



# JML ANNUAL REPORT

and Statement of Accounts for the 12 months ended 30 September 2014

### **Mission Statement**

“To provide services and assistance to the New Zealand deer industry to aid in the control of Johne’s disease, including monitoring and maintenance of a national database”

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## Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Johne's Management Limited will be held on the 11th of February 2014 in the Deer Industry New Zealand Boardroom, Level 5, Wellington Chambers, 154 Featherston street, Wellington 6011.

The meeting will commence at 11.00 a.m.

### Agenda

- Approve the minutes of the 2012-2013 Annual General Meeting.
- Receive and consider the Directors Report, Auditors Report, and Accounts for the year ended 30 September 2014.
- Appoint auditors for the forthcoming year.
- Confirm Board of Directors for 2014/15
- General business.

## Directory

CHAIRMAN	G. W. Neilson 10 Kanuka Court, Mosgiel 9024
DIRECTORS	D. Coup 4 Darlington Road, Mirimar, Wellington 6022  I. D. Stewart 32 Macefield Drive, Rolleston, 7614  M. Coutts Mcleod Road, RD 4, Timaru 7974  R. Hilson 120 Paget Road, RD 2, Takapau, 4287
SECRETARY	S. Norton PO Box 615, Dunedin 9054
REGISTERED OFFICE	DINZ Level 5, Wellington Chambers building, 154 Featherston Street, Wellington 6011
SOLICITORS	Buddle Findlay 1 Willis Street, Wellington 6011
BANKERS	ANZ Bank of New Zealand Limited, 215-229 Lambton Quay, Wellington Central, Wellington 6011
AUDITORS	Deloitte 10 Brandon Street, Wellington 6011
ACCOUNTANT	M. Pran Meat Industry Association Level 5, Wellington Chambers, 154 Featherston Street, Wellington 6011

## Company Management

PROJECT MANAGER	Dr S. Norton, Dunedin
TECHNICAL MANAGER	Dr K. Goodwin-Ray, Palmerston North

## Chairman's Annual Report

On behalf of the Directors of Johne's Management Ltd it is my pleasure to report on the Company's activities this past year.

In 2007 Johne's Management Ltd (JML) began as little more than a conceptual agreement between the Deer Industry and its stakeholders. It was formed in a voluntary, non-regulatory environment, but still involved every sector of this industry from deer farmers to the science world and from the venison processors to the marketers.

The envisaged programme would "minimize the risk of Johne's disease on deer farms, limit transmission, and maximize the overall health of New Zealand deer herds".

To deliver on this industry demand required a specific governance structure. A small but formal limited liability company was formed with four Directors representing deer farmers and venison processors, along with an independent Chairman. The Company is owned by Deer Industry New Zealand and they are also the sole share holder.

This structure is a cornerstone of JML's rise to the forefront of national Johne's disease control programmes throughout the world. Its small size and independence unshackle it from the processes of large and complex organisations. These processes be cumbersome, slow, and sometimes both. They can also easily dilute specific programme objectives amongst other aims that the organisation feels are more important, to the point where these objectives fade to insignificance or disappear altogether.

The structure of JML gives its Board clear and direct responsibility for the programme objectives. It enables them to act quickly on decisions, moving the programme forward uncompromised and with confidence. Consequently it also bestows responsibility on the Board, and only the Board, for core decisions in the development and finance of the programme.

This year JML concluded its independent validation of the Company's slaughter house surveillance data base. This work assessed the relationship between the farm level rate of JD-suspect lesions identified at processing and the severity of JD on that farm, as well as the level of concern about JD held by that farmer.

This was a mammoth undertaking both in terms of logistics and cost. It was only possible with the co-operation of over 150 deer farmers and the work of our Project Manager, office assistant Hannah Philips, the staff at AbacusBio Ltd and Kaylene Larking of the Johne's Disease Research Consortium. AbacusBio Ltd, led by Peter Fennessy, acted as JML's independent contractor to coordinate the investigation and bring it to a clear conclusion.

The conclusion was that a clear relationship did indeed exist between JD-suspect lesion rates for individual farms and the severity of disease observed on those farms.

The report also noted that, for farmers, the most important sources of information about Johne's disease was JML's awareness programmes and veterinarians including the Johne's Consultant Network.

After a financial review and forecasting the Directors agreed to reduce the voluntary contribution to fund the programme from 80 cents down to 70 cents commencing at the start of the 2014-15 year. This reduction amounts to a 30 percent drop in funding since 2012. It signifies effort by the programme to function at cost only but also efficiently and in a way that enables new challenges to be taken on in assisting deer farmers and the industry.

