



Annual Report 2018-2019

The Global Language of Business





GS1 New Zealand Incorporated
Financial Statements
For the year ended
31 August 2019

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Chair's Report

“ We will be investing in technologies for greater automation of some services and for streamlining our customer interface. ”

Sean Goodwin
Chair



I am delighted to report that GS1 New Zealand is in excellent shape, ready for the next phase in our country's adoption of global data standards for improved efficiency, profitability and sustainability economy-wide.

This is my first annual review as GS1 New Zealand Chair. It's a privilege to build on the achievements of my predecessor, Colin Robertson, and the whole GS1 Board and team over the past 20 years.

Today the organisation has truly come of age in its recognition from New Zealand business and government, and in its capabilities to support members and to help lead this country forward in the digital age. GS1 Standards are clearly recognised as a key enabler of business and government processes, and as being fundamental in our interoperability with the global economy.

Every month, more of our members see the advantages to their operation of making correct and timely use of GS1 identifiers, of the National

Product Catalogue and of services like ProductFlow. They are enabling businesses to expand their presence in markets, grow revenues, contain costs, manage risks and meet compliance obligations. How gratifying to see exciting future prospects of only five years ago now become part of everyday reality in New Zealand's business sector!

The Government has also come to share our vision, initially by basing the New Zealand Business Number (NZBN) scheme on GS1 identifiers

from 2013 onward and more recently, through its moves to introduce the international Open-PEPPOL standard for e-Invoicing. In March the Government signed a renewed contract with GS1 to support continuation of the NZBN. We all foresee this enabling businesses' take-up of e-Invoicing and, over time, other standardised eCommerce tools.

Within the GS1 global network, the New Zealand organisation is today recognised as one of the leaders – a tribute to the contribution our

staff have made over many years to ongoing standards development and to our progress at home as described above. The network is now 118 country members. It is notable that GS1 New Zealand is truly part of the GS1-equivalent of the 'G20' – in position 19. In 2019, we have celebrated our 40th birthday as the New Zealand member and we were able to share that milestone with colleagues at the annual GS1 Global forum in Brussels.

Our organisation has come of age in terms of financial resilience. Today we have the membership base, and the income from services and consultancy, to support operational growth and to take us forward in realising the potential for GS1 Standards in this country. We, of course, remain highly focused on efficiency and on investing only in areas that return value to members.

So what are our priorities for 2019-20 and beyond?

First, we are committed to the "customer journey" concept of service delivery. Every member in New Zealand has their own particular needs and against these, we must be identifying and providing the right standards and solutions for them: Our commitment is to take each member on their own GS1 journey. Generally, businesses start by making best use of product and location identifiers, and from there move to efficient and effective data sharing with their trading partners.

Later steps might include more sophisticated track and trace capabilities, with product recall and compliance reporting functions. Our challenge is to help each GS1 member understand their current position – and then work out which additional standards and solutions

will, when implemented in optimal ways, enhance their capabilities and deliver more value. We are investing in our own capability to support the customer journey.

Second, the whole GS1 System needs to be made easier for members to understand and to adopt. We are striving to see our standards and solutions as members do, and thereafter to simplify their presentation and accessibility. GS1 is both a 'global language' and also a technology – we want it to become everyone's technology, easy to take-up and use in an increasing range of scenarios.

Third, the organisation is addressing its own productivity issues through greater automation and more streamlined processes. GS1 New Zealand has expanded and grown in recent years, for example with the addition of digital image services. At the same time, our focus has been on maintaining (and improving) the service levels experienced by members. The organisation has, accordingly, adopted some manual processes and allowed duplication of systems – all part of transitioning into a future where members have easy access to a broader range of standards and solutions of true benefit to them. From this year onward, we will be investing in technologies for greater automation of some services and for streamlining our customer interface. The organisation will not be downsized in this process: More of our staff will, instead, be shifted to areas of innovation and ever-more customised service delivery.

Over my eight years of Board membership, I have seen GS1 New Zealand develop and grow as an enabler of business and government processes – and also as an organisation which is both

global and local (the buzzword is 'glocal'). Today we are working hard for various sectors, principally food and grocery, building supplies and hardware, and healthcare. Tomorrow we will be contributing even more to these sectors while also helping this country reach new levels of efficiency, profitability and sustainability in the digital age.

I thank all members of the GS1 team and our stakeholders across New Zealand for helping make GS1 New Zealand the success it is today. I am very confident about our future together.



