EXPECT MORE

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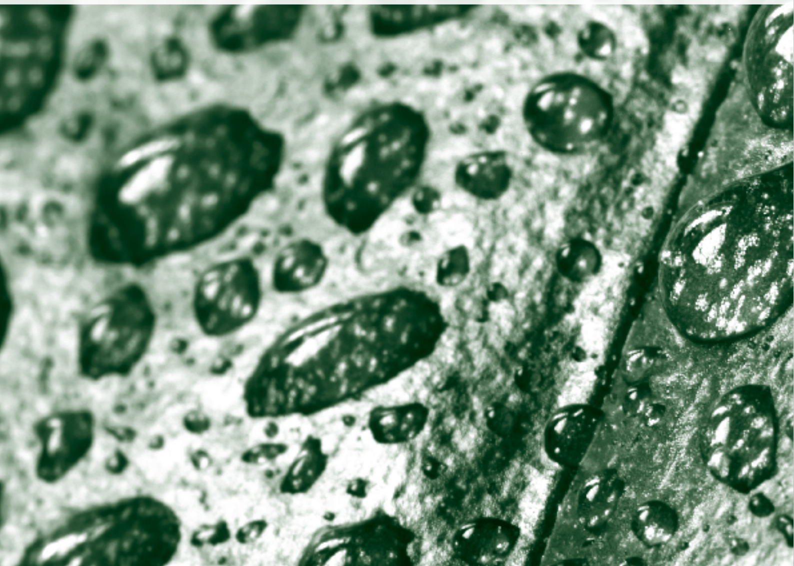
ravensdown

Annual Report 2018



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Registered office
292 Main South Road, Hornby,
Christchurch 8042, NZ
0800 100 123
ravensdown.co.nz

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+ The Board of Directors of Ravensdown Limited is pleased to present to shareholders the Annual Report and financial statements for Ravensdown Limited and its subsidiaries (together Ravensdown) and Ravensdown's interest in associates and joint ventures for the year ended 31 May 2018.

Separate to the Annual Report, Ravensdown has published a Stakeholder Review which is available on its website **ravensdown.co.nz/integratedreporting**

Finance at a Glance

+ Good financial performance and a healthy profit before rebate and tax of $63 million from our continuing operations allowed us to invest in areas aligned with our strategic priorities and continue delivering enduring value for stakeholders. Our discontinued operations made a loss of $0.8 million after tax.

The strong result enabled us to pay a full rebate of $47 per tonne, which includes the interim cash rebate announced in March 2018. Your co-operative is retaining the $7 million profit to reinvest in the business in order to support our smarter farming purpose.

Revenue was up as underlying volumes increased and margins were maintained at sustainable levels.

Total expenses were up by $3 million mostly comprising an increase in sales and marketing expenses and the R&D component of operating expenditure. This rise was consistent with our focus on enabling smarter farming which meant recruitment of environmental consultants, maintaining the development programme that fast-tracks the training of new recruits and investing in research into new products and capabilities.

The profit was actively impacted as we continued our asbestos removal programme, spending $2 million in 2017/18. This is the fourth year of our programme. Ravensdown's broader capital reinvestment programme has led to an increase in non-cash depreciation.

Equity has increased by $23 million to $429 million. Our equity ratio before rebates increased from 73% to 78%. After rebates, our equity ratio continues to remain strong. Total assets rose to $605 million. We held more inventory than last year as a deliberate decision was made to import certain raw materials to mitigate possible short-term supply chain disruption.

Property, plant and equipment rose by $20 million on the back of continued reinvestment and new infrastructure projects, including finishing the New Plymouth store. We committed $2 million to further improvements that benefit health and safety.

Intangible assets rose by $5 million with drivers being developments in our Enterprise Resource Planning software, ClearTech® and digital technologies such as HawkEye® and aviation maintenance software RAMCO.

Investments like these were made possible by a very positive operating cashflow of $98 million. This consistently strong performance assists us to fund our capital investments.

Bank debt reduced and trade payables increased due to the fact we held slightly more inventory and achieved more favourable payment terms with overseas suppliers.

The board remains mindful of the need to provide financial returns and to maintain financial strength so the co-operative can reinvest in value-driving initiatives.

TOTAL DOLLAR VALUE OF REBATE TO SHAREHOLDERS INCREASED

12%

PRODUCT SALES VOLUME INCREASED

9%

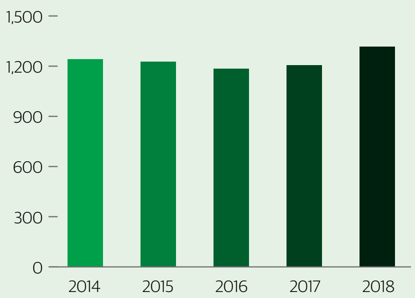
NET CAPITAL INVESTMENT

$39m

+ Financial capital is one of six resources that we have an impact on and are impacted by. The six are interconnected and need to be considered and reported on in an integrated way.

The value created from financial capital is economic returns in the forms of rebates to our shareholders and profits retained for future investment. Economic returns are impacted by our investment in R&D, technology, infrastructure improvements, environmental initiatives and training our people. This increases intellectual, manufactured, natural and human capitals in such a way as to ensure longer-term value is created.

NEW ZEALAND FERTILISER SALES
(THOUSAND TONNES)



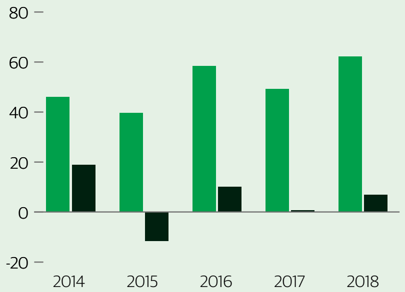
- New Zealand fertiliser volumes have increased by 9%.

SALES REVENUE ($M)

(including results from discontinued operations)

- Increase in revenue reflects an increase in volumes sold, whilst monitoring margins closely.

NET PROFIT COMPARED WITH NET PROFIT AFTER REBATE AND TAX ($M)

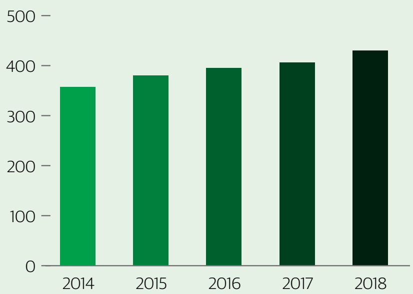


(including results from discontinued operations)

Net profit ■ Net profit after rebate and tax

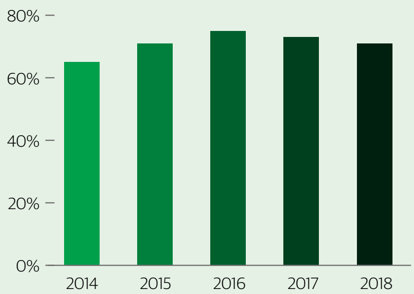
- Increase in profit reflects an increase in volumes sold.
- Allows us to return the rebate whilst still retaining funds for future investment.

TOTAL EQUITY ($M)



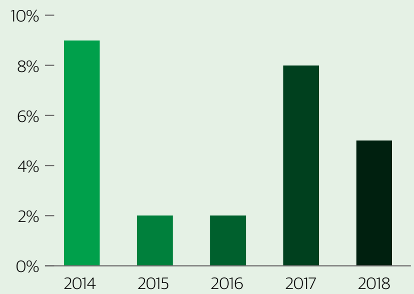
- We have continued to add shareholder value with increasing total equity.

EQUITY RATIO %
The ratio of equity to total assets compares the money creditors contribute to the business with the money owners contribute



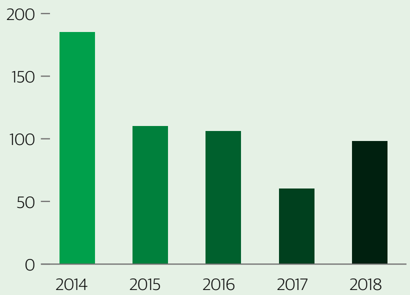
- We have maintained the financial strength we have rebuilt over recent years.

