



Annual Report 2017-2018



GS1 believes in the power of standards to transform the way we work and live.

- We create a common foundation for business by uniquely identifying, accurately capturing and automatically sharing vital information about products, locations and assets.
- We enable visibility through the exchange of authentic data.
- We empower business to grow and to improve efficiency, safety, security and sustainability.





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Chair's Report f2017 - 2018

This is my final annual report for GS1 New Zealand – an organisation I've been privileged to chair for 16 years. We have come an extraordinary distance in that time, and in 2018 I step aside full of confidence in what GS1 can continue achieving for members and for all New Zealand in the years ahead.

The Case for Standardisation

The case for standardising identification, then automatically capturing and sharing data has never been stronger – and the opportunities for using the GS1 System have never been greater. Frankly it's just plain good sense in so many areas of government, industry and the consumer marketplace for decision-makers to really embrace standardisation and put GS1 systems to work for them!

We can help reduce cost, raise productivity and service levels, stimulate innovation and promote genuine competition of the kind that pushes New Zealand forward. I leave the helm at GS1 New Zealand with a tremendous passion for seeing more of this happen from now on. In my final report, let me share some thoughts on opportunities immediately in front of us.

Government

First, government regulatory and service functions. There's growing awareness that these functions must become far more integrated and efficient given today's cost pressures and rising tide of public expectation. There's growing awareness, too, that the solution lies largely in digital technologies and smart data.

How pleasing, therefore, to see GS1's globally unique numbering applied to the New Zealand Business Number (NZBN) scheme – and the roll out of that scheme to all business and government entities as a building block for an array of digital connections between them into the future. Government agencies are thereby enabled to share data far more and to streamline their interaction with businesses. All are better positioned to leap ahead with e-Commerce. This year's Budget, for instance, has brought big public investment in economy-wide e-Invoicing, this enabled by mass take-up of NZBNs (and, we expect, other GS1 identification standards). The Government has laid out a broad vision for shifting much more of the New

Zealand economy – how it functions and how it is regulated – into the digital world.



Public service delivery is another key element of this, most obviously in terms of public access to information and expanded capability for dealing with government online. Digital technology and data are recognised also as critical for efficient, effective delivery of education and healthcare services. In respect of the latter, New Zealand is only inching forward on GS1 standards for smarter management of healthcare resources and processes – slow progress which causes deep frustration within our organisation, with suppliers and for me personally. We have been working on the plain sense of this for years!

Opportunities to reduce costs, lift service delivery levels and improve patient outcomes abound, as demonstrated by healthcare authorities in many other countries where GS1 standards are being deployed widely within hospitals and medical supply chains. England is our best exemplar. Globally unique identifiers, automated data capture and vastly increased information sharing along the “patient care pathway” are clearly the future in complex healthcare systems everywhere. New Zealand has yet to recognise this, at least at a national leadership level where it really matters.

Indeed, in 2018 NZ seems to have missed another opportunity to embed GS1 identifiers into healthcare system-wide procurement as part of the National Oracle Solution (NOS) for District Health Boards. This would have facilitated many other valuable uses of medical product information within the DHBs. New Zealand has superb healthcare professionals working tirelessly for the public despite the shortcomings of administrative and political leadership in the sector: these healthcare professionals could be enabled and better supported to do more (as one example, automated bedside verification to enhance patient safety) if provided with the same types of data and tools that their counterparts have elsewhere in the world. Frankly, New Zealand is becoming an outlier among developed-country healthcare systems – and healthcare is lagging other government functions in this country when it comes to digital

technology and data. Clearer sector leadership is needed.

Major Industries

Second, supply chain management and traceability in our major industries. No-one needs convincing on the importance of unique identification, and of data capture and sharing for the efficient operation of supply chains in both the local and global economies. Companies and governments need to know with increasing precision the status, quantity and whereabouts of goods: It enables planning, cost control, regulatory compliance, demand fulfilment, and importantly, increased consumer confidence.

GS1 standards have long enabled supply chains and now they play an increasing role as commerce and trade align with the so-called “Internet of Things” – every physical object, place and entity having a digital existence and potential inter-connection via the web. Our unique identifiers, data capture standards and data-sharing platforms are fundamental in bringing the physical and digital worlds together for an infinite array of purposes. New Zealand’s “single trade window” system for controlling trade at the border is just one example of physical-digital integration with potentially huge economic benefits. GS1 works with New Zealand organisations every day to assist their own efforts at such integration.

