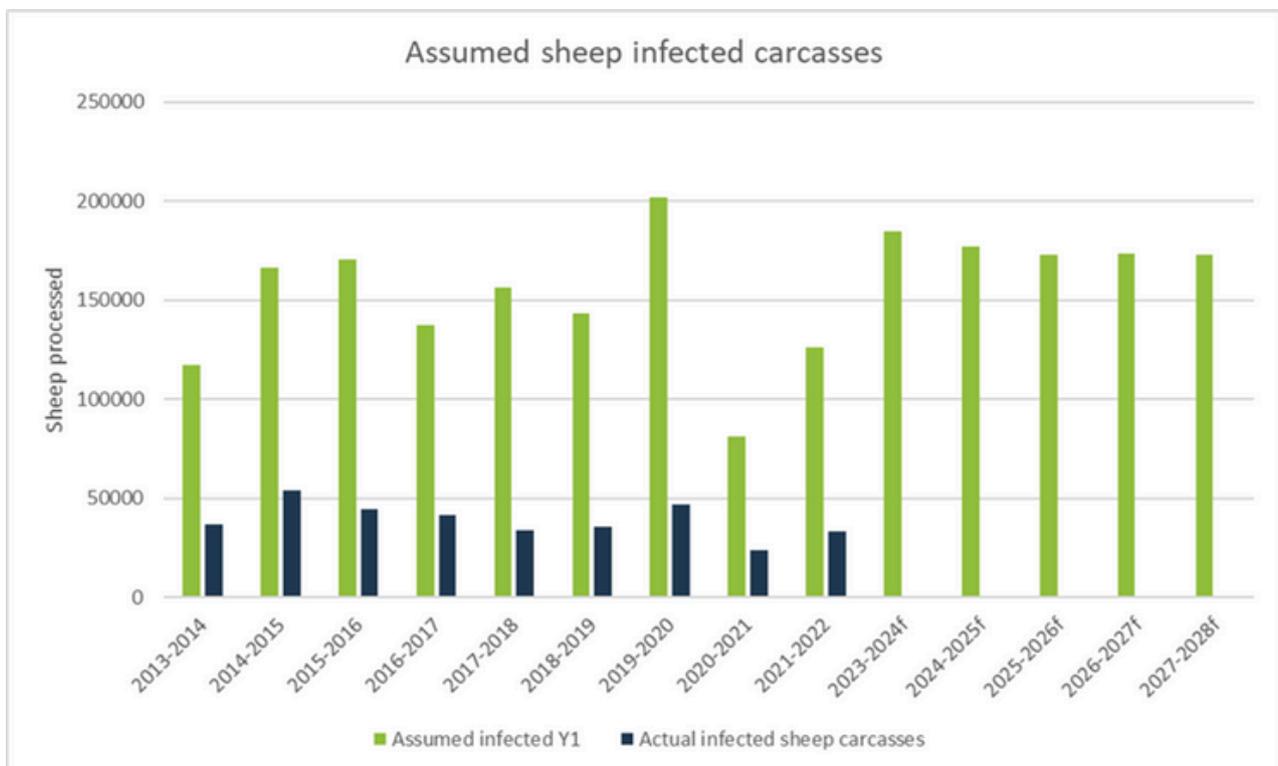


Figure 1: Forecasted sheep infected carcasses with no *C. ovis* control

In 1985, on average, 1.1% sheep and 0.89% lamb carcasses were condemned due to *C. ovis* and around 2% of carcasses were downgraded. Approximately, 55% of hearts from carcasses containing *C. ovis* were condemned.