DEBT RATIO (%)
Bank debt divided by total tangible assets – illustrates how much bank debt is used to fund assets



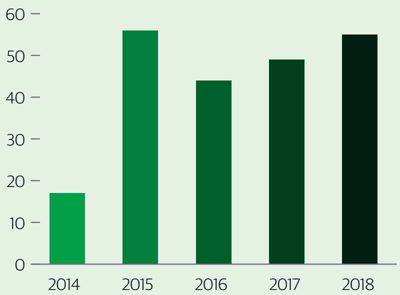
- Year-end debt ratio remains within a low sustainable band.

OPERATING CASH FLOW ($M)



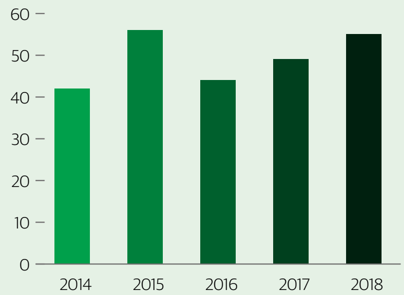
- During 2014 our focus was on operating cashflows as we restructured our business.
- Increase in operating cashflows reflects the increase in volumes whilst monitoring margins closely.

VALUE OF REBATE TO SHAREHOLDERS ($M)
Total dollar of distribution to shareholders comprising rebates



- The total value of distributions to shareholders increased 12% on the back of another strong trading year.

VALUE OF DISTRIBUTION TO SHAREHOLDERS ($M)
Total dollar value of distribution to shareholders comprising rebates and bonus issues



- For the third year in a row, we have returned cash back earlier with an interim rebate.

Directors' Declaration

The Board of Directors of Ravensdown Limited is pleased to present to shareholders the financial statements for Ravensdown Limited and its subsidiaries (together Ravensdown) and Ravensdown's interest in associates and joint ventures for the year ended 31 May 2018.

In the opinion of the Directors the financial statements and notes, on pages 6 to 31:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of Ravensdown as at 31 May 2018 and the results of its operations and cash flows for the year ended on that date; and
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Ravensdown and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of Ravensdown, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Board does not consider that there has been any change during the year ended 31 May 2018 in the nature of Ravensdown's business or the classes of business in which Ravensdown has an interest.

For and on behalf of the Board of Directors:

A S Wright
Director

J Dale
Director

2 August 2018

Financial Statements and Notes to the Financial Statements

Financial Statements

Notes to the Financial Statements

Consolidated Income Statement

For the year ended 31 May

In thousands of New Zealand dollars	Note	2018	2017
Continuing operations			
Revenue	A1	678,002	626,630
Cost of sales		(554,052)	(515,022)
Gross profit		**123,950**	**111,608**
Sales and marketing expenses		(29,938)	(26,952)
Administrative expenses		(27,292)	(28,135)
Other operating expenses		(4,580)	(3,773)
Results from operating activities		**62,140**	**52,748**
Finance income		837	533
Finance expenses		(4,127)	(4,628)
Net finance costs	A2	**(3,290)**	**(4,095)**
Share of profit of equity accounted investees (after tax)	D2	4,300	2,302
Profit before rebate and income tax		**63,150**	**50,955**
Rebates	C1	(55,344)	(49,334)
		7,806	**1,621**
Income tax (expense)/benefit	A4	(36)	539
Profit for the year from continuing operations		**7,770**	**2,160**
Discontinued operations			
Loss after tax for the year	D5	(822)	(1,447)
Profit for the year attributable to equity holders		**6,948**	**713**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Other Comprehensive Income

For the year ended 31 May

In thousands of New Zealand dollars	Note	2018	2017
Profit for the year		**6,948**	**713**
Items that will not be reclassified subsequently to profit or loss			
Revaluation of non current assets		7,450	10,745
Related tax	A4	(1,127)	129
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	A4	(19)	(225)
Net change in fair value of cash flow hedges	A4	6,557	4,346
Related tax	A4	(2,224)	(1,555)
Other comprehensive income for the year		**10,637**	**13,440**
Total comprehensive income for the year		**17,585**	**14,153**
Attributable to:			
Continuing operations		18,600	15,654
Discontinued operations	D5	(1,015)	(1,501)
		17,585	**14,153**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 May

In thousands of New Zealand dollars	Note	2018	2017
Assets			
Cash and cash equivalents	C4	1,975	2,707
Trade and other receivables	C2	78,684	76,534
Inventories	B4	134,899	114,497
Derivative financial assets	C2	7,558	1,791
Current tax assets		2,433	4,618
Assets held for sale	D5	9,878	16,335
Total current assets		**235,427**	**216,482**
Property, plant and equipment	B1	314,664	294,408
Intangible assets	B2	16,983	11,733
Mining deposits	B3	15,863	16,134
Investments in equity accounted investees	D2	17,969	14,954
Investment property	D5	3,785	–
Total non-current assets		**369,264**	**337,229**
Total assets		**604,691**	**553,711**
Liabilities			
Trade and other payables	C2	60,278	30,185
Employee entitlements	A3	11,919	9,989
Loans and borrowings	C5	30,272	41,951
Provision for rebate	C1	55,169	49,422
Derivative financial liabilities	C2	117	823
Total current liabilities		**157,755**	**132,370**
Derivative financial liabilities	C2	472	809
Deferred tax liabilities	A4	17,060	14,551
Total non-current liabilities		**17,532**	**15,360**
Total liabilities		**175,287**	**147,730**
Net assets		**429,404**	**405,981**
Equity			
Co-operative shares	C6	302,211	296,373
Reserves		73,842	64,740
Retained earnings		53,351	44,868
Total equity		**429,404**	**405,981**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 May

In thousands of New Zealand dollars	Note	2018	2017
Cash flows from operating activities			
Cash receipts from customers		677,935	613,668
Dividends received		1,439	2,504
Payments to suppliers and employees		(582,998)	(556,012)
Income tax refunded		1,419	99
Net cash flows from operating activities	C4	**97,795**	**60,259**
Cash flows from investing activities			
Proceeds from sale of shares in associates		–	119
Proceeds from sale of property, plant and equipment		5,768	2,055
Net movements in loans provided to equity accounted investees		(158)	(67)
Acquisition of property, plant and equipment		(33,566)	(42,907)
Acquisition of other non-current assets		(11,010)	(5,398)
Acquisition of shares in associates		–	(115)
Net cash flows (used in) investing activities		**(38,966)**	**(46,313)**
Cash flows from financing activities			
Interest received		588	568
Proceeds from issue of share capital		50	38
Interest paid		(4,390)	(4,891)
Repayment of share capital		(8,511)	(16,774)
Repayment of redeemable preference shares		–	(3,636)
Payment of rebates		(35,298)	(37,227)
Net movements in loans and borrowings		(12,000)	32,000
Net cash flows (used in) financing activities		**(59,561)**	**(29,922)**
Net decrease in cash and cash equivalents		(732)	(15,976)
Cash and cash equivalents at 1 June		2,707	18,683
Cash and cash equivalents at 31 May		**1,975**	**2,707**

The notes to the financial statements form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 May

In thousands of New Zealand dollars	Note	Co-operative shares
Balance at 1 June 2016		296,396
Profit for the year		–
Foreign currency translation differences for foreign operations		–
Revaluation of property, plant and equipment, net of tax		–
Revaluation reserve transferred to retained earnings on disposal of property, plant and equipment		–
Net change in fair value of cash flow hedges		–
Total comprehensive income for the year		**–**
Total contributions by and distributions to equity holders	C6	(23)
Redemption of redeemable preference shares	C7	–
Balance at 31 May 2017		296,373
Balance at 1 June 2017		**296,373**
Profit for the year		–
Foreign currency translation differences for foreign operations		–
Revaluation of property, plant and equipment, net of tax		–
Revaluation reserve transferred to retained earnings on disposal of property, plant and equipment		–
Net change in fair value of cash flow hedges		–
Total comprehensive income for the year		**–**
Total contributions by and distributions to equity holders	C6	5,838
Balance at 31 May 2018		**302,211**

The notes to the financial statements form an integral part of these financial statements.