JML continues to co-operate with a wide variety of industry and research entities. This year we have been involved with the Deer Industry's Advance Party programme, the Johne's Disease Research Consortium and with a pilot trial with the industry and OSPRI. JML's reputation, forged on strict adherence to

confidentiality protocols around data sharing, is carefully conserved when providing data temporarily to third parties for the betterment of the deer industry.

As in past years we are grateful for the support of the New Zealand deer farmers, the Venison Processors and the AsureQuality Inspectors at the venison processing plants.

We appreciate the continuing support and involvement of the JML network of veterinarian consultants, the Deer Industry New Zealand Board, Massey University, Disease Research Laboratory, and other research Institutes and diagnostic laboratories.

My special thanks to our Technical Manager, Kathy Goodwin-Ray for her work analysing our data and for the detailed reports each quarter.

Thanks again for the support we receive from our accountant Michael Pran.

We are especially indebted once again for the dedication and enthusiastic drive and energy Solis Norton, our Project Manager, has put into this year's achievements.

Finally, to my fellow Directors thanks for your support and input into what has been another truly eventful year.

**Geoff Neilson**

Chairman

Johne's Management Limited

## Project Manager's Annual Report

2014 marks the seventh year for Johne's Management Limited and the fourth in my role as Project Manager. In years past our goal has specifically been the monitoring and control of Johne's disease (JD). I feel the programme's operations now meet that goal effectively within the quite reasonable boundaries of staffing and funding.

So this year the focus shifted to three new topics that would assess the performance of JML and integrate it more closely with other deer industry initiatives. Firstly, ensuring the database that we use to drive so much of the programme's operation is actually sending us the right messages. Secondly, integrating more closely with industry activity and needs beyond Johne's. And thirdly, comparing our performance against control programmes for JD used by other countries.

In short, we've shown that the JD-suspect lesion rate recorded during processing is indeed linked to the severity of the disease on-farm and to the level of concern held by that farmer. We've also expanded our on-farm risk management plans to include a range of farm specific productivity indices and comparisons with industry averages. Lastly, at the International Colloquium on Paratuberculosis in Italy keynote speaker Professor H Barkema from the Netherlands raised several key challenges for national control programmes around the world. JML has met each one of these, which puts it amongst the very front runners of these programmes, many of which are far larger and more complex than ours.

The number of farms using our risk management plans continues to grow. With well over 100 now enrolled we have approximately one quarter of deer processed annually and almost half the JD suspect lesions identified under risk management plans.

This year has affirmed the value of our operation and shown that we rank amongst the best in the world for JD control. We're building now on these outcomes to support this legendary

industry and its farmers in providing exceptional venison and deer products to the world.

The following is a summary of programme highlights for 2013-14.

### **Programme activity**

#### *Key statistics*

There are now 115 farms with Risk Management Plans (RMP) in place, up from 103 at the conclusion of 2012-13. Deer from these farms represented 24% of industry production for this season and 44% of JD-suspect lesions.

#### *Validation of the JML surveillance database*

A key recommendation from our strategic review was to validate the link at the farm level between JD-suspect lesions recorded in our surveillance database and the severity of the disease observed on-farm. This lesion rate is the basis for much of the programme's operation so complete confidence that it does indeed reflect what is happening on-farm is essential.

We were fortunate in being able to integrate this validation work within a wider study of JD in deer made by the Johne's Disease Research Consortium. Combining forces with the JDRC and their research contractor AbacusBio Ltd gave us significant cost savings, substantial research capability, and the scope to have our methods and results independently analysed. Independent endorsement of a piece of work this important is also essential.

Between November 2013 and February 2014 JML interviewed 151 farmers by phone. Their properties accounted for 28% of all deer processed during 2012-13. Their perceptions of JD-related death rate in their deer and their level of concern about the disease was recorded. AbacusBio Ltd compared the farmers' responses with the lesion rates in their deer. They found a strong link between these three variables. This led them to conclude that using the lesion rate as a proxy for JD in national monitoring as well as in prioritising farms for contact and assistance is a valid process.

The following table summarises this relationship.