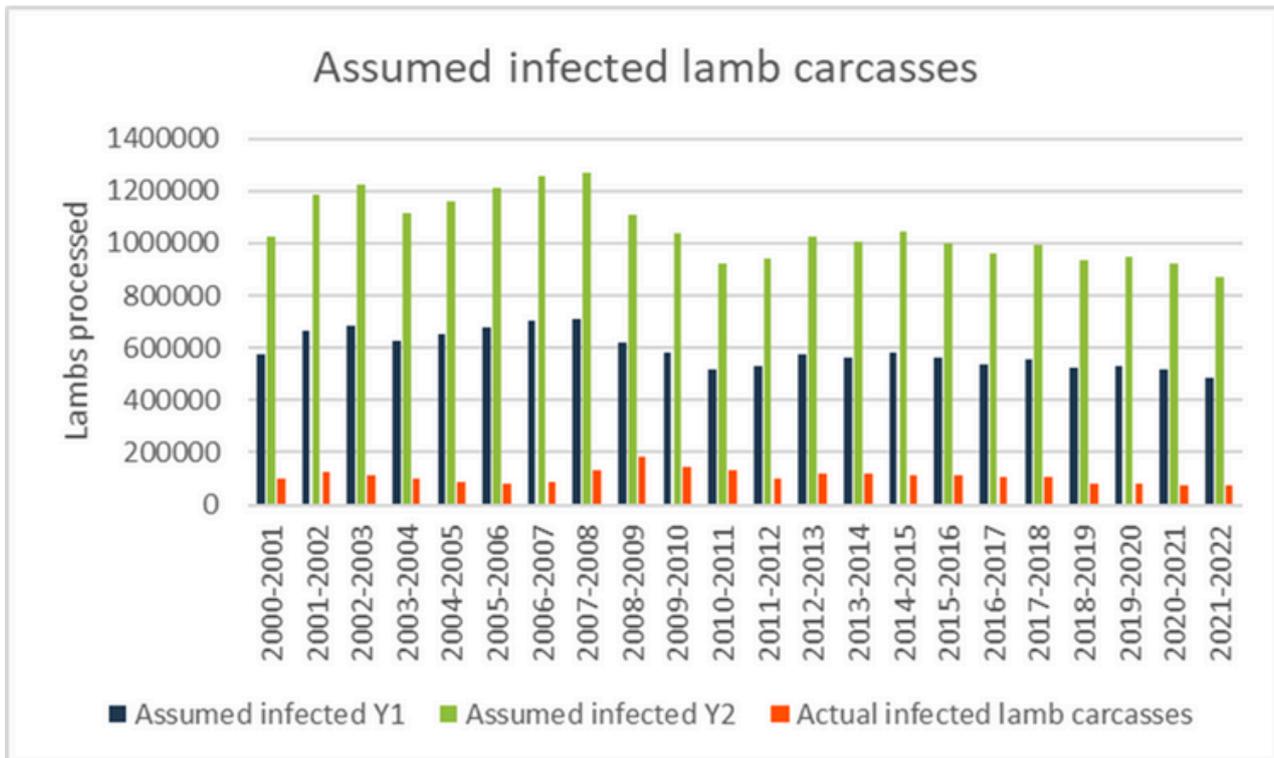


Figure 2: Forecasted C. ovis infections with no control, against actual infections with a control programme.

In 1994, J.R. Lawson published a paper in the New Zealand Journal of Zoology titled “Hydatid disease and sheep measles: the history of their control and the economics of a recent change of control policy”. The findings were:

	1985 (\$NZ)	1991 (\$NZ)
Condemned carcasses	67,487	250,558
Condemned hearts	19,047	61,256
Downgraded carcasses	60,732	250,594
Trimming, processing, and lost production	1,098,934	142,597
TOTAL	1,246,200	705,005

If we convert the annual benefit of sheep measles control as discussed in the research paper to current dollars (2023), we get the following (000's):

(\$1 in 1984 = \$2.93 in 2023; \$1 in 1991 = \$2.06 in 2023)

1985 (\$NZ)	1991 (\$NZ)
3,651,366	1,452,310

Table 2: Cost benefit analysis converted to today's dollar

Sheep farmers are at the mercy of the domestic and global markets, seasonality, climate and regulations. Sheep numbers continue to reduce as farmers find other ways to utilise their land and diversify their businesses; this will have an impact on the ability for the sheep measles program to continue to spread knowledge and awareness.

One of the concerns is that they 'do away' with regular dog dosing to save money. This could result in catastrophic increases in sheep measles prevalence at farm level which is very challenging to manage and causes a loss of profit for farmer and processor as well as additional stress.

The programme is a proud voluntary programme funded by a 1.5 cent contribution (unchanged since 2009) for every sheep, lamb and goat processed at our partner plants.

In return:

- We educate farmers and dog owners
- We partner with meat processors to ascertain prevalence
- We collaborate with the veterinary community to identify champions
- We use digital and traditional methods to spread the message
- We work with industry to identify any gaps

1. High Prevalence notifications:

Suppliers are identified based on numbers processed and prevalence rate compared to national prevalence and provide an opportunity for discussion at farm level. They are performed three times a year – April, August, January

2. High level messaging:

Our principal target audience is:

- Farmers
- Small block holders/lifestylers
- Dog owners
- Hunters and fishers

To reach this audience we need to collaborate with our partners, stakeholders, the veterinary industry, government departments and educational institutions. We also need to increase our digital presence.

3. Public events

OML attends a multitude of public events including, Poverty Bay A&P Show, Central Districts Field Days, Hawkes Bay A&P Show, Canterbury Agricultural Show, East Coast Farming Expo, presence at the National Field Days, Hunterville Shemozzle, South Island Agricultural Show and Southern Field Days.

These events enable farmers to see their sheep measles data and to get a better understanding of the program. They allow for open discussions around awareness and information and are an integral part of the sheep measles program.

4. On-farm visits

Farmers are notified of visits ahead of time and encouraged to discuss any points that they are concerned about. Nationwide visits are performed in regional cycles.

5. Processor partners

Currently, sheep measles data is being supplied to OML by 33 ovine processors and is supplied from the company and Asurequality meat inspectors. Plant feedback is given three times a year and covers all aspects of plant prevalence, updates and data capture rates.



An Ovis Storm

Farmer A is having a sheep measles storm. It was first noticed in February 2024 when his incident rate increased, and the processor was condemning lambs. OML was informed by the processors of the increase. Initially, it was thought that Farmer A had purchased lambs already infected, however after working with Farmer A and looking through kill sheets and historical data, the property had never had any concerns with sheep measles.

The first of the lambs on the property were there for 42 days before they were sent to the processor. 17 lambs from this line were condemned because of sheep measles infections.

Dan Lynch, previous project manager, assisted with visiting Farmer A. A lamb was sacrificed to identify the source of infection. The sacrificed lamb was initially part of a mob that was processed in September 2024 with no reported Ovis and had remained on the farm due to pregnancy.