Explanation of Reserves

Foreign Currency Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge Ravensdown's net investment in a foreign branch.

Hedging Reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

Revaluation Reserve

The revaluation reserve relates to the revaluation of freehold land and freehold buildings in accordance with accounting policies stated in note B1.

Attributable to equity holders						
Translation reserve	**Hedging reserve**	**Revaluation reserve**	**Retained earnings**	**Total**	**Redeemable preference shares**	**Total equity**
345	**(4,540)**	**56,570**	**36,609**	**385,380**	**10,107**	**395,487**
–	–	–	713	713	–	713
(225)	–	–	–	(225)	–	(225)
–	–	10,874	–	10,874	–	10,874
–	–	(1,075)	1,075	–	–	–
–	2,791	–	–	2,791	–	2,791
(225)	**2,791**	**9,799**	**1,788**	**14,153**	**–**	**14,153**
–	–	–	–	(23)	–	(23)
–	–	–	6,471	6,471	(10,107)	(3,636)
120	**(1,749)**	**66,369**	**44,868**	**405,981**	**–**	**405,981**
120	**(1,749)**	**66,369**	**44,868**	**405,981**	**–**	**405,981**
–	–	–	6,948	6,948	–	6,948
(19)	–	–	–	(19)	–	(19)
–	–	6,323	–	6,323	–	6,323
–	–	(1,535)	1,535	–	–	–
–	4,333	–	–	4,333	–	4,333
(19)	**4,333**	**4,788**	**8,483**	**17,585**	**–**	**17,585**
–	–	–	–	5,838	–	5,838
101	**2,584**	**71,157**	**53,351**	**429,404**	**–**	**429,404**

Notes to the Financial Statements

About this Report

In this section

The notes to the consolidated financial statements include information which is considered relevant and material to assist the reader in understanding the financial performance and position of Ravensdown. Information is considered relevant and material if:

- the amount is significant because of its size and nature;
- it is important for understanding the results of Ravensdown;
- it helps to explain changes in Ravensdown's business; or
- it relates to an aspect of Ravensdown's operations that is important to future performance.

Reporting Entity

The parent company, Ravensdown Limited is a company domiciled in New Zealand, registered under the Companies Act 1993, the New Zealand Co-operative Companies Act 1996, the Australian Corporations Act 2001 and the Western Australia Companies Co-operative Act 1943. The company is a FMC Reporting Entity under the Financial Markets Conduct Act 2013 and prepares its financial statements in accordance with this Act.

These consolidated financial statements are for Ravensdown Limited and its subsidiaries (together referred to as "Ravensdown") and Ravensdown's interests in associates and joint ventures as at and for the year ended 31 May 2018.

Ravensdown is primarily involved in the supply of inputs and services to the agricultural sectors in New Zealand and is a profit-oriented entity.

Basis of Preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements are presented in New Zealand dollars rounded to the nearest thousand. The financial statements were authorised for issue by the directors on 2 August 2018.

Foreign Currency

Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated at the exchange rate at the date that the fair value was determined.

Critical Judgements and Estimates

In the process of applying Ravensdown's accounting policies and the application of accounting standards, Ravensdown has made a number of judgements and estimates. The estimates and underlying assumptions are based on historic experience and various other factors that are considered to be appropriate under the circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis.

Judgements and estimates which are considered material to understanding the performance of Ravensdown are found in the following notes:

Property, Plant and Equipment	Note B1
Financial Risk Management	Note C2

Measurement System

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- certain items of property, plant and equipment are revalued in accordance with Ravensdown's policy of revaluation
- available for sale assets are measured at the lower of fair value less costs to sell and carrying value

Accounting Policies

The accounting policies set out in these financial statements have been applied consistently in all periods presented in these financial statements. Other accounting policies that are relevant to understanding the financial statements are provided within the notes to the financial statements.

Basis of Consolidation

Ravensdown's financial statements comprise the financial statements of Ravensdown Limited and its significant subsidiaries (being entities controlled by Ravensdown Limited), as contained in note D1 Significant Subsidiaries.

The financial statements of members of Ravensdown are prepared for the same reporting period as Ravensdown Limited, using consistent accounting policies.

In preparing Ravensdown's financial statements, intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of Ravensdown's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Standards and Interpretations Not Yet Adopted

NZ IFRS 9 Financial Instruments effective for the year ending 31 May 2019

NZ IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities and establishes the principles for hedge accounting and impairment of financial assets. There is now a new 'expected credit losses' (ECL) model that replaces the 'incurred loss impairment' model used in the current accounting standard NZ IAS 39. Under NZ IFRS 9, ECLs are assessed on a forward-looking basis, taking into account historic loss experience and relevant macroeconomic factors, whereas under NZ IAS 39 losses expected as a result of future events, no matter how likely, are not recognised.

The directors do not anticipate that application of NZ IFRS 9 will have a material impact on the financial performance or financial position of Ravensdown when it becomes effective for the financial year ending 31 May 2019.

NZ IFRS 15 Revenue from Contracts with Customers effective for the year ending 31 May 2019

NZ IFRS 15 *Revenue from Contracts with Customers* establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of NZ IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the entity satisfies a performance obligation.

Under NZ IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Based on preliminary analysis, the directors anticipate that NZ IFRS 15 will require rebates to be recognised as variable consideration, which will have the effect of requiring those rebates to be treated as a deduction from revenue. This would reduce revenue, and gross margin, by $55.3 million in the current year. Currently, rebates are presented as a separate component of the Consolidated Income Statement directly above profit before tax. There will be no net impact on Ravensdown's net profit after tax, or total comprehensive income from adopting NZ IFRS 15.

NZ IFRS 16 Leases effective for the year ending 31 May 2020

NZ IFRS 16 *Leases* introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. NZ IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. The distinction between operating leases (off balance sheet) and finance leases (on balance sheet) is removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

As at 31 May 2018, Ravensdown has non-cancellable operating lease commitments of $18 million. The current accounting standard NZ IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note E2. A preliminary assessment indicates that these arrangements will meet the definition of a lease under NZ IFRS 16, and hence Ravensdown will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify as low value or short-term leases upon the application of NZ IFRS 16. Although the directors are yet to complete their assessment, given that Ravensdown has $18m of operating lease commitments, it is likely that a material right-of-use asset, and corresponding lease liability will be recognised in the Consolidated Statement of Financial Position at 31 May 2020. The related impact on the Consolidated Income Statement has not yet been estimated.

Re-presentation of Certain Prior Year Comparatives

To assist the users understanding of these financial statements and in making projections of future financial performance, certain expenses in the income statement have been reclassified. The result is a reclassification in 2017 figures of $5.5 million from administrative expenses to cost of sales and $0.9 million from administrative expenses to sales and marketing expenses. The reclassification has no impact on the financial performance of Ravensdown.

A. Financial Performance

In this section

This section explains the financial performance of Ravensdown, providing additional information about individual items in the income statements, including:

a) Accounting policies, judgements and estimates that are relevant for understanding items recognised in the income statements; and
b) Analysis of Ravensdown's performance for the year by reference to key areas including: rebates, expenses and taxation.

A1. Revenue Arising from the Sale of Goods

Measurement and Recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

A2. Finance Income and Expenses

	2018	2017
Net change in fair value of foreign currency options through profit or loss	253	77
Other interest income	588	568
Finance income	841	645
Interest expense on financial liabilities measured at amortised cost	(3,987)	(4,298)
Fair value of cash flow hedges transferred from equity	(403)	(593)
Finance expense	(4,390)	(4,891)
Net finance costs [1]	**(3,549)**	**(4,246)**

1 Included within net finance costs is $259,000 of costs attributable to discontinued operations incurred in the year ended 31 May 2018 (2017: $151,000). The results of the discontinued operations are shown as a net figure in the Consolidated Income Statement.