Table 1. Average JDSL N rate and JD-related deaths (%) per stated JD concern group (the gradient green-yellow-red represents the scale from the lower values (dark green) to the higher value (red) value per column)

Stated concern	JDs related deaths	JD-suspected lesion rate				
		2012	2011	2010	2009	2008
0	0.09%	0.66	0.69	0.26	0.61	0.17
1	0.03%	0.77	1.01	0.81	0.62	0.44
2	0.75%	1.26	1.66	1.54	1.02	1.12
3	0.59%	1.19	2.13	1.52	1.02	1.04
4	0.83%	1.13	2.01	1.66	1.32	1.45
5	2.47%	1.77	3.02	2.53	2.03	2.08

Amongst the demographic information there were some other interesting outcomes. Collectively, the farmers reported a peak in the early 2000s of when JD was first observed on individual farms and then a decline. This supports my comment in last year's annual report about the epidemic nature of JD in the deer industry. The nature of JD as an epidemic rather than a perennially simmering issue was also suggested in a recent mathematical modelling paper by G Magombedze et. al (2013) in the journal PLOS ONE. The graph below shows our data supporting the epidemic theory. However, it is important to see here that the period since the peak is short and the last bar represents a shorter period than the others.

**Risk management plan development**

The RMPs have grown this season from a focus just on the levels and impact of JD to including

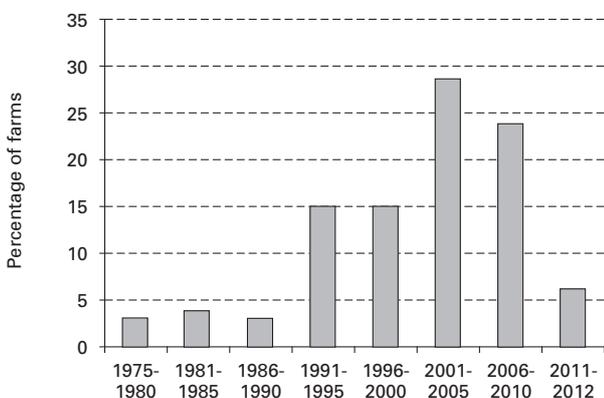


Figure 1. Evolution of JD infection across the industry: Period in which surveyed farmers considered that they had first observed symptoms of JD in their deer

production information for each farm. The goal has been to provide meaningful and useful summaries of data in a brief form rather than swamping the reader in detail.

There are tallies of young and mature deer processed annually, average carcass weights and comparisons with regional and national averages. This lets the farmer see at a glance the number of deer leaving the farm gate and how they performed against the rest of the industry. There is also a kill profile showing the timing and size of mobs processed against the venison schedule and the average kill date (see below) as well as a list of average kill dates back to 2007. These are all valuable metrics of farm performance showing change over time.

Computer code written by JML produces these RMP reports with minimal effort, yet each

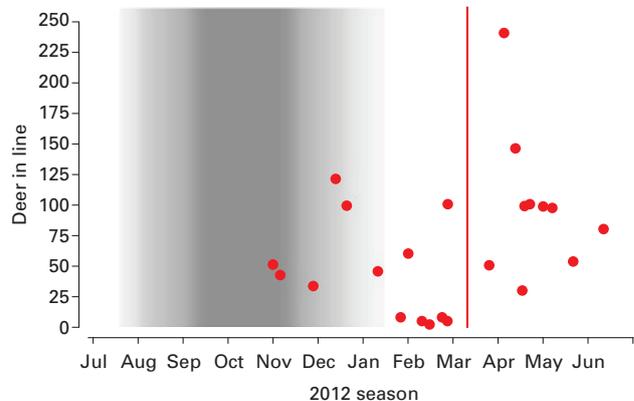


Figure 2. Example of a kill profile for 2012/13 showing peak schedule (grey area), average kill date (red line) and the number and date of processing for mobs of deer (red dots)

one still has its own unique commentary. The commentary takes only a little time but it is a big help in putting the health and productivity status of a farm in context. It also makes a personalised service of the report which is one of the benefits of the modestly sized deer industry and one of the long standing goals of the programme; to directly provide its expertise to the individual farmer.

***International Colloquium on Paratuberculosis'***

In late June the 12th bi-annual International Colloquium on Paratuberculosis (ICP) was held in Parma, Italy. Around 400 attended from 38 countries to present new research and ideas, and to wrestle again with the old conundrums of JD.

My aim at the conference, in addition to getting up to speed with the latest JD developments, was to compare JML with other national JD control programmes. ICP is the best opportunity to do this as the key members of these other programmes always attend and nothing beats actually asking them about their work. Their feedback is rich in evidence of what should or should not be done to improve JML.