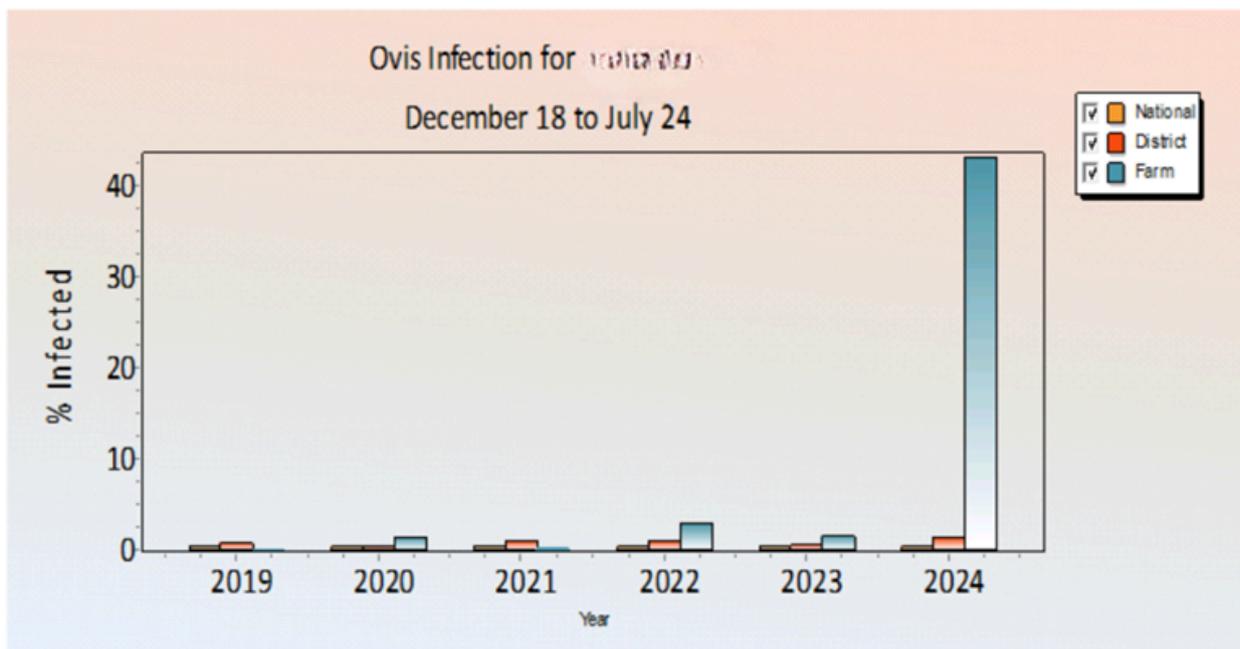
Upon post-mortem, Ovis cysts were identified in the diaphragm and heart muscle, which indicates the source of infection is likely from the farm. Ovis storms occur when naïve lambs, with little to no immunity, encounter the *Taenia ovis* tapeworm. This causes a rapid and sudden immune response in a shorter period than usual.

Steps were put in place to prevent further infection, including ensuring monthly dosing of all dogs. However, due to the length of time that eggs remain viable, Farmer A had to change his plans to winter lambs and ensure that the pastures were quarantined from sheep. Since October 15, 2023, Farmer A has had 1.2% of the lambs that were supplied for processing condemned.



16 OVIS MANAGEMENT 2024

	KILLED	INFECTED	% INFECTED
11/02/2023	12	0	0.0
23/05/2023	498	1	0.2
19/06/2023	126	1	0.8
19/09/2023	402	0	0.0
26/09/2023	200	0	0.0
5/10/2023	402	2	0.5
16/10/2023	351	29	8.3
2/11/2023	102	1	1.0
2023	2,093	34	1.6
19/01/2024	512	49	9.6
3/02/2024	310	177	57.1
20/03/2024	410	290	70.7
13/05/2024	325	195	60.0
4/06/2024	343	109	31.8
2024	1,900	820	43.2



OML Database: The Numbers

For the October 2022 to September 2023 season the OML data base received data from 33 sites which processed 17,394,155 lambs from 11,690 suppliers with 75,087 infected. 2,525,309 mutton were processed with 36,516 infected from 7,291 suppliers

LAMB			
Season	No. of suppliers	No. of lambs processed	No. of lambs infected
2022-2023	11,690	17,394,155	75,087
2021-2022	12,302	17,390,424	75,172
2020-2021	13,204	18,436,984	72,426
2019-2020	13,699	18,971,739	82,867
2018-2019	13,699	18,743,992	80,038

MUTTON			
Season	No. of suppliers	No. of mutton processed	No. of mutton infected
2022-2023	7,291	2,525,309	36,516
2021-2022	6,921	2,343,225	33,655
2020-2021	5,156	1,506,958	23,742
2019-2020	8,562	3,749,022	46,594
2018-2019	7,827	2,660,924	35,622