Traceability is obviously a huge driver for supply chain transparency and control – the ability to track and trace the movement of goods, and to pull them back at any stage. GS1 standards are certainly helping Fonterra, for example, take strides with traceability in its global supply chains where food safety is so critical. Here we have a huge GS1 New Zealand member positioned to have its own global traceability solution fully in operation from 2020. Fonterra will be able to track every powdered milk batch down its supply chains, whatever the current form of that batch, in minutes.

We know just how important food safety is to thousands of New Zealand businesses – and consumers of course – especially under the reform of our Food Act and its regulations since 2014. The GS1 Traceability Standard should surely be part of anyone’s solution and among current initiatives we are engaged with the fresh produce sector in piloting traceability systems developed with

government support under the Sustainable Farming Fund. The focus in 2018 is on fresh produce and notably strawberries. Of related interest is our fast-growing ProductRecallNZ service, which is giving local suppliers to food and grocery retailers unprecedented capabilities for recalling products rapidly through the use of GS1 identifiers and standardised message formats. In fact, New Zealand seems to be really lifting its game on traceability and food safety – and GS1’s enabling role is well recognised.

Consumers

Third, consumer power and information demand. Gone are the days when producers and suppliers need only to meet the data requirements of large retailers. The digital age puts power directly into the hands of consumers – and it’s their demands to know that matter! Products must, increasingly, be accompanied into the market with information on ingredients, origins and more. Data standardisation is the only sensible way to go so that consumers, as well as retailers, can access meaningful information digitally and physically.

GS1 standards and solutions are, once again, the fundamental building blocks for compiling and presenting information. And when products will, or might be, exported, New Zealand suppliers need to “think global” about using standardised, internationally recognised identifiers and data. The age of consumer power is only now dawning: so far, we have only scratched the surface with opportunities for GS1 to add value to all parties in the digitally-enabled and connected world discussed above.

To the Future

So who are we? What will be our role into the future? It’s hard to over-state GS1 New Zealand’s potential contribution to the success of data-sharing in government, industry and with consumers in this country. Globalisation proceeds apace, linking our fortunes ever more to overseas consumer demands and the workings of global supply chains (for export and import). Our organisation truly does link New Zealand to the world for the good of all, giving Kiwis access to global standards, technologies and solutions we simply must have. And as part of GS1’s own global network, we inject a Kiwi perspective into the design and take-up of these standards and technologies. We

are an organisation of unique and extraordinary reach, and of exceptional personnel with specialised knowledge and global perspectives unrivalled in any other New Zealand organisation or government agency.

In stepping down, I sincerely thank Dr Peter Stevens, our very capable CEO, as well as his GS1 New Zealand Management Team and all the Team for their dedication and support over the years. I have been privileged in leading a Board of talented and energetic Kiwi business people: their contribution of time, insight and wisdom – all voluntary – has been exceptional.

Looking back to 1996 when I first joined the Board, I can say that GS1 New Zealand's progress reflects the vision and endeavour of its people, past and present. We have, of course, been favoured by global trends in business, trade and technology, all these opening vast opportunities for the organisation and for New Zealanders to make increasing use of GS1 standards and solutions. It has taken much sustained focus and hard work to forge the right connections and I have full confidence that the Board and the GS1 New Zealand Team will continue doing exactly that into the future. I wish them every success and will continue to follow their progress with interest!

A handwritten signature in black ink, appearing to read 'Colin Robertson', with a stylized flourish at the end.

Colin Robertson
Chair
27 October 2018

CEO's Report f2017- 2018

I'm delighted to present my summary of the 2017-18 financial year, which has been a year of growth and consolidation.

Working with our Customers
It has been said that 'data is becoming the new oil'.

In this spirit, a focus for this year has been to work with key 'demand-side' members, such as retailers, to support their ever-increasing demand for complete and accurate product data and images. Expectations of consumers around pre-purchase information and a seamless service experience across any channel that makes sense for them (store, tablet, mobile, call-centre) are rising. NZ has been comparatively slow in preparing for 'omnichannel' shopping compared with other hyper-competitive, populous markets such as in the UK and parts of the US. Some pundits argue that this is because NZ shoppers have cars and drive-on properties where the incentive to have a courier climb flights of steps with a delivery is missing. Regardless, most retailers are stepping up the sophistication of their on-line offerings.