Sean Goodwin

Chair

21 October 2019

CEO's Report

“ We have accelerated investment in both software integration ... and into capability (both people and technology) for the organisation. ”

Dr Peter Stevens
Chief Executive



I'm pleased to report another very busy year for the organisation across all dimensions of the business.

Pleasingly we experienced expanded interest in our services - which translated into substantial top-line growth in the organisation's revenues. In coping with the growth and servicing the interest from the market, we have accelerated investment in both software integration to streamline support for our member's journey and into capability (both people and technology) for the organisation. As discussed in the Chair's report, these are strong areas of focus for the forthcoming year as well.

Customer

Our strategic plan (set February 2018) made it unambiguously clear that GS1's 'space' should be to support our customers in the verified data market. We work to get accurate, reliable and maintained data that is enabled by GS1, or available from GS1. It seems that good quality data it seems has always been an 'aspirational target'; oftentimes there were organisational processes that picked-up errors or verified data before use. Or simply

the bad data was used internally and masked from end-users or consumers. No more. Now there is an expectation that data flows from a source (a manufacturer, supplier, importer) with minimal intervention right to the web shop, shelf-edge or clinical system. And as has been often said, publishing data straight to the web is like putting your underpants on the outside of your clothes (showing all the imperfections..!). High integrity and standardised data is increasingly

essential to support business-to-business and business-to-consumer processes. Moreover, retailers are increasingly using this same rich data for understanding customer behaviour and purchasing analytics. They see GS1 data as an enabler to assist them to create finely targeted approaches to consumers via electronic marketing or more customised and relevant online search capability.

In the last year we have taken great strides to expand the number of data attributes per product we support and check, as well as the range of products. In the food and grocery sector, the launch of the Foodstuffs' iShop and Countdown's enhanced webshop have been materially relevant, linking good quality data (including back-of-pack nutritional/allergen/ingredient data and photos) to supply chain and procurement data. During the year we also won a long-term contract with the Ministry for Primary Industries to provide nutritional data for research. The Ministry has adopted a very commendable and collaborative attitude through the contract; paying GS1 to collect from the market all products that we do not have in a particular category of interest to them, but without asserting proprietary rights over the data (thus benefiting retailers and suppliers of the collected products). Members using our data verification service (ProductFlow) has risen by 25% to 461 during f2019.

After much software and business model development, the MediaLibrary service was, in effect, re-launched with an 'all-you-can-eat' pricing model for both images and product substantiation documents (certificates, tasting notes, material data safety sheets etc). This was an important signal to the market, as the previous per-picture fee model (inherited from the business we originally acquired MediaLibrary from) disincentivised suppliers from loading images for all their products. As always, we must be focussed on a 'network-play' – coverage of the market being more valuable to our members (and our business) than revenue per product.

In the healthcare sector, we have worked hard to support the 'reset' of the national finance and procurement system (previously known as the National Oracle System, NOS), and GS1 has been appointed to the National Catalogue Design Authority to support this work. Gratifyingly, the 'reset' under the leadership of the Director General of Health and GS1 New Zealand Board member Shayne Hunter (Deputy Director General of Health), has explicitly linked in to the design the downstream benefits of good, standardised product master data to clinical and patient safety programmes – something noticeably missing in previous incarnations of the programme. Leadership by example for the public healthcare system is being also provided by the rollout of GS1 standards by Southern Cross Hospitals – spanning incoming supplier data to supply chain 'scan-in-scan-out' processes and clinical support systems.

In the DIY/building/construction sector a major focus of the regulator, and sector participants, has been to strengthen the quality of building work and reduce the risks of product-related defects by strengthening the regulation of building products and methods. A concern has been that product information is often marketing material that does not include the information designers and builders need to choose the right product, and make sure it is correctly installed and maintained. GS1 has worked with officials and key industry players (especially the Building Industry Federation) to promote the role of GS1's identifiers and master data standards.

In the government sector, several strategically important contracts were won (e.g. the Ministry for Primary Industries mentioned above, a contract on the potential for using

block chain in the construction sector and with NZ Post). However, the major focus has been working with the Ministry of Business, Innovation & Employment (MBIE) on the whole-of-government strategic services agreement for the New Zealand Business Number and its extension to support e-invoicing. The NZBN main contract was re-signed for 10 years with CEO of MBIE Carolyn Tremain on 8 March 2019 with an expanded scope of collaboration under a partnership model.