The keynote speech on JD control programmes by professor H Barkema from the Netherlands picked out goals they should pursue and important elements in their success. Several in particular were noteworthy:

- Reporting should be on a time bound scale, incidence for example rather than prevalence
- Progress by the programme as a whole should be reported periodically and consistently
- The importance of improving overall herd health in the control of JD should be recognised
- Private veterinarians must be involved with the farmer in JD control

It was with considerable satisfaction that I realised JML meets all of the Professor's recommendations. Our twenty-four consecutive Quarterly Analysis reports by Technical Manager Dr Kathy Goodwin-Ray, use time bound rates and are a consistent measure of our progress since 2007. Risk Management Plans consider

farm management and overall herd health as critical points in the management of JD, and they link private veterinarians with farmers to get local expertise in animal health. In addition, there has been a significant amount of in-house self-assessment by JML over the years, working on the business of JD control rather than in it. Notably the validation of meat inspector performance in 2010, the strategic review in 2012, and validation of the surveillance database in 2013/14.

While the conference showed several interesting emerging technologies, for example phage assay diagnostics, there were no signs that major new practical tools or advances would appear in the next few years to revolutionise JD control at the farm level. I concluded from this that JML is best to continue its current programme and to work more closely with industry to meet their data needs and those of the farmers – pursue programme improvement at the industry scale since we seem abreast of the latest international recommendations.

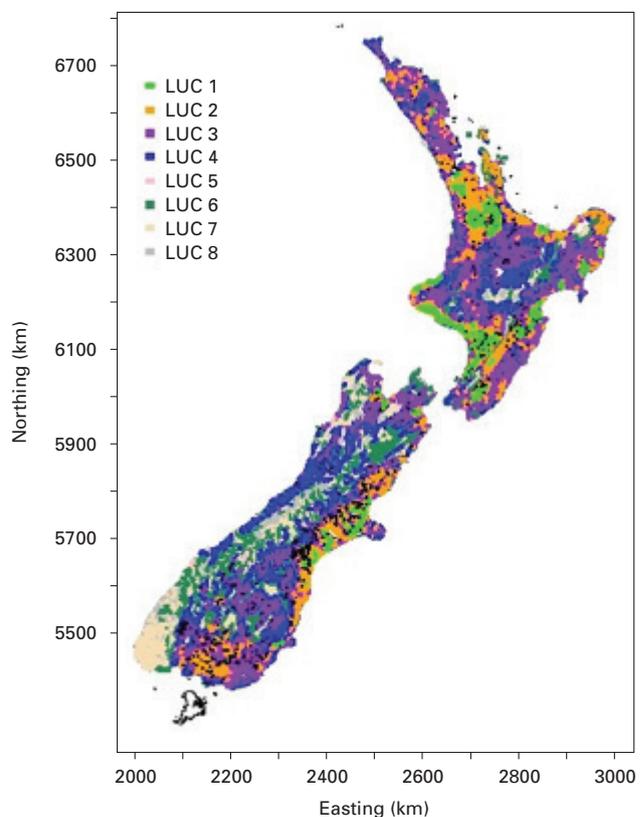


Figure 3. Deer farms (black dots) across New Zealand's various land use capability (LUC) categories

**Data analysis for industry support**

To assist Deer Industry New Zealand in understanding the nature and distribution of their deer farms JML's Technical Manager Dr Kathy Goodwin-Ray has made several spatial analyses this year. These have been to understand the change in deer farm numbers across the country – areas where farms have emerged, and areas where they have left. The work was extended to include land class analysis, showing which types of country deer farms tend to be on and where they may be at risk from New Zealand's burgeoning dairy industry.

**National trend in JD-suspect lesion identification**

The spread of farms sending deer with JD-suspect lesions for processing did not change markedly last season but it is still far larger than in the earliest years of the programme. Initially these farms were predominantly located in Southland and Otago but spread occurred through Canterbury to now include the Hurunui and areas of the West Coast.

Our analyses are repeated quarterly and it is normal for the degree of spread to fluctuate somewhat between them in some areas, for example the Central North Island is identified as a risk area in some but not others.

The monthly percentage of farms sending deer with JD suspect lymph nodes for processing increased slightly last season. This followed a drop in the preceding two seasons and a gradual rise in all earlier seasons since the programme began. Importantly, the size of these fluctuations has not been great; in the beginning of the programme the rate was around 10%, it increased to a maximum of almost 16% in 2012 and has declined to just over 13%, so a total change of less than 5% overall. Only time will show whether these fluctuations are a natural part of JD in the deer industry, or whether the rate will change significantly.