Measurement and Recognition

Finance income includes interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings and losses on interest rate hedging instruments that are recognised in profit or loss. All borrowing costs other than those relating to hedging instruments are recognised in profit or loss using the effective interest method.

A3. Personnel Expenses

	2018	2017
Wages and salaries	60,249	55,117
Superannuation - defined contribution	3,292	3,126
Increase in liability for long-service leave	4	24
Total personnel expenses	**63,545**	**58,267**
Transactions with key management personnel		
Sales of goods and services	4,659	4,820
Purchases of goods and services	(12)	(41)
Closing receivables	437	455
Key management personnel compensation comprised:		
Employee benefits	3,729	3,713
Directors' fees	890	890
Superannuation contributions	222	219

Measurement and Recognition – Employee Benefits

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and short term and long term employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

Key management personnel are Ravensdown's Leadership Team and the Ravensdown Limited Board of Directors. All transactions with key management personnel were carried out on a commercial basis.

There is a Defined Contribution superannuation scheme that employees are entitled to join where Ravensdown matches their contributions up to specified limits.

The Board of Directors do not receive superannuation contributions as part of their remuneration package.

A4. Taxation

Income Tax Expense Recognised in the Income Statement	2018	2017
Current tax expense		
Current period tax charge	783	186
Adjustment for prior periods	(24)	(432)
	759	**(246)**
Deferred tax expense		
Origination and reversal of temporary differences	(719)	(1,040)
Adjustment for prior periods	(97)	493
	(816)	(547)
Total income tax (benefit)	**(57)**	**(793)**
Reconciliation of tax expense		
Profit for the year – continuing operations	7,770	2,160
Loss for the year – discontinued operations	(822)	(1,447)
Total income tax expense/(benefit) – continuing operations	36	(539)
Total income tax (benefit) – discontinued operations	(93)	(254)
Profit/(loss) before tax	**6,891**	**(80)**
Income tax using the Company's domestic tax rate of 28%	1,929	(22)
(Non-taxable) items	(661)	(187)
Tax effect of post tax equity accounted earnings	(1,204)	(645)
(Over)/under provided in prior periods	(121)	61
Total income tax (benefit)	**(57)**	**(793)**

Measurement and Recognition

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current Income Tax Expenses

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

Total income tax (benefit)/expense is net of the income tax benefit from the discontinued operations.

Income Tax Recognised Directly in Other Comprehensive Income	2018			2017		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Foreign currency translation differences for foreign operations	(19)	(388)	(407)	(225)	(352)	(577)
Net change in revaluation reserve	7,450	(1,127)	6,323	10,745	129	10,874
Total movements attributable to revaluation reserves	**7,431**	**(1,515)**	**5,916**	**10,520**	**(223)**	**10,297**
Net change in fair value of cash flow hedges	6,557	(1,836)	4,721	4,346	(1,203)	3,143
Total movements attributable to derivatives	**6,557**	**(1,836)**	**4,721**	**4,346**	**(1,203)**	**3,143**
Total	**13,988**	**(3,351)**	**10,637**	**14,866**	**(1,426)**	**13,440**

Deferred Tax	2018	2017
Balance at beginning of year	**14,551**	**14,012**
Temporary differences in profit or loss:		
Property, plant and equipment	(795)	1,682
Payables	(353)	(39)
Other Items	332	(2,190)
	(816)	(547)
Temporary differences in other comprehensive income:		
Revaluation reserve movements	1,127	(129)
Derivatives	2,224	1,203
	3,351	1,074
Effect of movements in exchange rates	(26)	12
Balance at end of year	**17,060**	**14,551**
Consisting of:		
Property, plant and equipment	17,247	16,915
Derivatives	1,859	23
Other items	653	1,052
Deferred tax liability	**19,759**	**17,990**
Trade and other payables	(2,339)	(1,984)
Other items	(360)	(1,455)
Deferred tax asset	(2,699)	(3,439)
Net deferred tax liability	**17,060**	**14,551**

Deferred Tax

Deferred tax is income tax which is expected to be payable or recoverable in the future as a result of the unwinding of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- *from the initial recognition of goodwill;*
- *from the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the accounting nor taxable profit or loss; and*
- *differences relating to investments in subsidiaries and equity accounted investees to the extent that they probably will not reverse in the foreseeable future.*

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available to use the asset. This is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in the future to utilise the deferred tax asset.

Imputation credits

As at balance date imputation credits available for use in subsequent periods totalled $43.7 million (2017: $46.5 million).

B. Key Operating Assets

In this section

This section shows the assets Ravensdown uses to generate operating revenues, including:

a) Property, plant and equipment;
b) Intangible assets;
c) Mining deposits; and
d) Inventories

B1. Property, Plant and Equipment

	Land and improvements	Buildings and improvements	Plant, machinery and vehicles	Capital works in progress	Total
Cost or valuation					
Balance at 1 June 2016	47,810	92,060	290,936	19,348	450,154
Additions	918	755	4,858	36,712	43,243
Transfer from capital works in progress	–	–	7,262	(7,262)	–
Revaluations	7,169	(192)	–	–	6,977
Disposals	(825)	(805)	(21,295)	–	(22,925)
Reclassification to assets held for sale	(5,735)	(3,000)	(8,054)	(103)	(16,892)
Reclassification to mining deposits	(442)	–	–	–	(442)
Balance at 31 May 2017	**48,895**	**88,818**	**273,707**	**48,695**	**460,115**
Balance at 1 June 2017	48,895	88,818	273,707	48,695	460,115
Additions	2,430	11,892	12,021	7,235	33,578
Transfer from capital works in progress	–	13,865	21,413	(35,278)	–
Revaluations	2,366	1,980	–	–	4,346
Disposals	(1,199)	(1,215)	(2,658)	–	(5,072)
Balance at 31 May 2018	**52,492**	**115,340**	**304,483**	**20,652**	**492,967**
Depreciation and impairment losses					
Balance at 1 June 2016	–	429	176,532	–	176,961
Depreciation for the year	–	2,972	14,737	–	17,709
Revaluations	–	(2,877)	–	–	(2,877)
Disposals	–	(16)	(20,442)	–	(20,458)
Reclassification to assets held for sale	–	–	(5,628)	–	(5,628)
Balance at 31 May 2017	**–**	**508**	**165,199**	**–**	**165,707**
Balance at 1 June 2017	–	508	165,199	–	165,707
Depreciation for the year	–	3,186	14,761	–	17,947
Revaluations	–	(3,066)	–	–	(3,066)
Disposals	–	(15)	(2,270)	–	(2,285)
Balance at 31 May 2018	**–**	**613**	**177,690**	**–**	**178,303**
Carrying amounts					
At 1 June 2016	47,810	91,631	114,404	19,348	273,193
At 31 May 2017	**48,895**	**88,310**	**108,508**	**48,695**	**294,408**
At 31 May 2018	**52,492**	**114,727**	**126,793**	**20,652**	**314,664**

Measurement and Recognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for land and buildings which are revalued with changes in fair value recognised directly in equity.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

Depreciation is recognised in profit or loss to allocate the cost or revalued amount of an asset, less any residual value, over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Key judgements and estimates useful lives

Ravensdown makes estimates of the remaining useful lives of assets, which are as follows:

Land	Indefinite	
Land Improvements	25 years	Diminishing value
Buildings and fitout	30 years	Straight line
Fixed plant and equipment	15 years	Straight line
Mobile plant and motor vehicles	5 years	Diminishing value
Fixed wing aircraft	33 years	Straight line

Aircraft are subject to ongoing maintenance programmes which include the use of rotable assets held as spare parts.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Valuation Basis of Land and Buildings

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

The fair value of property and land is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

New Zealand land and buildings were independently valued as at 31 May 2018 by Mr H Doherty SNZPI, ANZIV, AREINZ of Harcourts Team Wellington. Australian land and buildings were independently valued as at 31 May 2018 by Mr M Klenke of Aon Global Risk Consulting.