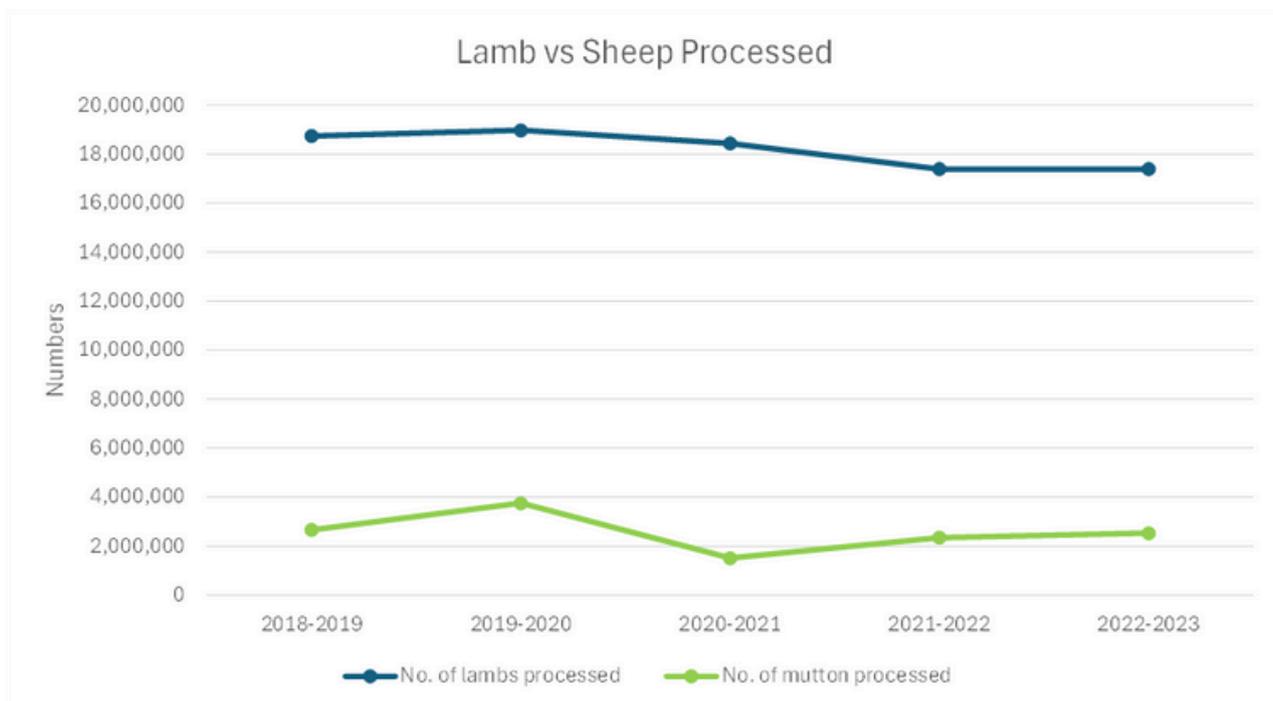


Figure 4: Number of lambs and mutton processed

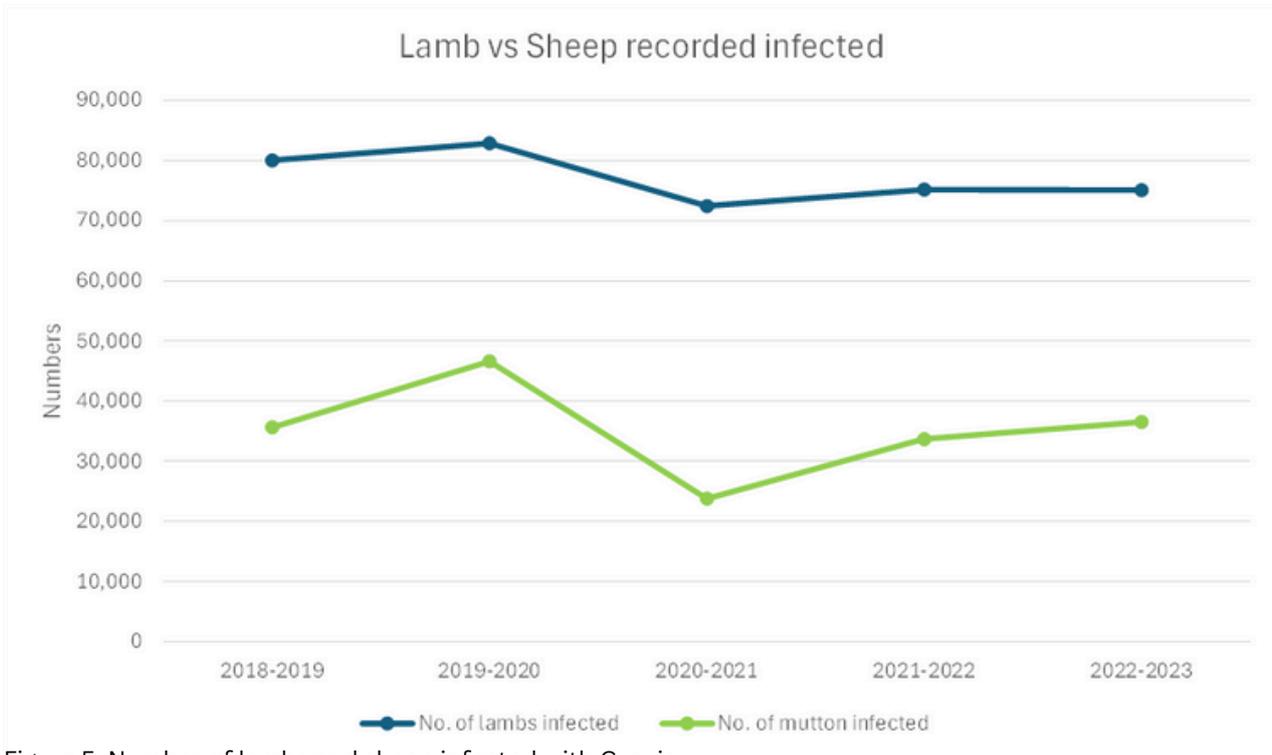


Figure 5: Number of lambs and sheep infected with C. ovis

No of suppliers killing >100 lambs	No of suppliers killing >1000 lambs	No of suppliers killing >5000 lambs	No of suppliers killing <5000 lambs
3,546	4,003	3,491	652

Table 3: Number of farmers and the quantity of lambs supplied

3,097 suppliers were eligible for high prevalence status, that is, processing more than 50 lambs with at least 3 infected.