At the farm level, this last season has strengthened my opinion that the worst of the JD epidemic has passed for the deer industry as a whole. Results from the work by AbacusBio

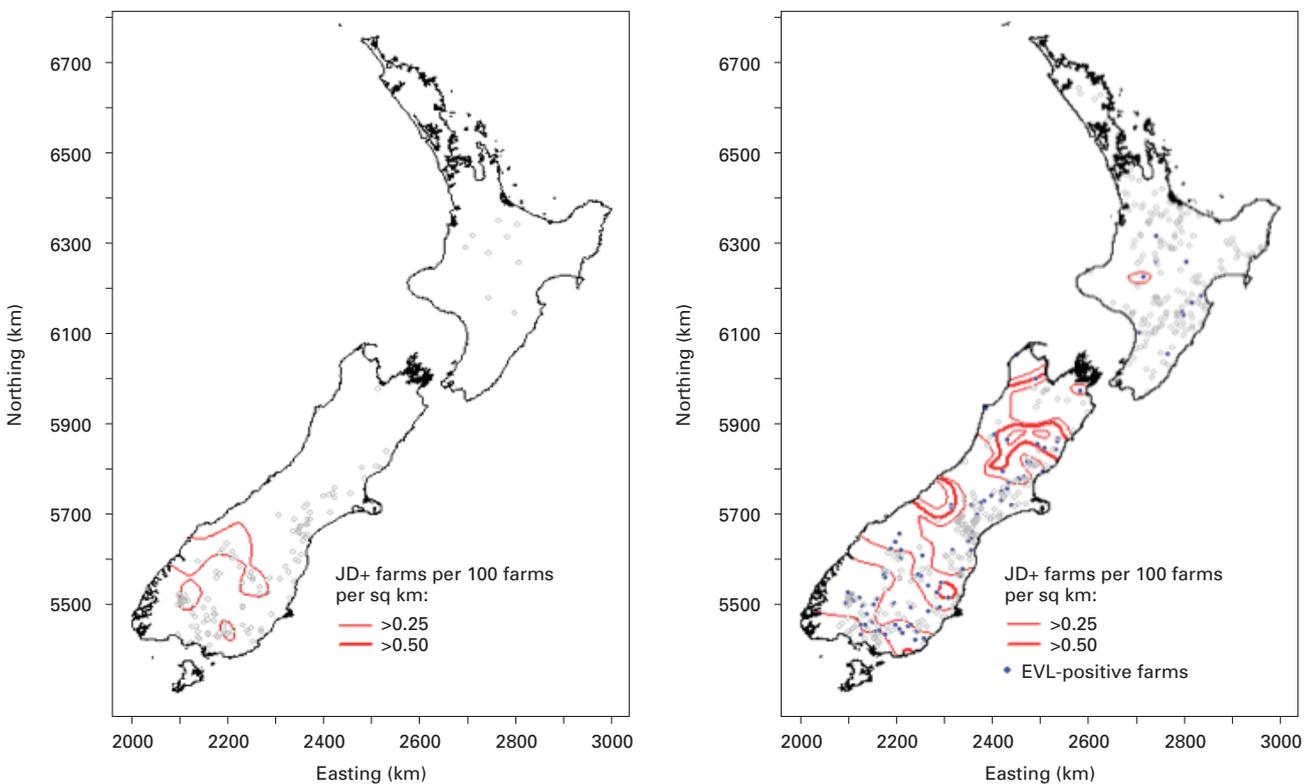


Figure 5. 'Hotspot' areas based on July-September data for 2009 (left) and 2014 (right). Contour lines delineate areas where the number of farms processing deer with lesions per 100 farms per square kilometre was greater than 0.25 (thin) and 0.50 (thick).

Ltd also suggest this. Even so, a small proportion of herds with clinical issues will probably persist due to the temporary management challenges and stressful periods that occur on most farms at one point or another. An identical situation was observed in the 427 dairy herds studied in my Phd; the majority of herds infected but with low levels of disease and a much smaller group in which JD is a serious issue.