GS1 Team

At GS1 we have always valued the culture and commitment our team have to get stuck in, relentlessly driving improvement for the benefit of our members and the absolute belief that we can make a difference for New Zealand. Staff turnover is low, and the team work very hard – at times working hard to buffer our customers from the complexity of tasks they need to accomplish for their trading partners. Part of the essence of this unique culture is the pride in being kiwi-owned, but part of a global community. A 'Glocal' world-view allows us to be connected to 114 other sister organisations, enjoy the interaction with other cultures but focus tightly on serving our membership. If we are not doing a great job; we need to fix it – we have no off-shore or inter-galactic boss to blame!

During the year we took the important decision to increase the 'bench-weight' of our team, with the in-sourcing of two key functional roles: the People and Culture Manager and an expert in user experience (UX). The Manager, People and Culture will take end-to-end responsibility of working with line managers and the senior leadership team to recruit new team members, mentor and support managers, learning and development

and fostering/enhancing the culture as we grow. The UX designer, likewise, is a critical appointment if we are truly going to support a member throughout their customer journey 24x7x365. Our software needs to be elegant, easy to use and mask complexity (albeit without sacrificing the integrity of the standards).

Another milestone for the team was achieved during f2019 with the relocation of the Auckland office to new premises in College Hill. Unashamedly designed to provide enhanced amenity value for the team, the new premises lift the positioning of GS1 New Zealand and also provide options for public transport, recreation and services previously not available at Rosebank Road.

Business Processes

The major work done in f2019 was to further drive integration of the various services lines to support an end-to-end customer journey. This work cannot be finished soon enough; and is arguably proceeding too slowly for both our customers and our team. However, it is complex and complicated by a variety of different legacy software applications and programming environments.

Productivity has also been a keen focus this year with the formalisation of a small Productivity Task Force, who, as part of their roles, are working across the business to identify areas which can be streamlined, automated or otherwise improved.

Performance

We had a very successful year, with revenues (excluding interest) rising 9.76% to an all-time high of \$9.482m (cf. \$8.639m in f2018). Operating surplus before depreciation, amortisation and impairment was also strongly positive (\$1,100,390) and 'bottom line' surplus pleasing (\$356,723). GS1 New Zealand has a strong balance sheet, with reserves in line with Board policies. GS1 New Zealand is now ranked 19th in the global GS1 community (as measured by 'financial strength in Euros'); NZ being ranked either 1st and 2nd globally when scaled for the size of Gross Domestic Product and population respectfully (surrogate measures of market opportunity). We are proud of these global benchmarks as we have explicitly adopted a 'network effects' model to lower the barriers for adoption (i.e. our prices for comparable services are very modest compared with many of our sister organisations).

In conclusion

I would like to note the retirement during the year of Colin Robertson (service as Chair for 18 years), and welcome Sean Goodwin and Ruth Brash as incoming Chair and Deputy Chair. The Board and leadership team were able to express our thanks to Colin at the December Board meeting, and presented Colin with Honorary Membership (uniquely Colin is the only individual to have such a status conferred) and created a Scholarship in his name for global

study in the GS1 Federation. Fittingly, the inaugural recipient of the Colin Robertson Travelling Fellowship is a team member who works in healthcare and will visit GS1 Canada, hosted by Colin's long-time friend Art Smith (CEO, GS1 Canada).

Finally, I would like to thank the team for another superb year of achievement, and the Board for their continuing support.



Dr Peter Stevens

Chief Executive
21 October 2019

The year at a glance

FY19

Annual results comparison

▲ 9.76%

\$9.48m

Total Revenue & Other Income
(excluding interest)

\$8.63m - FY18

▲ 5.69%

\$3.85m

Subscription income

\$3.64m - FY18

▲ 49.6%

\$356k

Surplus for the Year

\$238k - FY18

▲ 12.8%

\$5.63m

Other fees & operating income

\$4.99m - FY18



Independent auditor's report

To the members of the Board of GS1 New Zealand Incorporated

We have audited the financial statements which comprise:

- the statement of financial position as at 31 August 2019;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the accompanying financial statements of GS1 New Zealand Incorporated (the Association), present fairly, in all material respects, the financial position of the Association as at 31 August 2019, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Association.

Information other than the financial statements and auditor's report

The members of the Board are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not, and will not, express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.