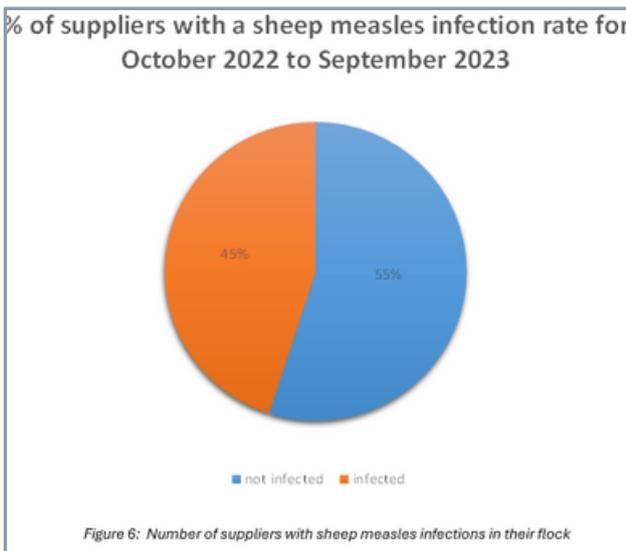


Figure 6: Number of suppliers with sheep measles infections in their flock

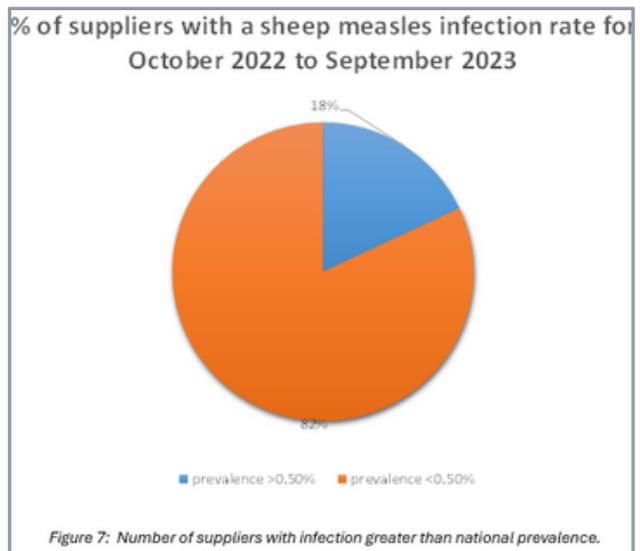


Figure 7: Number of suppliers with infection greater than national prevalence.

Lamb ovis prevalence

The October 2022 to September 2023 prevalence was 0.48%. The prevalence figure is derived from meat inspection and processor summary data across our partner plants. For the current season, October 2023 to June 2024, prevalence is sitting at 0.50%.