**JML as a team**

One of the greatest features of this programme is that it is the efforts of many individuals and groups, most of which are entirely voluntary, that enable it to function. Data initially logged by AsureQuality and the slaughter board staff must be prepared for OML by office staff at each processor. OML then compile it into the database and only then does it reach JML. The Johne’s Consultant Veterinarians are principle data users, as are deer farmers. But organisations such as Deer Industry New Zealand, University research groups, the Deer Farmers Association, the Venison Processors Technical Committee, and others also benefit from the information and provide the feedback that enables JML’s directors to guide the programme.

These are all critical team members of JML, each with their own role in ensuring the operation of this voluntary programme. My appreciation for the importance of this team and its cohesion has deepened over the last 12 months and I make a

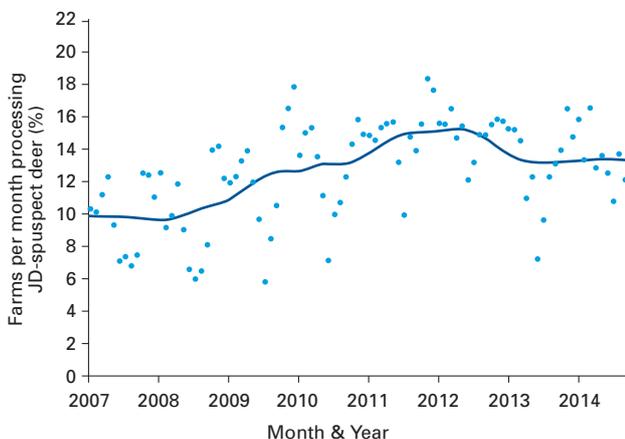


Figure 6. The percentage of farms sending deer for processing identified with JD suspect lesions per month from 2007 to September 2014.

point of ensuring the members are aware of their importance and the quality of their work.

**External review**

An independent financial audit of JML as a part of DINZ was completed by Deloitte in November 2014 and a Quality Management Assessment Report by Verification New Zealand Limited was made on January 18, 2013.

**Financial summary**

For the year to September 30, 2014 operating revenue at \$336,241 was 3% lower than the year before and 8% lower than budgeted. Operating expenditure was \$356,645, 15% lower than budget.

The closing balance for equity and net assets after accounting for other income and tax was \$218,242, down only slightly from the previous year at \$219,342. This shows the programme has run at cost for the year but with the extraordinary expense of validating the database.

Considering this and following a financial review in June the Board have reduced the voluntary contribution rate from 80 to 70 cents per head effective from October 1. This amounts to a 30% reduction in funding since January 2012. Fluctuation in the annual kill notwithstanding, the programme should run close to cost at this rate for 2014-15 at least, while holding an agreed financial buffer to protect against unforeseen financial factors.

**Conclusion**

As Project Manager I wish to express my sincere thanks to the JML chairman, Mr Geoff Neilson, and the Company Directors for their continued support and encouragement. They provide an open yet supportive operating environment which makes my work exciting and enjoyable.

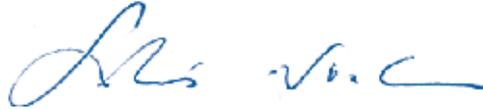
A big thanks also to Kathy Goodwin-Ray, the JML Technical Manager for her specialist skills and the time she puts into our analytical tasks, it is very much appreciated. Hannah Phillips too for her assistance in the office.

Many thanks also to members of the Johne’s Consultant Network, the Deer Industry, and

AsureQuality, for their support and endorsement of the JML programme. Also, thanks to the Johne's Disease Research Consortium and Peter Fennessy and the team at AbacusBio Ltd for meeting our needs so effectively in validating our database.

This season has seen the completion of the surveillance database validation, a major undertaking and with a positive outcome. It has also been an opportunity to compare the programme against others around the world

and this too has affirmed the quality of our systems and operations. With systems in place to continue operating at cost only, we are in a strong position from which to continue our efforts in 2014/15.



**Solis Norton**

Project Manager

Johne's Management Limited

## Financial Statements for the year ended 30 September 2014

### Directors' Report for the year ended 30 September 2014

#### Introduction

The Directors have pleasure in submitting the Annual Report of Johne's Management Limited incorporating the financial statements and auditors report, for the year ended 30 September 2014.

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 financial statements were approved for issue on 20 November 2014.