Responsibilities of the members of the Board for the financial statements

The members of the Board are responsible, on behalf of the Association, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board are responsible for assessing the Association'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 members of the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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) and ISAs 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

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

This description forms part of our auditor's report.

Who we report to

This report is made solely to the members of the Board, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members of the Board, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Kevin Brown.

For and on behalf of:

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants
17 October 2019

Wellington





The results

A closer look at our financial results

Statement of Comprehensive Revenue And Expense

For the year ended
31 August 2019

	Notes	2019 \$	2018 \$
Revenue			
Subscription income		3,848,055	3,641,005
Other fees & operating income		5,634,032	4,998,735
Other Income			
Interest income		141,065	120,076
Total Revenue & Other Income		9,623,152	8,759,816
Expenses			
Employee benefits		4,943,082	4,500,111
Other operating costs	3	3,227,492	2,915,154
Operating lease payments		347,284	340,557
Loss/(Gain) foreign currency		4,904	(1,655)
Depreciation, amortisation and impairment	8,9	743,667	767,155
Total Expenses		9,266,429	8,521,322
Surplus before taxation		356,723	238,494
Taxation	11	-	-
Surplus for the Year Attributable to Members		356,723	238,494
Other Comprehensive Revenue and Expense			
Other Comprehensive revenue and expense for the year		-	-
Total Comprehensive Revenue and Expense for the Year Attributable to Members		356,723	238,494

These financial statements were approved at a meeting of
Members of the Board held on 16 October 2019



Sean Goodwin
Chairman



Dr Peter Stevens
Chief Executive

Statement of of Changes in Equity

For the year ended
31 August 2019

	Members Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 September 2017	-	3,979,202	3,979,202
Comprehensive Revenue and Expense for the Year			
Surplus for the year	-	238,494	238,494
Other comprehensive revenue and expense	-	-	-
Comprehensive Revenue and Expense for the Year	-	238,494	238,494
Transactions with Members	-	-	-
Balance at 31 August 2018	-	4,217,696	4,217,696
Comprehensive Revenue and Expense for the Year			
Surplus for the year	-	356,723	356,723
Other comprehensive revenue and expense	-	-	-
Comprehensive Revenue and Expense for the Year	-	356,723	356,723
Transactions with Members	-	-	-
Balance at 31 August 2019	-	4,574,419	4,574,419

Statement of Financial Position

As at 31 August 2019

	Notes	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	4	700,333	781,665
Trade and other receivables	5	2,938,697	2,807,395
Prepayments		405,872	395,126
Investment in bank deposits	6	3,700,000	3,405,161
Total Current Assets		7,744,902	7,389,347
Current Liabilities			
Trade and other payables	7	871,199	774,424
Income in advance		3,625,252	3,553,032
Employee entitlements		781,760	716,404
Total Current Liabilities		5,278,211	5,043,860
Working Capital		2,466,691	2,345,487
Non Current Assets			
Investment in bank deposit		211,863	-
Plant and equipment	8	744,700	567,593
Intangible assets	9	1,151,165	1,317,464
Total Non Current Assets		2,107,728	1,885,057
Non Current Liabilities			
Other Payables		-	12,848
Total Net Assets		4,574,419	4,217,696
Represented by			
Retained Earnings		4,574,419	4,217,696
Total Equity		4,574,419	4,217,696

Statement of Cash FlowsFor the year ended
31 August 2019

Notes	2019 \$	2018 \$
Cash Flows from Operating Activities		
Receipts from operations	9,423,005	8,942,064
Payments to suppliers and employees	(8,384,226)	(7,687,790)
Interest received	141,065	120,076
Cash Flow from Operating Activities	1,179,844	1,374,350
Cash Flows from Investing Activities		
(Increase) / Reduction in bank deposits	(506,702)	(705,162)
Purchase of plant and equipment	(73,683)	(115,709)
Purchase of intangible assets	(680,791)	(389,021)
Cash Flow from Investing Activities	(1,261,176)	(1,209,892)
Net Cash Flows for the Year - (Outflow)/Inflow	(81,332)	164,458
Cash Balance at Start of Year	781,665	617,207
Cash Balance at End of Year	700,333	781,665

Notes to the Financial Statements

For the year ended
31 August 2019

1. Reporting Entity

GS1 New Zealand Incorporated (the "Association") is a not for profit organisation, based in Wellington, which is incorporated under the Incorporated Societies Act 1908. The Association is primarily established to improve efficiency and visibility in supply and demand chains and is deemed a public benefit entity.