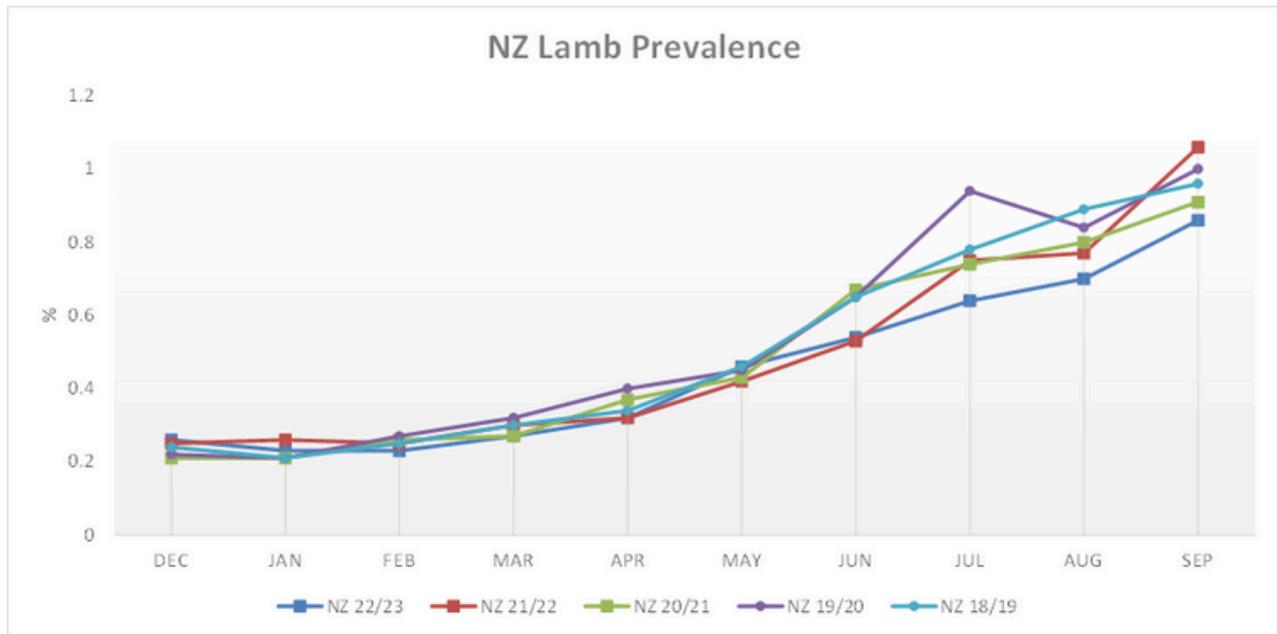


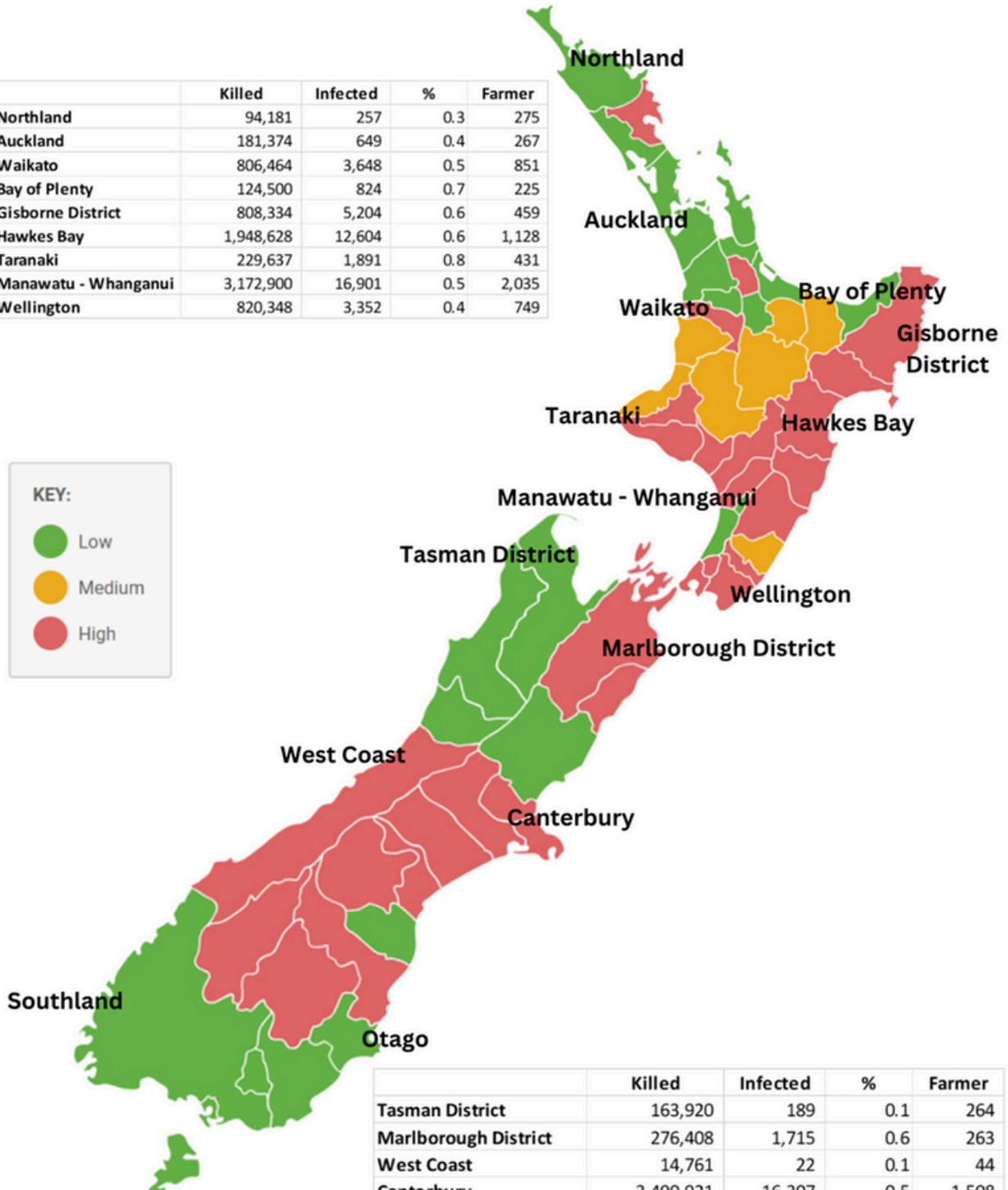
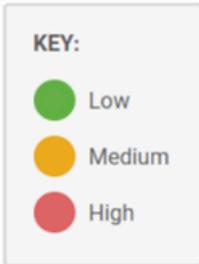
Figure 8: Historical NZ lamb prevalence



Prevalence Map - October 23 to June 24

National lamb sheep measles prevalence for this period 0.50%

	Killed	Infected	%	Farmer
Northland	94,181	257	0.3	275
Auckland	181,374	649	0.4	267
Waikato	806,464	3,648	0.5	851
Bay of Plenty	124,500	824	0.7	225
Gisborne District	808,334	5,204	0.6	459
Hawkes Bay	1,948,628	12,604	0.6	1,128
Taranaki	229,637	1,891	0.8	431
Manawatu - Whanganui	3,172,900	16,901	0.5	2,035
Wellington	820,348	3,352	0.4	749



	Killed	Infected	%	Farmer
Tasman District	163,920	189	0.1	264
Marlborough District	276,408	1,715	0.6	263
West Coast	14,761	22	0.1	44
Canterbury	3,490,921	16,307	0.5	1,508
Otago	2,579,877	7,238	0.3	1,423
Southland	2,636,882	4,286	0.2	1,766
Chatham Island	-	-	-	-

Conclusion

The sheep measles prevention programme is a low-cost programme that utilises the available resources well and has maintained the prevalence of sheep measles well below 1% since the 1990's.

The success of low prevalence in sheep measles is due to farmers seeing value in following prevention methods to mitigate risk of infection on their properties and to their businesses.

References

Christiansen, K., & Corrin, K. (1985, Nov). A benefit-cost analysis of the New Zealand sheep measles control programme. *International Symposia on Veterinary Epidemiology and Economics proceedings*, 4, 321-323.

Jansen, F., Dorny, P., Johansen, M. V., Dermauw, V., Gabriel, S., & Trevisan, C. (2021). The survival and dispersal of *Taenia* eggs in the environment: what are the implications for transmission? A systematic review. *Parasites and Vectors*, 2-16.

Lawson, J. (1994). Hydatid disease and sheep measles: the history of their control and the economics of a recent change of control policy. *New Zealand Journal of Zoology*, 21, 83-89.

Lawson, J., Roberts, M., Gemmell, M., & Best, S. (1988). Population dynamics in echinococcosis and cysticercosis: economic assessment of control strategies for *Echinococcus granulosus*, *Taenia ovis* and *T. hydatigena*. *Parasitology*, 97, 177-79.

McNab, J., & Robertson, T. (1972). *Cysticercus ovis* survey: summary of three years results. *New Zealand Veterinary Journal*, 20, 66-68.





ANNUAL REPORT SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

CONTENTS

Directory	24
Director's Report.....	25
Statement of Comprehensive Income	26
Statement of Changes in Equity	26
Balance Sheet	27
Notes To The Special Purpose Financial Statements	28
Auditor's Report.....	36

OVIS MANAGEMENT LIMITED DIRECTORY

for the year ended 30 June 2024

PRINCIPAL BUSINESS: The main activity of the company is to maintain awareness of and promote control of *Cysticercus ovis*.