Had Ravensdown's land and buildings been measured on a historical cost basis, their carrying amount would have been as follows:

	2018	2017
Land	17,043	16,022
Buildings	71,675	46,612

B2. Intangible Assets

	Patents and Registrations	Resource Consents	Goodwill	Software	Total
Balance at 1 June 2016	1,843	3,138	722	3,327	9,030
Additions	6	–	–	4,775	4,781
Amortisation for the year	(53)	(316)	–	(1,696)	(2,065)
Impairment	(13)	–	–	–	(13)
Net book value at 31 May 2017	**1,783**	**2,822**	**722**	**6,406**	**11,733**
Additions	437	–	–	8,418	8,855
Amortisation for the year	(25)	(316)	–	(3,264)	(3,605)
Net book value at 31 May 2018	**2,195**	**2,506**	**722**	**11,560**	**16,983**
Cost	3,818	5,714	775	24,944	35,251
Less accumulated amortisation and impairment	(1,623)	(3,208)	(53)	(13,384)	(18,268)
Net book value at 31 May 2018	**2,195**	**2,506**	**722**	**11,560**	**16,983**

Measurement and Recognition

Patents and registrations

Costs associated with acquiring patents and registrations are capitalised and amortised over the life of the assets. The assets primarily comprise patents and registrations that enable Ravensdown to distribute animal health and agrochemical products throughout New Zealand.

Resource consents

Costs incurred in obtaining resource consents for Ravensdown's three manufacturing sites are capitalised and amortised from the granting of the consent on a straight line basis for the period of the consent. The remaining life of the resource consents range between 3 years and 30 years.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Software

Costs associated with acquiring software are capitalised at cost and amortised over the life of the assets. The costs of internally generated software comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. The assets primarily comprise software costs for Ravensdown's operating and information technology systems, aviation systems and customer centred applications based around farm management systems.

Amortisation and estimated useful lives

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Ravensdown uses its judgement in determining the remaining useful lives and residual value of intangible assets. These are reviewed and, if appropriate, adjusted at each balance date. Amortisation rates selected are as follows:

Patents and registrations	6-20 years
Resource consents	14-35 years
Software	2-8 years

Intangible assets with an indefinite useful life are not amortised. Instead, they are assessed annually for any indication of impairment.

Impairment

The carrying amounts of Ravensdown's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Cash-generating units are the lowest levels for which there are separately identifiable cash flows. Impairment losses are recognised in the income statement, unless the assets are carried at a revalued amount, in which case the impairment is treated as a revaluation decrease in equity.

The recoverable amount is the higher of an asset or cash-generating unit's fair value less costs to sell and present value of future cash flows expected to be generated by the assets (value in use).

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount would have been determined had no impairment loss been recognised.

Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred. Development costs are capitalised if they can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and Ravensdown intends to and has sufficient resources to complete development and to use or sell the asset.

Ravensdown's primary focus of its research and development activities is the improvement of the science of cycling nutrients through pastoral and arable farming systems.

Total research and development expense recognised in the Consolidated Income Statement is $4.7 million (2017: $3.9 million). Net development costs capitalised to Work In Progress for the remote-sensing of soil fertility on hill country was $4.6 million, which is net of $3.9 million funding from the Primary Growth Partnership grant (2017: $4.2 million net, $3.1 million grant).

B3. Mining Deposits

	2018	2017
Balance at 1 June	16,134	15,343
Balance at 31 May	**15,863**	**16,134**

Mining deposits represent Ravensdown's ownership in limestone quarries throughout New Zealand, utilised for the production of lime fertiliser products.

Measurement and Recognition

Ravensdown operates a mixed model; in some instances the resource is owned by Ravensdown in others the resource is acquired on a royalty basis. The quarries are measured at either fair value on acquisition or the costs associated with developing existing quarries to extend their economic life. Available resource is considered on a tonnage basis. The resources are amortised on a per tonne of extraction basis.

Rehabilitation of lime quarry sites is provided for on an annual basis. The provision reflects the estimated life of the quarry and the potential rehabilitation cost.

B4. Inventories

	2018	2017
Finished goods	107,556	95,556
Raw materials	27,343	18,941
Total inventories	**134,899**	**114,497**

Inventories in the Financial Statements are reported as either finished goods or raw materials. All inventories are considered a finished good unless they are to be utilised in the production of superphosphate or its related products.

At 31 May 2018 an impairment to inventory of $20,000 was recognised in the Consolidated Income Statement (2017: $60,000).

Measurement and Recognition

Inventories are measured at the lower of cost and net realisable value. Ravensdown uses both the first-in first-out principle and the weighted average cost formula to assign costs to inventories. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

C. Risk Management and Funding

In this section

This section explains the financial risks Ravensdown faces, how these risks affect Ravensdown's financial position and performance, and how Ravensdown manages these risks. In addition, this section explains how Ravensdown manages its capital structure, working capital and the various funding sources. In this section of the notes there is information about:

a) Ravensdown's approach to capital and financial risk management;
b) Net debt;
c) Cash and receivables; and
d) Equity and rebates.

C1. Rebates

Ravensdown exercises judgement in determining the level of rebates provided each year. Total rebates are determined with reference to the overall profitability of Ravensdown for the year and the need to balance this with ensuring sufficient reserves, as considered necessary by the Directors, are retained. Rebates for the year ended 31 May 2018 were issued at $47 per qualifying tonne on all qualifying tonnes of fertiliser purchased by transacting shareholders (2017: $45 per qualifying tonne).

Measurement and Recognition

Rebates are provided for based on the qualifying tonnage sold for the year at a rate determined by the Board. Shareholders who hold less than the quota shareholding as determined by the Board may have a portion of their rebate paid in shares. For financial reporting purposes rebates are treated as an expense in the Consolidated Income Statement.

Provision for Rebates

	2018	2017
Rebate	55,169	49,422

Measurement and Recognition

Provisions for rebates are recognised when the obligations and the amounts of the distributions can be measured reliably. The effect of any under or over provision, as a consequence of confirmed tonnages, is reflected in the Consolidated Income Statement the following year.

Capital Management

Ravensdown's capital includes share capital, reserves and retained earnings. Ravensdown's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. This target is achieved through balancing retention of certain reserves with Ravensdown's share rebate process.

Ravensdown's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in Ravensdown's management of capital during the period.

Ravensdown is subject to external banking covenants. There have not been any breaches of Ravensdown's banking covenants in the year.

C2. Financial Risk Management

Ravensdown's activities expose it to a variety of financial risks through the normal course of its business. The Board approves policies (including Ravensdown Treasury and Credit policies) which set appropriate principles and risk tolerance levels to guide management in carrying out financial risk management activities to minimise potential adverse effects on the financial performance and economic value of Ravensdown. In order to manage foreign exchange and interest rate risks arising from operational and financing activities, Ravensdown enters into derivative arrangements to hedge its exposure. A financial risk management committee comprised of management provides oversight for risk management and derivative activities. The Board re-evaluates risk policies on a regular basis. Ravensdown does not hold or issue derivative financial instruments for trading purposes.

Ravensdown is exposed to commodity price risk. This is partially mitigated through negotiated long term supply contracts with a geographical diverse range of suppliers and the use of commodity swaps to hedge commodity price risk.

Interest Rate Risk

Ravensdown is exposed to interest rate risk on the cash flows arising from borrowings held at floating rates. Ravensdown uses Interest Rate Swaps to achieve an appropriate mix of fixed and floating rate exposure as set out in policy guidelines established by the Board. At 31 May 2018 the nominal amount of Interest Rate derivatives held is $10 million (2017: $10 million).

Cash flow sensitivity

At 31 May 2018 it is estimated that a general increase of one percentage point in interest rates would decrease Ravensdown's profit before income tax by approximately $1.1 million (2017: $1.0 million). A decrease of one percentage point would increase Ravensdown's profit before income tax by the same amount.