The financial statements for the year ended 31 August 2019 have been approved for issue by the Board Members on 16 October 2019.

2. Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The Association is a not-for-profit public benefit entity ("PBE") for financial reporting purposes and is classified as a Tier 2 PBE reporting entity. Therefore, has elected to report in accordance with PBE Standards Reduced Disclosure Regime ("PBE Standards RDR") on the basis that it does not have public accountability and has total expenses less than \$30 million.

(b) Basis of Measurement

The financial statements have been prepared on a historical costs basis.

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

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars, which is the functional currency and presentation currency. All numbers presented have been rounded to the nearest dollar, unless otherwise stated.

(d) Foreign Currency Translation

Foreign currency transactions are translated into New Zealand dollars using exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted to New Zealand dollars using the exchange rate at the reporting date. All translation differences are recognised through surplus or deficit.

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

2. Basis of Preparation (continued)

(e) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services and collection of subscriptions net of cancellations and discounts.

Subscription Income

Subscription income is recognised over the twelve-month period each subscription relates to. Where the subscription year spans reporting dates, any unearned income is carried forward as income in advance and recognised in the statement of financial position.

Income from Fees

Income from fees is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total service to be provided.

Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method.

(f) Income Tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of taxable profit or loss. Current tax is recognised as a liability to the extent that it is unpaid or recoverable.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts

in the financial statements. Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred tax asset/liability is realised/settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Revenue generated from membership services is not assessable for income tax. Revenue generated from other services is taxable. Expenditure of the Association is allocated between the two income streams to establish the extent of taxable income.

(g) Goods and Services Tax (GST)

The statement of comprehensive revenue and expenses and statement of cash flows have 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 receivables and payables, which include GST invoiced.

(h) Leases

Leases in which a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made under these leases are charged to surplus or deficit on a straight-line basis over the life of the lease.

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

2. Basis of Preparation (continued)

(i) Impairment of Non-Financial Assets

For the purposes of impairment testing, GS1 has classified its non-financial assets as cash generating. Cash generating assets are assets held with the primary objective of generating a commercial return.

Except for intangible assets that are not yet available for use, GS1 assesses at each reporting date whether there is any indication that any non-financial asset may be impaired. If any such indication exists, GS1 tests the asset for impairment by comparing its carrying amount to its recoverable amount in the case of cash-generating assets or its recoverable service amount in the case of non-cash generating assets. The recoverable amount or recoverable service amount is the higher of the asset's value-in-use or fair value less costs to sell. If the assets carrying amount exceeds its recoverable amount or recoverable service amount, an impairment loss is recognised to reduce the carrying amount. Any impairment loss is recognised immediately in the surplus or deficit.

For intangible assets that are not yet available for use (such as software under development), an impairment test is carried out at least annually regardless of whether there are any indications of impairment.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash at bank and short-term deposits with original maturity of less than three months.

(k) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at the amount due, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis and debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Association will not be able to collect all amounts due.

The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised in surplus or deficit.

(l) Investments and Other Financial Assets

Financial assets are classified into the following categories: Loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

2. Basis of Preparation (continued)

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Association provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting period date which are classified as non-current assets. Loans and receivables are included under "Current Assets" (excluding Prepayments) in the statement of financial position.

(m) Critical Accounting Estimates

In preparation of these financial statements, GS1 has made estimates and assumptions. These assumptions may differ from the subsequent actual results. Estimates and assumptions 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.

This note provides an overview of the areas that involved a higher degree of judgment or complexity.

Unrecognised Deferred Tax

The Unrecognised deferred tax assets include an amount of \$3.6 million (2018: \$3.5 million), which relates to carried forward tax losses of GS1. GS1 has concluded that it is not probable that a future surplus will be recognised for taxable other services (non-membership services). Hence a deferred tax asset has not been recognised.

(n) Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment (if applicable). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Additions

In most instances, an item of property, plant and equipment is recognised at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

The cost of an item of property, plant and equipment includes its purchase price and any directly attributable costs. Costs include the cost of replacing part of an existing property, plant and equipment at the time that cost is incurred, if recognition criteria are met; and excludes the cost of day-to-day servicing of an item of plant, property and equipment.

All other repairs and maintenance are charged to the statement of comprehensive revenue and expense during the financial period in which they are incurred.

Disposals

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the reported surplus or deficit is calculated as the difference between the net proceeds from disposal and the carrying amount of the asset.