DIRECTORS: A. Morrison
R. Barton (to November 2023)
S. Karapeeva
G. McSkimming
G. Tatham (from December 2023)

PROJECT MANAGER: M. Simpson

IRD NUMBER: 50-642-291

REGISTERED OFFICE: Wellington Chambers,
154 Featherston Street
WELLINGTON

AUDITORS: KPMG
44 Bowen Street
WELLINGTON

SOLICITORS: Burrowes & Company
24 Johnston Street
WELLINGTON

BANKER Bank of New Zealand
222 Lampton Quay
WELLINGTON

SHAREHOLDER: Meat Industry Association of New Zealand (Inc)

OVIS MANAGEMENT LIMITED

DIRECTORS' REPORT

for the year ended 30 June 2024

Introduction

The Directors have pleasure in submitting the Annual Report of Ovis Management Limited incorporating the special purpose financial statements and auditors report, for the year ended 30 June 2024.

The report has been prepared so as to include all information required to be disclosed under the Companies Act 1993 except where the shareholders have unanimously resolved to take advantage of the reporting concessions available to them under Section 211(3) of the Companies Act 1993.

On behalf of the Board these special purpose financial statements were approved for issue on 22nd August 2024.

Director 

Date 22 August 2024

Director 

Date 22 August 2024

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2024

	Note	2024 \$	2023 \$
Operating revenue		350,009	329,273
Operating expenditure	1	(335,318)	(315,289)
Operating surplus/(deficit) before other income		14,691	13,984
Other income		-	-
Operating surplus/(deficit) before financing income		14,691	13,984
Financial income		6,432	3,357
Financial expenses		-	-
Net financing income		6,432	3,357
Operating surplus/(deficit) before tax		21,123	17,341
Income tax expense/(benefit)	2	-	-
Net surplus/(deficit) for the year		21,123	17,341
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		21,123	17,341

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

	2024 \$	2023 \$
Opening balance	365,332	347,991
Total comprehensive income for the year	21,123	17,341
Closing balance	386,455	365,332

BALANCE SHEET

as at 30 June 2024

	Note	2024 \$	2023 \$
Equity			
Issued and paid up capital			
2 ordinary shares of \$1 each		2	2
Uncalled capital		(2)	(2)
Retained earnings		386,455	365,332
Total equity		386,455	365,332
<i>Represented by:</i>			
Current assets			
Cash and cash equivalents	3	379,459	354,784
Trade and other receivables	4	31,942	25,569
Total current assets		411,401	380,353
Current liabilities			
Trade and other payables	5	32,364	36,419
Employee benefits	6	10,643	6,558
Total current liabilities		43,007	42,977
Working capital		368,394	337,376
Non current assets			
Property, plant and equipment	7	18,061	27,956
Software	8		
Total non-current assets		18,061	27,956
Net assets		386,455	365,332

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

(i) Basis of reporting

The special purpose financial statements presented are for the reporting entity Ovis Management Limited (the "Company"). The purpose of the Company is to provide a low cost programme promoting control of *Cysticercus ovis* and monitoring area and national trends of prevalence in lambs.

The special purpose financial statements of the company are for the year ended 30 June 2024. The special purpose financial statements were authorised for issue by the directors on the 22nd August 2024.

(ii) Statement of compliance and basis of preparation

The special purpose financial statements have been prepared in accordance with the accounting policies outlined in (iii) below.

The special purpose financial statements are presented in New Zealand Dollars (NZD). The special purpose financial statements are prepared on the historical cost basis except for accounts receivable which are at cost less impairment.

The accounting policies set out below have been applied consistently to all periods presented in these special purpose financial statements.

(iii) Particular accounting policies

The accounting policies that materially affect the measurement of financial performance and financial position are set out below:

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Depreciation of property, plant and equipment is calculated on a straight-line basis over their useful lives.

Gains and losses on disposal of assets are taken into account in determining the operating results for the year. The rates are as follows:

- Office equipment 7-40%
- Furniture and fittings 10%
- Motor vehicle 21%
- Computer hardware 10-67%

Intangible assets

Computer software is stated at cost less any accumulated amortisation. Amortisation is recognised in the Income Statement on a straight-line basis over the estimated useful life of the intangible asset.

- Computer software 40%

Revenue

a. Revenue represents amounts received and receivable from meat companies paid on a 1.5 cents basis (2023:1.5 cents) for each sheep, lamb or goat processed.

b. Revenue from services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the service contract.

c. Net financing income comprises of interest received on call deposits and is recognised in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Accounts receivable are stated at cost less impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2024

Goods and Services Tax

The special purpose financial statements are prepared exclusive of Goods and Services Tax (GST), with the exception of receivables and payables, which include GST.

Taxation

The tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods.

No account is taken of deferred income tax.

Expenses

Expense represents amounts paid and payable to suppliers for services received during the year.

1 Operating expenditure	2024	2023
	\$	\$
Audit remuneration	6,660	6,600
Tax services	2,000	1,690
Depreciation	9,894	10,586
Director's fees - Chairman	21,000	20,000
Personnel expenses	121,392	114,300
Other operating expenses	174,372	162,113
Total operating expenses	335,318	315,289
2 Taxation	2024	2023
	\$	\$
Reconciliation of effective tax rate		
Operating surplus/(deficit) before tax	21,123	17,341
Income tax using Company tax rate 28%	5,914	4,855
Non-assessable income/non-deductible expenses at company rate	1,208	203
Losses provided to/from parent	-	-
Losses bought forward and utilised at company tax rate	-	-
Tax @ company tax rate	7,122	5,058
Prior year adjustment		-
Tax benefit of losses not recognised	(7,122)	(5,058)
Income tax expense/(benefit) per income statement	-	-

The Company and its parent has \$392,992 of tax losses to carry forward (2023: \$500,797), which the company is able to utilise. The availability of losses to carry forward is subject to the Company continuing to meet the requirements of the Income Tax Act, and agreement of the tax losses by the Inland Revenue Department.