Experience has shown that suppliers struggle to get data right without support. For example, a study by Foodstuffs South Island this year showed 42% of supplier data was incorrect, but with quality assurance through GS1 ProductFlow, the error rate detected was less than 2%. With this as a backdrop, we are positioning GS1's standards and services as a key route for high-quality data to get from a supplier to their chosen trading partners. We are working with Foodstuffs, Woolworths NZ, Mitre 10, Southern Cross Hospitals, Fletcher Distribution and Carters on master data projects. As a result of this work the number of active trading relationships on the National Product Catalogue grew 11% last year. We are particularly proud of our work with Carters during the last year, setting up two labs (Wellington/Auckland) and processing 1,000 products per week capturing master data and photographs for their web catalogue project.

To enhance the foundations for electronic commerce in New Zealand, we have been working closely with the Ministry of Business, Innovation &

Employment to support the rollout of the New Zealand Business Number (based on the GS1 Global Location Number standard). We have also built and cemented relationships with the new government over the past year, meeting with Small Business Minister Hon Stuart Nash and Minister of Consumer Affairs, Commerce and Customs Hon Kris Faafoi.



More challenging has been our support for master data in the health sector, as mentioned by the Chair. The challenges around the rollout of the new procurement & financial system for District Health Boards (National Oracle System or 'NOS') have created frustrations with our members, but we are somewhat gratified to see in the government-ordered review of the NOS programme by consultants Deloitte that the lack of alignment with GS1 standards was highlighted as clear oversight that had to be addressed before wider rollout of NOS was contemplated.

Building Profile

A highlight of the year was our Connect 2018 Summit, where high-profile speakers from New Zealand, the US and Europe focussed on online marketplaces. 184 attendees enjoyed the summit, with 95% of attendees 'highly satisfied' with the content and 92% 'highly likely' to attend a similar event in the future. Representative comments from attendees were "An international perspective on a fast and changing area of commerce", "Well organised, very good content and fantastic speakers" and "Speaker's content was well curated".

Globally the GS1 New Zealand team led the first ever Asia Pacific wide initiative at the GS1 Global Forum in Brussels. Asia Pacific as a region of GS1 - consisting of 24 economies - has been very disparate and lacking in cohesion. Our team has worked hard with others over almost a decade and a half to build initiatives that the region can all share in or agree on. We were delighted to see that in this year there was advanced formally a proposal to create a legal entity ('GS1 in Asia Pacific') to drive collaboration and alignment. Although the specific proposal did not advance at this time, we are in no doubt that its time will come.

Service Lines

We welcomed 526 new members during f2017/18. After resignations the net growth was less than we anticipated, but mergers and acquisitions appear to be at an all-time high in our market.

Our ProductFlow service line became the industry standard during the year as both Foodstuffs and Woolworths encouraged their suppliers to get quality assurance of their master data using ProductFlow. Over 400 suppliers are now using ProductFlow coupled to the National Product Catalogue for new products, alterations to products and price changes.

ProductRecallNZ is a maturing service, providing reliable and secure workflow for 2,200 suppliers to communicate with their retail partners around recalls and withdrawals. In the last year 174 events were handled by ProductRecallNZ, with a total of 244 products reliably pulled off the shelves. A record for responsiveness was set by Z Energy, who managed to clear their entire 240-store supply chain within 120 minutes of the recall being issued. In addition, two notable receivers to join the ProductRecallNZ network were secured in the year being The Warehouse Group and My Food Bag.

Our product verification and photography service was heavily used by members during the year, with 23,400 verifications completed and nearly 3,000 products being photographed. For several years the GS1 team have been proactively capturing back-of-pack data (nutritional, ingredient, allergens, claims) for every product received by our photo laboratory (with 28,600 now in the database). The GS1 New Zealand Board approved this investment on behalf of members in the knowledge that retailers would eventually respond to consumer-demand for detailed product data. We are delighted that Countdown Supermarkets is now displaying in their webshop back-of-pack data automatically if the supplier has provided the product to us, and that Foodstuffs is also receiving back of pack data for future deployment.