Fair value sensitivity

At 31 May 2018 it is estimated that a general increase of one percentage point in interest rates would increase Ravensdown's equity (pre tax) by approximately $0.1 million (2017: $0.2 million). A decrease of one percentage point would decrease Ravensdown's equity (pre tax) by the same amount.

Foreign Currency Risk

Ravensdown is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the functional currency. The currencies in which transactions are usually denominated is U.S. dollars (USD). Ravensdown uses forward exchange contracts and options to hedge its foreign currency risk.

In managing foreign currency risk, Ravensdown hedges up to 100% of all trade payables denominated in a foreign currency. Ravensdown also hedges up to 100% of its estimated foreign currency exposure in respect of forecasted purchases over a period that is approved by the Board. The investment in the Australian branch is hedged by way of Australian dollar denominated borrowings.

Measurement and Recognition - Derivative Financial Instruments

Derivative financial instruments comprise of forward exchange contracts, options and interest rate swaps. Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value using observable market prices as at reporting date, discounted cash flow models or option pricing models as appropriate. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as an effective hedging instrument, in which event the timing of recognition or loss depends on the nature of the hedge relationship. Derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments.

Cash Flow Hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss. In the event that a hedging instrument is sold, terminated or exercised prior to maturity and the original forecast transaction is no longer forecast to occur, the resultant gain/loss is recognised immediately in the profit or loss.

Sensitivity to movements in foreign currency

A strengthening of the New Zealand dollar, as indicated below, against the USD would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that Ravensdown considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

The following disclosures relate to the valuation of foreign exchange exposures as at 31 May. Ravensdown has foreign exposures throughout the financial year which fluctuate both in terms of the amount of the exposures at any one time and the effect of movements in the exchange rate. As at 31 May 2018 the notional amount of USD foreign exchange contracts held were $139.7 million (2017: $110.8 million).

	2018			2017		
	USD	**EURO**	**AUD**	**USD**	**EURO**	**AUD**
Trade payables	(21,227)	(44)	(521)	(1,240)	(125)	(275)
Net balance sheet - foreign operations	–	–	8,260	–	–	4,927
Net balance sheet exposure before hedging activity	(21,227)	(44)	7,739	(1,240)	(125)	4,652
Forward exchange contracts relating to exposures	21,227	–	–	1,240	–	–
Net unhedged exposure	–	(44)	7,739	–	(125)	4,652
NZD equivalent	–	(73)	8,368	–	(198)	4,872
Sensitivity to 10% strengthening of NZD (pre tax):						
Increase/(decrease) on equity	(17,997)	–	(812)	(13,404)	–	(469)
Increase/(decrease) on profit	2,757	7	51	159	18	26
Sensitivity to 10% weakening of NZD (pre tax):						
Increase/(decrease) on equity	21,996	–	992	16,390	–	516
Increase/(decrease) on profit	(3,370)	(8)	(63)	(175)	(20)	(29)

Credit Risk

Ravensdown is exposed to credit risk from the possibility that a customer contract will result in a financial loss to Ravensdown or that a counter party will fail to perform their obligations. Ravensdown's exposure to credit risk is mainly influenced by its customer base and banking counterparties.

Ravensdown has a credit policy in place under which each new customer is analysed for credit worthiness. Credit risk is mitigated through most customers also being shareholders of Ravensdown Limited as their share capital may be utilised in cases of default. Ravensdown's customer base is primarily concentrated in the agriculture sector. Investments and derivatives are only made with reputable financial institutions or banks with a minimum Standard and Poor's credit rating of A+ or Moody's A-1+.

The carrying amount of financial assets represents Ravensdown's maximum credit exposure. Ravensdown does not have any material credit risk concentrations. Ravensdown has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

Trade and Other Receivables

	2018	2017
Not past due	74,032	72,647
Past due 1 - 30 days	645	1,293
Past due more than 30 days	2,645	3,770
Less: Provision for impairment in receivables	(1,284)	(2,869)
Total trade receivables	**76,038**	**74,841**
Prepayments	2,646	1,693
Total trade and other receivables	**78,684**	**76,534**

Measurement and Recognition

Trade receivables are measured on initial recognition at fair value, and are subsequently carried at amortised cost. Fair value is estimated as the present value of expected future cash flows.

Impairment of Trade Receivables

A provision for the impairment of receivables is established following management's assessment that the collectability of certain trade receivables is unlikely. The amount of the provision is the difference between the asset's carrying amount and the present value of estimate future cash flows, discounted using the effective interest method.

Liquidity Risk

Liquidity risk represents Ravensdown's ability to meet its contractual obligations. Ravensdown evaluates its liquidity requirements on an on-going basis. In general, Ravensdown generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

The following tables analyse Ravensdown's financial liabilities, including net and gross settled financial instruments, into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amounts disclosed in the balance sheet.

2018	Carrying value	Contractual cash flows	0-12 months	1-3 years
Non-derivative financial liabilities[1]				
Trade and other payables	60,278	60,278	60,278	–
Loans and borrowings	30,272	30,341	30,341	–
	90,550	**90,619**	**90,619**	**–**
Cash flow hedge derivatives				
Net foreign exchange contracts	7,055	6,762	6,762	–
Interest rate swaps	(472)	(498)	(398)	(100)
Commodity swaps	386	386	386	–
Total net derivative assets/(liabilities)	**6,969**	**6,650**	**6,750**	**(100)**
Periods in which the cash flows associated with cash flow hedges expected to impact profit or loss	**6,969**	**6,650**	**5,598**	**1,052**

2017	Carrying value	Contractual cash flows	0-12 months	1-3 years
Non-derivative financial liabilities[1]				
Trade and other payables	30,185	30,185	30,185	–
Loans and borrowings	41,951	42,032	42,032	–
	72,136	**72,217**	**72,217**	**–**
Cash flow hedge derivatives				
Net foreign exchange contracts	1,341	728	728	–
Interest rate swaps	(809)	(906)	(403)	(503)
Commodity swaps	(373)	(373)	(373)	–
Total net derivative (liabilities)	**159**	**(551)**	**(48)**	**(503)**
Periods in which the cash flows associated with cash flow hedges expected to impact profit or loss	**159**	**(551)**	**(122)**	**(429)**

(1) All contractual cash flows arising from non-derivative financial liabilities are expected to be settled within three months of balance date.

C3. Fair Value of Financial Assets and Liabilities

The carrying amounts of all financial assets and liabilities approximate their fair value and are categorised below:

	2018	2017
Assets		
Loans and receivables	78,013	77,548
Derivatives designated at fair value	7,558	1,791
Total Assets	**85,571**	**79,339**
Liabilities		
Derivatives designated at fair value	589	1,632
Other liabilities at amortised cost	157,638	131,547
Total Liabilities	**158,227**	**133,179**

Loans and receivables consist of: cash and cash equivalents, and trade and other receivables. Other liabilities at amortised cost consist of: loans and borrowings, trade and other payables, employee entitlements, and rebates payable.

Measurement and Recognition - Trade Payables

Trade payables are recognised initially at fair value on the trade date at which Ravensdown becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Fair value is calculated based on the expected future cash outflows required to settle the contractual obligations at the reporting date.

Fair value hierarchy

Ravensdown has financial instruments carried at fair value. The following hierarchy defines the valuation method used to value these instruments.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Ravensdown financial instruments carried at fair value are defined as level 2 for valuation purposes for 2018 and 2017. At 31 May 2018 the fair value of Ravensdown's derivative financial instruments was a $7.0 million asset (2017: $159,000 asset).

C4. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Ravensdown's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Advances and repayments in the banking facilities are reported in the statement of cash flows on a net basis because the turnover is quick, the amounts are large and the maturities are short.