	Imputation credit memorandum account	2024	2023
		\$	\$
	Balance at beginning of year	200,295	199,397
	Income tax paid/(refund)	(940)	(51)
	Prior year adjustment	-	10
	RWT on interest received	1,781	940
	Balance at end of year	201,137	200,295
3	Cash and cash equivalents	2024	2023
		\$	\$
	Bank balances	144,397	124,302
	Call deposits	235,062	230,482
	Balance as at 30 June	379,459	354,784
4	Trade and other receivables	2024	2023
		\$	\$
	Trade receivables	30,161	24,629
	RWT Receivable	1,781	940
	Balance as at 30 June	31,942	25,569
	Impairment loss deducted	-	-
5	Trade and other payables	2024	2023
		\$	\$
	Trade payables	25,976	30,439
	GST payable	3,053	2,860
	PAYE payable	3,335	3,120
	Balance as at 30 June	32,364	36,419

6	Employee benefits	2024	2023
		\$	\$
	Liability for Annual Leave	10,643	6,558
	Liability for Retirement Leave	-	-
	Balance as at 30 June	10,643	6,558
7	Property, plant and equipment	2024	2023
		\$	\$
	Motor vehicles		
	At cost	40,506	40,506
	Accumulated depreciation	(24,101)	(15,596)
		16,405	24,911
	Current year depreciation	8,506	8,506
	Computer hardware		
	At cost	12,696	12,696
	Accumulated depreciation	(12,383)	(11,311)
		313	1,385
	Current year depreciation	1,072	1,436
	Office equipment		
	At cost	66,339	66,369
	Accumulated depreciation	(64,995)	(64,679)
		1,344	1,660
	Current year depreciation	316	644
	Total property, plant and equipment		
	At cost	119,541	119,541
	Accumulated depreciation	(101,479)	(91,585)
		18,062	27,956
	Current year depreciation	9,894	10,586

There is no impairment loss recognised during the year (2023:nil)

8 Intangible Assets	2024	2023
	\$	\$
Software		
At cost	6,995	6,995
Accumulated Amortisation	(6,995)	(6,995)
	-	-
Current year amortisation	-	-

There is no impairment loss recognised during the year (2023:nil)

9 Capital commitments

There are no capital commitments outstanding as at balance date (2023:nil)

10 Contingent liabilities

There are no contingent liabilities outstanding as at balance date (2023:nil)

11 Related party information

(i) Identity of related parties

The Meat Industry Association of New Zealand (Inc) owns 100% of Ovis Management Limited. The Association charges a service fee for management and administration services.

(ii) Related party transactions

Ovis Management Limited pays service fees of \$22,726 (2023: \$21,200) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, Ovis Management Limited had \$76 (2023: \$6,464) payable to Meat Industry Association (parent company). This relates to service fees and office expenses paid by Meat Industry Association on Ovis Management Limited's behalf.

34 OVIS MANAGEMENT 2024

During the year ended 30 June 2024, Ovis Management and the Meat Industry Association of New Zealand (Inc) transacted with a company, related to a board member, in the normal course of business. The transactions were on consistent commercial terms with other meat companies.

During the year ended 30 June 2024, Ovis Management received \$72,335 (2023: \$68,541) from a company related to one board member which was included in operating revenue and has recognised a receivable of \$3,503 (2023: \$4,454) from this company.

Ovis Management Limited tax losses are available for use by its parent, Meat Industry Association. As at 30 June 2024 tax losses available to Meat Industry Association and its subsidiaries are \$392,992 (2023: \$500,757).

(iii) *Remuneration*

Total remuneration is included in personnel expenses (see note 1).
The Chairman is paid an annual fee (see note 1).

13 Subsequent events

There are no events subsequent to balance date that would materially effect these financial statements (2023: nil).





Independent Auditor's Report

To the shareholder of Ovis Management Limited (**Company**)

Report on the audit of the special purpose financial statements

Opinion

In our opinion, the accompanying special purpose financial statements of Ovis Management Limited (**Company**) on pages 28 to 36:

- present fairly in all material respects the financial position as at 30 June 2024 and the financial performance for the year ended on that date in compliance with the Company's adopted accounting policies and constitution.

We have audited the accompanying special purpose financial statements which comprise:

- the balance sheet as at 30 June 2024;
- the statement of comprehensive income, changes in equity; and
- notes, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Ovis Management Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the special purpose financial statements* section of our report.

Our firm has provided tax compliance services to the Company. Subject to certain restrictions, partners and employees of our firm may also deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. These matters have not impaired our independence as auditor of the Company. The firm has no other relationship with, or interest in, the Company.



Emphasis of matter – Basis of Accounting

Without modifying our opinion, we draw attention to the accounting policies of the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to meet the requirements of the Company's constitution. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Other information

The directors, on behalf of the Company, are responsible for the other information. The other information comprises information included in the Annual Report, but does not include the special purpose financial statements and our auditor's report thereon.

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

In connection with our audit of the special purpose financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the special purpose financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the shareholder for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of directors for the special purpose financial statements

The directors, on behalf of the Company, are responsible for:

- the preparation and presentation of the special purpose financial statements in accordance with the Company's constitution;
 - implementing the necessary internal control to enable the preparation of a set of special purpose financial statements that is free from material misstatement, whether due to fraud or error;
 - assessing the ability of the Company to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.
-

Auditor's responsibilities for the audit of the special purpose financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.



Reasonable assurance is a high level of assurance but it 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. They 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 the special purpose financial statements.

A further description of our responsibilities for the audit of the special purpose financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.

For and on behalf of:

A handwritten signature of the KPMG firm, written in black ink.

KPMG

Wellington

22 August 2024