A key focus during the year was completing the consolidation of our four digital asset management systems (our pre-existing Smart Media service and three bought into the business from the Images in Space acquisition). This was technically quite challenging for the

internal software development team, but also there was a dizzying array of customer plans, payments and support models that had to be rationalised. This was successfully completed with all assets and customers were migrated onto the MediaLibrary service in August 2018. This consolidation was a pre-requisite for a larger, multi-year project to better support our members in their journey from new product development to withdrawal of products from the market (either through obsolescence or recall). MediaLibrary now has 202 customers with catalogues.

Organisational Performance

Financially the organisation posted another record (for the 15th successive year) and is in a very good position. Revenues increased from \$8.2m to \$8.6m (+5%), and operating surplus was \$886k. The 'bottom line' surplus was \$238k, slightly down on the previous year's \$436k, but reflecting the investment the organisation is making in systems and the Team. Reserves, critical for a 'rainy day' and to fund future investments, are tracking back well towards the Board's policy after the acquisition of the Images in Space business in 2016.

Growth in usage of services by members (and thus revenue) was experienced across all major service lines, the notable exception being ad hoc consulting. In particular some planned initiatives did not proceed as we had hoped, but a significant factor was the change in government which led, across multiple fronts, to a pause as government agencies and the business community responded to a pivot in strategic direction. Whilst we did not achieve our ambitious consulting budget, we were pleased overall.

Our auditors made comment to the Audit & Risk Committee of the Board at the conclusion of the audit that the process was very smooth and the GS1 Team were well prepared. It was gratifying to get this feedback.

Closing Thoughts

I take much pride in working with the GS1 Board and Team. There is a vibrancy and restlessness to be better tomorrow than today throughout the organisation. As the Global CEO of GS1 commented, "What other member organisation but NZ would have a member of the Board helping out cook lamb chops on a barbeque or dress up as a Lady Bug in order to educate (and have fun)?" I

would like to acknowledge the hard work and spirit that the entire team bring to the task at hand.

Lastly, I am very aware that the individual who recruited me to lead GS1 – Colin Robertson – is retiring from the organisation after lengthy and distinguished service. Colin has been the perfect Chair – personable, engaged, knowledgeable and committed. He has guided the Board and overseen growth in the organisation from one that issued barcode numbers to one that is 10 times larger by revenues, but manifestly more important in its contribution to the NZ economy and the wider GS1 world. Respected globally, Colin has also been a superb mentor to myself and earned the respect of business people across a wide variety of sectors. We wish Colin and his wife Irene well in their retirement.

A handwritten signature in black ink, appearing to read 'P. Stevens', with a large, stylized initial 'P'.

Dr Peter Stevens
Chief Executive
27 October 2018

Audited Financial Statements



Auditor's Report



Independent auditor's report

To the members of the Board of GS& New Zealand Incorporated

The financial statements comprise:

- the statement of financial position as at 31 August 2018;
- 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 financial statements of GS& New Zealand Incorporated (the "Association"), present fairly, in all material respects, the financial position of the Association as at 31 August 2018, 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, if other information is included in the annual report, 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.

Prisoners-in-houseCoopers, PwC Centre, 10 Waterloo Quay, PO BOX 243, Wellington 6140, New Zealand
T: +64 4 468 7000, F: +64 4 468 7000, pwc.co.nz

Auditor's Report



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-accounting-practitioners/auditors-responsibilities/audit-report-4/>

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:

Chartered Accountants
10 October 2018

Wellington

Statement of Comprehensive Revenue And Expense



	Notes	2018 \$	2017 \$
Revenue			
Subscription income		3,641,005	3,558,212
Other fees & operating income		4,998,735	4,659,587
Other Income			
Interest income		120,076	96,994
Total Revenue & Other Income		8,759,816	8,314,793
Expenses			
Employee benefits		4,500,111	4,339,947
Operating costs	3	2,915,154	2,545,841
Operating lease payments		340,557	337,047
Gain on foreign currency		(1,655)	(8,634)
Depreciation, amortisation and impairment	8,9	767,155	664,429
Total Expenses		8,521,322	7,878,630
Surplus before taxation		238,494	436,163
Taxation	11	-	-
Surplus for the Year Attributable to Members		238,494	436,163
Other Comprehensive Revenue and Expense			
Other Comprehensive Revenue and Expense for the year		-	-
Total Comprehensive Revenue and Expense for the Year Attributable to Members		238,494	436,163

These financial statements were approved at a meeting of Members of the Board held on 10 October 2018