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

2. Basis of Preparation (continued)

Depreciation

Depreciation is charged using the straight-line method on all property, plant and equipment, which writes off the cost of an asset in equal instalments over its estimated economic life.

Economic lives have been assessed as follows:

Furniture and Equipment	5 -10 years	(10.0%-20.0%)
Computer Equipment	3 - 5 years	(20.0%-33.3%)

The residual value and useful life of property, plant and equipment is reassessed annually.

(o) Intangible Assets

Costs that are directly associated with the production of identifiable and unique software products and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Software costs are amortised over their finite useful economic lives on a straight-line basis assessed as follows:

FMIS Software and Website	3-5 years	(20.0%-33.3%)
Other Software	3-5 years	(20.0%-33.3%)

(p) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year which are unpaid. The amounts are initially recognised at fair value then subsequently at amortised cost. They are unsecured and are usually paid within 30 days of recognition.

(q) Employee Entitlements

A liability and expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a contractual obligation and a reliable estimate of the obligation can be made.

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

3. Operating costs

	2019 \$	2018 \$
GS1 Global Fees	621,142	552,707
National Product Catalogue	361,357	304,092
Other Operating Costs	1,794,528	1,643,987
IT Expenditure	450,465	414,368
Total	3,227,492	2,915,154

4. Cash and Cash Equivalents

	2019 \$	2018 \$
Current account	502,071	460,622
Savings accounts	187,384	318,855
Foreign currency accounts	10,878	2,188
Total	700,333	781,665

5. Trade and Other Receivables

	2019 \$	2018 \$
Trade receivables	2,527,120	2,473,786
Doubtful debts provision	(25,000)	(25,000)
Other receivables	436,577	358,609
Total	2,938,697	2,807,395

The provision for doubtful debts is reviewed annually and relates to debtors where there is objective evidence of impairment.

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

6. Investment in Bank Deposits

	2019 \$	2018 \$
Current Assets		
ASB Term Deposits	3,200,000	2,805,161
Westpac Term Deposit	500,000	600,000
Total Current Assets	3,700,000	3,405,161
Non-Current Assets		
ASB Term Deposit	211,863	-
Total Non-Current Assets	211,863	-

The non-current term deposit with ASB is collateral for the lease premises guarantee obtained. (2018: nil)

7. Trade and Other Payables

	2019 \$	2018 \$
Trade payables	170,184	118,228
Other payables	416,797	335,239
GST	284,218	320,957
Total	871,199	774,424

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

8. Plant and Equipment

	Work in Progress \$	Furniture and Equipment \$	Computer Equipment \$	Total \$
At 31 August 2019				
Cost				
Balance at 1 September 2018	-	1,089,369	522,945	1,612,314
Additions	283,431	1,066	72,617	357,114
Disposals	-	-	-	-
Balance at 31 August 2019	283,431	1,090,435	595,562	1,969,428
Accumulated Depreciation				
Balance at 1 September 2018	-	617,544	427,177	1,044,721
Depreciation expense	-	120,697	59,310	180,007
Disposals	-	-	-	-
Balance at 31 August 2019	-	738,241	486,487	1,224,728
Carrying Amounts				
At 31 August 2019	283,431	352,194	109,075	744,700
At 31 August 2018				
Cost	-	1,089,369	522,945	1,612,314
Accumulated Depreciation	-	(617,544)	(427,177)	(1,044,721)
Carrying Amounts				
At 31 August 2018	-	471,825	95,768	567,593
<i>Comparative information</i>				
At 31 August 2017				
Cost	-	1,043,377	453,227	1,496,604
Accumulated Depreciation	-	(499,069)	(355,939)	(855,008)
Carrying Amounts				
At 31 August 2017	-	544,308	97,288	641,596

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

9. Intangible Asset

	Software Projects in Progress \$	FMIS Software and Website \$	Other Software \$	Total \$
At 31 August 2019				
Cost				
Balance at 1 September 2018	231,579	1,247,129	2,353,738	3,832,446
Additions and transfers	(2,082)	88,172	311,271	397,361
Disposals and impairment	-	-	(11,281)	(11,281)
Balance at 31 August 2019	229,497	1,335,301	2,653,728	4,218,526
Accumulated Amortisation				
Balance at 1 September 2018	-	1,107,943	1,407,039	2,514,982
Amortisation expense	-	73,198	479,181	552,379
Balance at 31 August 2019	-	1,181,141	1,886,220	3,067,361
Carrying Amounts				
At 31 August 2019	229,497	154,160	767,508	1,151,165
At 31 August 2018				
Cost	231,579	1,247,129	2,353,738	3,832,446
Accumulated Amortisation	-	(1,107,943)	(1,407,039)	(2,514,982)
Carrying Amounts				
At 31 August 2018	231,579	139,186	946,699	1,317,464

During the year transfers from Software Projects in Progress to Other Software were made amounting to \$283,219.