Reconciliation of Operating Cash Flows

	2018	2017
Profit for the year	6,948	713
Adjustments for:		
Items classified as investing or financing activities		
Rebates to shareholders	55,344	49,334
Interest income	(588)	(568)
Interest expense	4,390	4,891
Items not involving cash flows		
Depreciation, amortisation and loss on disposals	22,097	20,508
(Increase) in deferred tax	(816)	(547)
Impairment of non current assets	1,748	864
Financial instruments	(253)	(46)
(Increase)/decrease in equity accounted investees	(2,862)	200
Income tax expense/(benefit)	2,176	(146)
Changes in working capital		
(Increase)/decrease in inventories	(20,402)	5,187
(Increase) in trade and other receivables	(2,125)	(13,398)
Increase/(decrease) in trade and other payables	32,138	(6,733)
Net cash from operating activities	**97,795**	**60,259**

C5. Loans and Borrowings

	2018	2017
Current liabilities		
Loans and borrowings	30,272	41,951

Measurement and Recognition

Borrowings are recognised initially at fair value on the drawn facility amount, net of transaction costs paid. Subsequent to this, borrowings are stated at amortised cost using the effective interest method.

The loans are drawings on Ravensdown's revolving credit facility. At 31 May 2018 the facility available was $210 million (2017: $210 million). The excess headroom in the facility is available to ensure sufficient capital during peak periods arising due to seasonality of operations. The facility is made up of four tranches with expiration dates of May 2019, May 2020 and May 2021. The interest rate is currently 2.76% (2017: 2.62%).

The revolving credit facility agreement is subject to a Negative Pledge agreement. Various covenants apply to the facility. There have not been any breaches of these banking covenants in the year.

C6. Co-operative Shares

The movement in co-operative shares for Ravensdown is as follows:

In thousands of shares	2018	2017
On issue at 1 June	296,392	296,903
Shares allotted during the year	14,333	6,127
Less: shares surrendered during the year	(8,511)	(6,638)
On issue at 31 May	**302,214**	**296,392**

Partly paid ordinary co-operative shares

Partly paid up	8	95
Unpaid	3	19
Total partly paid and unpaid	**11**	**114**

Value of ordinary co-operative share capital

In thousands of New Zealand dollars	2018	2017
Balance at 1 June	296,373	296,396
Co-operative shares issued	14,349	6,598
Less: co-operative shares surrendered	(8,511)	(6,621)
Balance at 31 May	**302,211**	**296,373**

Voting rights are held by transacting shareholders being entitled to one vote per share held. For votes on Area issues (as defined in the Co-operative Constitution) no transacting shareholder shall vote more than 3.5% of the total number of shares held by transacting shareholders in respect of the relevant Area. On other issues no transacting shareholder shall vote more than that number of shares which equates to 0.125% of the shares held by all transacting shareholders.

Ravensdown Limited may redeem shares in accordance with the Companies Act 1993. Upon winding up, shares rank equally with regard to Ravensdown Limited's residual assets. The share qualification quota is 234 shares per tonne. The shares have a value of $1.

The co-operative shares are repayable under certain conditions, and will mature when shares are redeemable by the shareholder. Co-operative shares may be repaid when there is a deceased estate or when the shareholder has ceased farming. Shares may also be repaid if there has been a 5 year time lapse since the last transaction.

Measurement and Recognition

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

D. Group Structure

In this section

This section provides information to help readers understand Ravensdown's structure and how it affects the financial position and performance of Ravensdown. In this section of the notes there is information about:

a) Subsidiaries;
b) Investments in Joint Ventures; and
c) Investments in Associate Entities.

D1. Significant Subsidiaries

	Principal Activity	Country of Incorporation	Interest (%) 2018	Interest (%) 2017
Ravensdown Aerowork Limited	Aerial spreading	New Zealand	100%	100%
C-Dax Limited	Agricultural machinery manufacturer	New Zealand	100%	100%
Spreading Waikato Limited[1]	Ground spreading	New Zealand	–	100%
Ravensdown Australian Holdings Limited	Investment holding company	New Zealand	100%	100%
Ravensdown Fertiliser Australia Pty Limited	Fertiliser sales - discontinued	Australia	100%	100%
Ravensdown Australia Properties Pty Limited	Property investment - discontinued	Australia	100%	100%
Ravensdown Growing Media Limited	Fertiliser sales - discontinued	New Zealand	100%	100%
Aerial Sowing Limited	Aerial spreading - discontinued	New Zealand	100%	100%

1 On 30 November 2017 Spreading Waikato Limited was amalgamated into Ravensdown Limited.

Subsidiaries are entities controlled by Ravensdown Limited. Control exists when Ravensdown Limited is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power arises when Ravensdown Limited has existing rights to direct the relevant activities of the investee, i.e. those that significantly affect the investee's returns. Subsidiaries are consolidated from the point at which control is transferred to Ravensdown Limited and until such point as that control ceases. Control is assessed on a continuous basis.

Acquisition related costs are expensed as incurred. On an acquisition-by-acquisition basis, Ravensdown Limited recognises non-controlling interests at either their fair value or proportionate share of the acquiree's net assets. Transactions with non-controlling interests that do not result in a change of control are recognised in equity.

D2. Equity Accounted Investees

	2018	2017
Interests in joint ventures	13,755	11,354
Interests in associates[2]	4,214	3,600
	17,969	**14,954**

2 Ravensdown's share of profits after tax arising from its interests in associates was $770,000 (2017: $421,000). All other movements in the carrying value of associates were not considered significant.

Measurement and Recognition

Associates are those entities in which Ravensdown has significant influence, but not control, over the financial and operating policies. Joint ventures are those arrangements in which Ravensdown has contractually agreed joint control and has rights to the net assets of the venture rather than having rights to assets and obligations for its liabilities. Associates and joint ventures are accounted for using the equity method (equity accounted investees). The consolidated financial statements include Ravensdown's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of Ravensdown, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Selected information on equity accounted investees

Joint ventures

Movements in carrying value of joint ventures:

	2018	2017
Balance at 1 June	11,354	12,128
Share of profit after tax	3,530	1,881
Joint venture capital (sold) in the year	–	(609)
Dividends received from joint ventures	(1,287)	(2,113)
Movements in loans to joint ventures	158	67
Balance at 31 May	**13,755**	**11,354**

Summary financial information for equity accounted investees (not adjusted for the interest held by Ravensdown):

	Total assets	Total liabilities	Revenues	Profit
2017	26,197	9,594	74,548	5,123
2018	26,292	6,686	103,152	7,512

D3. Joint Ventures (Equity Accounted)

	Principal Activity	Country of Incorporation	Interest (%) 2018	Interest (%) 2017
Spreading Sandford Limited	Ground spreading	New Zealand	50.0%	50.0%
Spreading Canterbury Limited	Ground spreading	New Zealand	50.0%	50.0%
Spreading FBT Limited	Ground spreading	New Zealand	50.0%	50.0%
Spreading Northland Limited	Ground spreading	New Zealand	50.0%	50.0%
Mainland Spreading Limited	Ground spreading	New Zealand	50.0%	50.0%
Ravensdown Shipping Services Pty Limited	Shipping services	Australia	50.0%	50.0%
New Zealand Phosphate Company Limited	Fertiliser research	New Zealand	50.0%	50.0%

D4. Associates (Equity Accounted)

	Principal Activity	Country of Incorporation	Interest (%) 2018	Interest (%) 2017
Cropmark Seeds Limited	Forage plant breeding and marketing	New Zealand	25.6%	25.6%
Southstar Technologies Limited	Fertiliser coatings and development	New Zealand	20.0%	20.0%

D5. Discontinued Operations

Ravensdown Australia Properties Pty Limited is a 100% subsidiary that was set up as a holding company for property owned in Australia. In April 2018 the decision was made to seek a long term tenant for one of the two stores in Australia, rather than to sell it. The other remaining store and associated equipment are currently classified as held for sale. These operations are still considered discontinued as part of the overall plan to exit this market.

Assets classified as held for sale

As at 31 May 2018, property, plant and equipment for discontinued operations classified as held for sale totalled $1.1 million (2017: $5.1 million).

Property, plant and equipment of $8.8 million was classified as held for sale at 31 May 2018 (2017: $11.3 million).

Measurement and Recognition

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. The assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories and financial assets which continue to be measured in accordance with Ravensdown's accounting policies.