The accompanying notes form part of these financial statements

Statement of Changes in Equity



	Members Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 September 2016	-	3,543,039	3,543,039
Comprehensive Revenue and Expense for the Year			
Surplus for the year	-	436,163	436,163
Other comprehensive revenue and expense	-	-	-
Comprehensive Revenue and Expense for the Year	-	436,163	436,163
Transactions with Members	-	-	-
Balance at 31 August 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

The accompanying notes form part of these financial statements

Statement of Financial Position



	Notes	2018 \$	2017 \$
Current Assets			
Cash and cash equivalents	4	781,665	617,207
Trade and other receivables	5	2,807,395	2,967,699
Prepayments		395,126	335,849
Investment in bank deposits	6	3,405,161	2,700,000
		<u>7,389,347</u>	<u>6,620,755</u>
Current Liabilities			
Trade and other payables	7	774,424	651,749
Income in advance		3,553,032	3,411,012
Employee entitlements		716,404	689,050
		<u>5,043,860</u>	<u>4,751,811</u>
Working Capital		<u>2,345,487</u>	<u>1,868,944</u>
Non Current Assets			
Plant and equipment	8	567,593	641,596
Intangible assets	9	1,317,464	1,505,885
		<u>1,885,057</u>	<u>2,147,481</u>
Non Current Liabilities			
Other Payables		12,848	37,223
Total Net Assets		<u>4,217,696</u>	<u>3,979,202</u>
Represented by Retained Earnings			
		4,217,696	3,979,202
Total Equity		<u>4,217,696</u>	<u>3,979,202</u>

The accompanying notes form part of these financial statements

Statement of Cash Flows



	2018	2017
	\$	\$
Cash Flows from Operating Activities		
Receipts from operations	8,942,064	8,241,650
Payments to suppliers and employees	(7,687,790)	(7,093,230)
RWT received	-	18,949
Interest received	120,076	72,997
Cash Flow from Operating Activities	1,374,350	1,240,366
Cash Flows from Investing Activities		
(Increase)/Reduction in bank deposits	(705,162)	(1,200,000)
Purchase of plant and equipment	(115,709)	(38,648)
Purchase of intangible assets	(389,021)	(365,971)
Cash Flow from Investing Activities	(1,209,892)	(1,604,619)
Net Cash Flows for the Year - Inflow/(Outflow)	164,458	(364,253)
Cash Balance at Start of Year	617,207	981,460
Cash Balance at End of Year	781,665	617,207

The accompanying notes form part of these financial statements

Notes to the Financial Statements



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 2018 have been approved for issue by the Board Members on 10 October 2018.

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



(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

Notes to the Financial Statements



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.

(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

Notes to the Financial Statements



determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

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 \$3.5 million (2017: \$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 is 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.

Notes to the Financial Statements



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.

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 on 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



3. Operating costs

	2018	2017
	\$	\$
GS1 Global Fees	552,707	478,394
National Product Catalogue	304,092	300,166
Other Operating Costs	1,643,987	1,489,533
IT Expenditure	414,368	277,748
	2,915,154	2,545,841

4. Cash and Cash Equivalents

	2018	2017
	\$	\$
Current account	460,622	337,035
Savings accounts	318,855	273,949
Foreign currency accounts	2,188	6,223
	781,665	617,207

5. Trade and Other Receivables

	2018	2017
	\$	\$
Trade receivables	2,473,786	2,665,663
Doubtful debts provision	(25,000)	(25,000)
Other receivables	358,609	327,036
	2,807,395	2,967,699

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

6. Investment in Bank Deposits

	2018	2017
	\$	\$
ASB Term Deposits	2,805,161	2,150,000
Westpac Term Deposit	600,000	550,000
	3,405,161	2,700,000

Notes to the Financial Statements



7. Trade and Other Payables

	2018	2017
	\$	\$
Trade payables	118,228	152,751
Other payables	335,239	169,903
GST	320,957	329,095
	774,424	651,749

8. Plant and Equipment

Furniture and Equipment	Computer Equipment	Total
\$	\$	\$

At 31 August 2018

Cost

Balance at 1 September 2017	1,043,377	453,227	1,496,604
Additions	45,992	69,718	115,710
Balance at 31 August 2018	1,089,369	522,945	1,612,314