Director Geoffrey M Jackson Director

[Signature]

Date 20.11.2014

Date 20/11/14

## Statement of Comprehensive Income

for the year ended 30 September 2013

	Note	2014 \$	2013 \$
Operating revenue		336,241	344,792
Operating expenditure	1	356,645	379,551
<b>Operating (deficit)/surplus before other income</b>		<b>(20,404)</b>	<b>(34,759)</b>
Other Income		10,800	-
<b>Operating (deficit)/surplus before financing income</b>		<b>(9,604)</b>	<b>(34,759)</b>
Financial income		8,504	10,684
Financial expenses		-	-
<b>Net financing income</b>	2	<b>8,504</b>	<b>10,684</b>
Operating (deficit) before tax		(1,100)	(24,075)
Income tax expense	3	-	-
<b>Net (deficit) for the year</b>		<b>(1,100)</b>	<b>(24,075)</b>
<b>Total comprehensive income for the year net of income tax</b>		<b>(1,100)</b>	<b>(24,075)</b>

These statements are to be read in conjunction with the Notes on pages 19 to 24.

## Statement of Changes in Equity

*for the year ended 30 September 2013*

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Opening Balance	219,342	243,417
Total comprehensive income for the year	(1,100)	(24,075)
<b>Closing Balance</b>	<b>218,242</b>	<b>219,342</b>

These statements are to be read in conjunction with the Notes on pages 19 to 24.

## Balance Sheet

for the year ended 30 September 2013

	Note	2014	2013
		\$	\$
<b>Equity</b>			
<b>Issued and paid up capital</b>			
Share Capital		1	1
Retained earnings		218,241	219,341
<b>Total equity</b>		<b>218,242</b>	<b>219,342</b>
<i>Represented by:</i>			
Current assets			
Cash and cash equivalents	4	207,409	300,127
Trade and other receivables	5	46,259	42,732
<b>Total current assets</b>		<b>253,668</b>	<b>342,859</b>
<b>Current liabilities</b>			
Trade and other payables	6	25,157	117,657
Employee benefits	7	12,495	10,307
<b>Total current liabilities</b>		<b>37,652</b>	<b>127,964</b>
<b>Working capital</b>		<b>216,016</b>	<b>214,895</b>
Non current assets			
Property, plant and equipment	8	1,610	3,151
Software	9	616	1,296
<b>Total non current assets</b>		<b>2,226</b>	<b>4,447</b>
<b>Non current liabilities</b>		-	-
<b>Net assets</b>		<b>218,242</b>	<b>219,342</b>

These statements are to be read in conjunction with the Notes on pages 19 to 24.

## Notes to the Financial Statements

for the year ended 30 September 2013

### Statement of significant accounting policies

#### (i) Basis of reporting

The financial statements presented are for the reporting entity of the Johne's Management Limited (the "Company") a wholly owned subsidiary of Deer Industry New Zealand, a marketing authority established under the Deer Industry New Zealand Regulations. The Company is responsible for the collection of statistics on the frequency and distribution of Johne's disease in New Zealand.

The financial statements of the company are for the year ended 30 September 2014. The financial statements were authorised for issue by the directors on the 20 November 2014.

#### (ii) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practise in New Zealand (GAAP).

##### (a) General Accounting Policies

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by Johne's Management Limited. Reliance is placed on the fact that Johne's Management Limited is a going concern.

##### (b) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

##### *Differential Reporting*

Under the differential reporting framework, Johne's Management Limited is entitled to certain exemptions from the financial reporting standards as it complies with the following criteria:

- The entity is not publicly accountable;
- The entity is not considered to be large according to the criteria set out in the framework.

Johne's Management Limited has taken full advantage of the exemptions available under the framework except FRS 19 Accounting for Goods and Services Tax.

The accounting policies set out below have been applied consistently to all periods presented in these 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 diminishing value 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 40%-60%
- Computer hardware 50%-60%

#### ***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 60%

#### ***Revenue***

- a Revenue represents voluntary contributions received and receivable from venison processors paid on a \$0.80 basis (2013: \$0.80) for deer 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 payable and interests received on call deposits and are recognised in the Income statement.