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

10. Financial Instruments by Category

(a) Financial Asset

	Loans and Receivables \$	Total \$
At 31 August 2019		
Cash equivalents & term deposits	4,612,196	4,612,196
Trade and other receivables	2,938,697	2,938,697
	7,550,893	7,550,893
At 31 August 2018		
Cash equivalents & term deposits	4,186,826	4,186,826
Trade and other receivables	2,807,395	2,807,395
	6,994,221	6,994,221

(b) Financial Liabilities

	Measured at amortised cost \$	Total \$
At 31 August 2019		
Trade and other payables	549,785	549,785
Employee entitlements	781,760	781,760
	1,331,545	1,331,545
At 31 August 2018		
Trade and other payables	407,600	407,600
Employee entitlements	716,402	716,402
	1,124,002	1,124,002

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

11. Taxation

	2019 \$	2018 \$
Profit for the year	356,723	238,494
Non assessable income	(3,779,136)	(3,609,454)
Non deductible expenditure	3,332,193	3,057,434
Adjustment for increase in holiday pay accrual	18,861	-
Tax losses not recognised	(71,359)	(313,526)
Tax loss for the year	(71,359)	(313,526)
Tax losses brought forward from prior years	(12,673,912)	(12,360,386)
Tax losses available to be carried forward	(12,745,271)	(12,673,912)

The unrecognised deferred tax asset is \$3,568,676 (2018: \$3,548,695).

12. Contingent Liabilities and Guarantees

The non-current term deposit with ASB is collateral for the lease premises guarantee obtained (2018: nil)

13. Related Party Transactions

There was no related party transaction during the year (2018: \$nil).

14. Events Occurring After the Reporting Period Date

There have been no significant events occurring after the reporting date.

Notes to the Financial Statements (continued)

For the year ended
31 August 2019

15. Commitments

(a) Capital Commitments

Capital commitments as at the reporting date totalled nil (2018: \$nil).

(b) Lease Commitments

The Association has various non-cancellable lease commitments for property, motor vehicles and office equipment.

The future aggregate minimum lease payments under these operating leases, excluding GST, are as follows:

	2019	2018
	\$	\$
No later than one year	229,130	346,176
Later than one but not later than five years	1,315,813	179,052
Later than five years	1,389,094	-
Total	2,934,037	525,228

GS1 have the right to renew the lease for the Auckland office for a further 6 years at the end of the initial 9-year period.

16. Key Management Personnel Compensation

The remuneration paid to Directors for the year was nil (2018: nil).

Total remuneration paid to key senior management was \$1,368,070 represented by 6 FTEs (2018: \$1,462,782, 7 FTEs).

Directory as at 31 August 2019

Nature of Business:

A not for profit incorporated organisation established to improve efficiency and visibility in supply and demand chains.

Board Members:

Sean Goodwin (Chair, elected December 2018)
Ruth Brash (Deputy Chair, elected December 2015)
Richard Allen (elected December 2018)
Jason Bardell (elected December 2014)
Catherine Beard (elected December 2014)
Michael Broome (elected December 2014)
Sally Copland (elected December 2018)
Shayne Hunter (co-opted August 2019)
Mark Rance (elected December 2008)
Phil Wright (elected December 2018)

Senior Management:

Peter Stevens (Chief Executive)
Richard Manaton (Chief Operating Officer)
Gary Hartley (General Manager, Customer)
Rochelle Leahy (General Manager, Corporate Services)
Nick Allison (General Manager, Government)
Cameron Frith (General Manager, Implementation & Support)

Auditors:

PricewaterhouseCoopers
WELLINGTON

Business Location:

GS1 New Zealand is incorporated and domiciled in New Zealand.
The registered address is:
Level 2
158 The Terrace
WELLINGTON





Contact GS1 New Zealand

 0800 10 23 56

 info@gs1nz.org

 www.gs1nz.org