Accumulated Depreciation

Balance at 1 September 2017	499,069	355,939	855,008
Depreciation expense	118,475	71,238	189,713
Balance at 31 August 2018	617,544	427,177	1,044,721

Carrying Amounts

At 31 August 2018	471,825	95,768	567,593
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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
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Notes to the Financial Statements



9. Intangible Assets

	Software Project in Progress \$	FMIS Software and Website \$	Other Software \$	Total \$
At 31 August 2018				
Cost				
Balance at 1 September 2017	95,260	1,216,533	2,162,418	3,474,211
Additions	136,319	30,596	222,106	389,021
Disposals and impairment	-	-	(30,786)	(30,786)
Balance at 31 August 2018	231,579	1,247,129	2,353,738	3,832,446
Accumulated Amortisation				
Balance at 1 September 2017	-	1,023,373	944,953	1,968,326
Amortisation expense	-	84,570	462,086	546,656
Balance at 31 August 2018	-	1,107,943	1,407,039	2,514,982
Carrying Amounts				
At 31 August 2018	231,579	139,186	946,699	1,317,464
At 31 August 2017				
Cost	95,260	1,216,533	2,162,418	3,474,211
Accumulated Amortisation	-	(1,023,373)	(944,953)	(1,968,326)
Carrying Amounts				
At 31 August 2017	95,260	193,160	1,217,465	1,505,885

During the year transfers from Software Projects in Progress to Other Software were made amounting to \$220,939.

10. Financial Instruments by Category (a) Financial Assets

	Loans and Receivables \$	Total \$
At 31 August 2018		
Cash equivalents & deposits	4,186,826	4,186,826
Trade and other receivables	2,807,395	2,807,395
	6,994,221	6,994,221
At 31 August 2017		
Cash equivalents & deposits	3,317,207	3,317,207
Trade and other receivables	2,967,699	2,967,699
	6,284,906	6,284,906

Notes to the Financial Statements



(b) Financial Liabilities

At 31 August 2018

Trade and other payables
Employee entitlements

Measured at amortised cost \$	Total \$
407,600	407,600
716,402	716,402
1,124,002	1,124,002

At 31 August 2017

Trade and other payables
Employee entitlements

285,158	285,158
416,591	416,591
701,749	701,749

11. Taxation

	2018 \$	2017 \$
Profit for the year	238,494	436,163
Non assessable income	(3,609,454)	(3,558,212)
Non deductible expenditure	3,057,434	2,847,296
Tax losses not recognised	(313,526)	(274,753)
Tax loss for the year	(313,526)	(274,753)
Tax losses brought forward from prior years	(12,360,386)	(12,085,633)
Tax losses available to be carried forward	(12,673,912)	(12,360,386)

The unrecognised deferred tax asset is \$3,548,695 (2017: \$3,460,908).

12. Contingent liabilities

There were no contingent liabilities at the reporting date (2017: \$nil).

13. Related Party Transactions

There was no related party transaction during the year (2017: \$nil).

Notes to the Financial Statements



14. Events Occurring After the Reporting Period Date

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

15. Commitments

(a) Capital Commitments

Capital commitments as at the reporting date totalled nil (2017: \$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:

	2018	2017
	\$	\$
No later than one year	346,176	351,599
Later than one but not later than five years	179,052	524,600
	525,228	876,199

16. Key Management Personnel Compensation

The remuneration paid to Directors for the year was nil (2017: nil). Total remuneration paid to key senior management was \$1,462,782 represented by 7 FTEs (2017: \$1,436,471, 7 FTEs).

GS1 New Zealand Incorporated

Directory as at 31 August 2018



Nature of Business:	A not-for-profit incorporated organisation established to improve efficiency and visibility in supply and demand chains.
Board Members:	Colin Robertson (Chair, elected December 2015) Sean Goodwin (Deputy Chair, elected December 2015) Mark Rance (elected December 2015) Andrew Dennis (elected December 2015) Catherine Beard (elected December 2014) Jason Bardell (elected December 2014) Michael Broome (elected December 2015) Ruth Brash (elected December 2015) Peter Muggleston (co-opted June 2016) Stephen O'Keefe (co-opted August 2016)
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



Address details

Level 2, 158 The Terrace
PO Box 11-110
Wellington 6142
New Zealand

Contact details

T 0800 10 23 56
E info@gs1nz.org
W www.gs1nz.org