#### ***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.

#### ***Goods and Services Tax***

The 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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Amortisation of Software	680	461
Audit fees	4,000	4,000
Tax services provided by Deloitte	1,530	4,367
Depreciation	1,541	1,365
Director's fees – Chairman	16,875	15,000
Director's fees	7,000	4,470
Personnel expenses	93,839	96,766
Other operating expenses	231,180	253,122
<b>Total operating expenditure</b>	<b>356,645</b>	<b>379,551</b>

## Personnel expenses

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	91,651	88,924
Change in liability for annual leave	2,188	7,842
<b>Total personnel expenses</b>	<b>93,839</b>	<b>96,766</b>

## 2. Net financing income

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Interest revenue	8,504	10,684
Interest expense	–	–
<b>Net financing income</b>	<b>8,504</b>	<b>10,684</b>

### 3. Taxation

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Reconciliation of effective tax rate		
Operating (deficit) before tax	(1,100)	(24,075)
Tax @ Company tax rate (28%)	(308)	(6,741)
Non-assessable income/non-deductible expenses at company rate	2,689	9,733
Taxation losses transferred to/(received from) Group entities	(2,381)	(2,992)
Tax benefit of losses not recognised	-	-
<b>Income tax expense per income statement</b>	<b>-</b>	<b>-</b>

The income tax expense charged against the profit for the year is the estimated liability in respect of that profit and is calculated after an allowance for permanent differences. Future tax benefits attributable to tax losses or timing differences are only recognised when it is probable that taxable profits will be available against which the tax losses or timing differences can be utilised.

### 4. Cash and cash equivalents

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Bank balances	18,671	116,743
Call deposits	188,738	183,384
<b>Balance as at 30 September</b>	<b>207,409</b>	<b>300,127</b>

### 5. Trade and other receivables

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Trade Receivables	24,899	26,161
GST Receivable	1,927	10,276
Other Receivables and Prepayments	19,433	6,295
<b>Balance as at 30 September</b>	<b>46,259</b>	<b>42,732</b>

## 6. Trade and other payables

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Trade Payables	20,092	115,244
GST Payable	-	-
PAYE Payable	5,065	2,413
<b>Balance as at 30 September</b>	<b>25,157</b>	<b>117,657</b>

## 7. Employee benefits

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Liability for Annual Leave	12,495	10,307
<b>Balance as at 30 September</b>	<b>12,495</b>	<b>10,307</b>

## 8. Property, plant and equipment

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Computer hardware</b>		
At cost	8,420	8,420
Accumulated depreciation	7,256	6,065
	1,164	2,355
Current year depreciation	1,191	721
<b>Office equipment</b>		
At cost	6,271	6,271
Accumulated depreciation	5,825	5,475
	446	796
Current year depreciation	350	644
<b>Total property, plant and equipment</b>		
At cost	14,691	14,691
Accumulated depreciation	13,081	11,540
	1,610	3,151
Current year depreciation	1,541	1,365

There is no impairment loss recognised during the year (2013: nil).

## 9. Intangible Assets

	2014	2013
	\$	\$
<b>Software</b>		
At cost	17,180	17,180
Accumulated Amortisation	16,564	15,884
	616	1,296
Current year amortisation	680	461

There is no impairment loss recognised during the year (2013: nil).

## 10. Capital commitments

There are no capital commitments outstanding as at balance date (2013: nil).

## 11. Contingent liabilities

There are no contingent liabilities outstanding as at balance date (2013: nil).

## 12. Related party information

### (i) Identity of related parties

The Deer Industry New Zealand owns 100% of Johne's Management Limited.

### (ii) Related party transactions

Processor Voluntary contributions are received via Deer Industry New Zealand

There have been no other transactions with related parties.

### (iii) Remuneration

Total remuneration is included in personnel expenses (see note 1).

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 (2013: nil).

**INDEPENDENT AUDITOR'S REPORT  
TO THE READERS OF  
JOHNE'S MANAGEMENT LIMITED'S  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

The Auditor-General is the auditor of Johne's Management Limited (the "Company"). The Auditor-General has appointed me, Trevor Deed, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the Company, on her behalf.

We have audited the financial statements of the company on pages 16 to 24, which comprise the balance sheet as at 30 September 2014, the statement of comprehensive income and statement of changes in equity for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information.

### **Opinion**

#### *Financial statements*

In our opinion the financial statements of the company on pages 16 to 24:

- comply with generally accepted accounting practice in New Zealand, and
- give a true and fair view of the company's:
  - financial position as at 30 September 2014; and
  - financial performance for the year ended on that date.

#### *Other legal requirements*

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Our audit was completed on 20 November 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and we explain our independence.

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation

of the financial statements that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Board of Directors**

The Board of Directors is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the company's financial position and financial performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Financial Reporting Act 1993.

## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

## **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit and the provision of taxation services, we have no relationship with or interests in Johne's Management Limited.



Trevor Deed  
Deloitte

**On behalf of the Auditor-General  
Wellington, New Zealand**