Assets classified as investment property

As at 31 May 2018, property, plant and equipment classified as investment property totalled $3.8 million (2017: nil).

Measurement and Recognition

Investment property comprises property held to earn rental income from third parties or from capital appreciation. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Loss for the year from discontinued operations

During the year total net losses after tax arising from discontinued operations were $0.8 million (2017: $1.4 million). The total net comprehensive loss arising from discontinued operations was $1.0 million (2017: $1.5 million loss).

Net Cash Flows from Discontinued Operations

	2018	2017
Operating activities	363	(1,082)
Investing activities	(11)	32
Financing activities	(259)	(13,959)
Net cash flows	**93**	**(15,009)**

E. Other Information

In this section
This section includes the remaining information relating to Ravensdown's financial statements which is required to comply with NZ IFRS.

E1. Related Parties

	2018	2017
Transactions with equity-accounted investees		
Dividends received	1,444	2,522
Sales of goods and services	354	252
Purchases of goods and services	(47,923)	(48,351)
Net trade receivables/(payables)	230	307
Closing advances	2,225	2,068

During the year Ravensdown entered into a number of transactions for the sale and purchase of goods from its equity accounted investees. All transactions between companies were carried out on a commercial basis.

Related parties are the equity accounted investments disclosed in notes D3 and D4.

E2. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
Less than one year	3,524	3,126
Between one and five years	8,277	7,814
More than five years	6,167	7,414
Total lease commitments	**17,968**	**18,354**

Measurement and Recognition

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Ravensdown leases motor vehicles and store premises. During the year ended 31 May 2018 $4.8 million was recognised as an expense in the Consolidated Income Statement in respect of operating leases (2017: $4.1 million).

E3. Auditor's Remuneration

	2018	2017
Auditor's remuneration to KPMG comprises:		
Audit of financial statements	135	130
Other non-audit services	13	31
Total auditor's remuneration	**148**	**161**

Other non-audit services relate to advisory services in respect of Integrated Reporting.

E4. Capital Commitments

At 31 May 2018 Ravensdown had capital commitments of $29.6 million (2017: $38.6 million). Capital commitments relate to investment in New Zealand assets and infrastructure. Capital commitments are recognised after a formal capital review and approval process.

E5. Contingent Liabilities

Proceedings have been filed against Ravensdown for wrongful termination of a contract at one of its lime quarries. The amount claimed by the plaintiff is approximately $2.4 million. Ravensdown considers that the termination was justified and has filed a defence to the claim together with a counterclaim against the plaintiff (2017: nil).

E6. Subsequent Events

There have been no events subsequent to balance date which would have a material effect on Ravensdown's financial statements to 31 May 2018.

Resolution of Directors

RESOLVED that, in the opinion of the undersigned directors of Ravensdown Limited (Company), the Company has throughout the financial year ended 31 May 2018 and since the date of registration of the Company under the Co-operative Companies Act 1996 (Act), been a co-operative company within the meaning of the Act on the following grounds:

1. the Company has carried on, as its principal activity, a co-operative activity as that term is defined in the Act;
2. the constitution of the Company states its principal activities as being co-operative activities; and
3. not less than 60% of the voting rights of the Company have been held by transacting shareholders, as that term is defined in the Act.

Dated this 11th day of June 2018

John Francis Clifford Henderson	Kate MacNeil Alexander	Scott Gordon Gower
Antony Charles Howey	Peter William Moynihan	Anthony Page Reilly
Bruce William Massy Wills	Allan Stuart Wright	

KPMG

Independent Auditor's Report

To the shareholders of Ravensdown Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Ravensdown Limited (the company) and its subsidiaries (the group) on pages 6 to 31:

i. present fairly in all material respects the group's financial position as at 31 May 2018 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 May 2018;
- the consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

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

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and 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 and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report and Stakeholder Review. Other information includes the Chairman's report, Chief Executive's report, Finance at a Glance and Financial Commentary, Business Model and Strategic Framework information, disclosures relating to corporate governance, and statutory information.

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

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have received the Annual Report have nothing to report in regards to it. The Stakeholder Review is expected to be made available to us after the date of this Independent Auditor's Report and we will report the matters identified, if any, to directors.

Use of this independent auditor's report

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

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-5/

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

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

For and on behalf of

KPMG

KPMG
Christchurch

2 August 2018

Corporate Governance

The Board and management of Ravensdown are committed to maintaining high standards of corporate governance. This report outlines the policies and procedures under which Ravensdown is governed.

Code of Business Conduct and Ethics

Ravensdown's Code of Business Conduct and Ethics requires its employees and directors to act lawfully, professionally and ethically in the conduct of their duties and responsibilities. It reinforces the company's expectation that all staff behave in a way which is consistent with Ravensdown's values, applicable laws and policies.

The code incorporates a number of policies adopted by the company, which are embodied in Ravensdown's procedures and processes. These include:

- the company's conflicts of interest, privacy and fraud policies;
- policies that set high standards for environmental and health and safety performance; and
- internal policies covering matters such as the prevention of harassment in the workplace.

Ravensdown also has a whistle-blower policy which encourages employees to report any known or suspected incidents of wrongdoing within the company. Reports can be made internally or to a confidential phone line operated by Report-it-Now.

Responsibility of the Board of Directors

The Board of Directors is elected by and responsible to the shareholders. Its primary objective is to build long term shareholder value and in doing so act in the best interests of the company. The Board acts as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of Ravensdown and following sound corporate governance principles.

The Board's role and responsibilities are set out in its charter. In summary these are to:

- Engage in creating, approving and monitoring the strategic direction and objectives of the company.
- Appoint the Chief Executive Officer.
- Delegate appropriate authority to the Chief Executive for the day-to-day management of the company.
- Approve the company's systems of internal financial control and risk framework, including monitoring and approving budgets, monitoring monthly financial performance and non-financial KPIs and approving rebates.
- Select the external auditors and ensure their professional merit and independence.

Board committees

The Board has four standing committees, described below. Special project committees are formed when required.

Audit & Risk Committee

The committee comprises five directors, including the two independent directors, one of whom is appointed as chair and has appropriate financial experience and qualifications. The meetings are attended by the Chief Executive Officer and Chief Financial Officer. The external auditor attends by invitation of the Chair along with Ravensdown's Internal Auditor and General Counsel. The committee meets a minimum of four times each year and its main responsibilities are to:

- Review the annual budgets, financial statements, proposed rebates and pricing.
- Advise the Board on accounting policies, practices and disclosure.
- Review the scope and outcome of the external audit.
- Review the effectiveness of the organisation's internal control environment.
- Review the resourcing and scope of the internal audit function.
- Review the key risks and ensure there are adequate controls in place.
- Review compliance with the company's risk management framework and the legislative compliance system.

The committee reports the proceedings of each of its meetings to the full Board.

Board Appointments & Remuneration Committee

The committee comprises four directors. It meets as required to:

- Review the remuneration packages of the Chief Executive Officer and senior managers.
- Make recommendations in relation to Director remuneration.

Remuneration packages are reviewed annually. Independent external surveys and advice are used as a basis for establishing remuneration packages.

Share Surrenders Committee

This committee comprises three directors. It meets prior to each Board meeting, as required, to consider and make recommendations to the Board regarding share surrender, allotment and transfer applications from shareholders.

Hugh Williams Scholarship Committee

This committee comprises three directors. The Hugh Williams Ravensdown Memorial Scholarship is offered annually to the children of shareholders and aims to encourage undergraduate study in an agricultural or horticultural degree. Founded jointly in 2000 by Ravensdown and the Williams family, the scholarship commemorates the late Hugh Williams, a Director of the co-operative from 1987 to 2000. Applicants are short-listed from an initial essay and application, and then reviewed by the committee.

Composition of Board

During the past financial year, the Board was comprised of 10 directors; 8 shareholder elected directors and 2 independently appointed directors. Following an internal review the Board has determined that, going forward, the governance of the company will be best served by having 6 shareholder elected directors. The transition from 8 to 6 shareholder elected directors will take place over a period of two years as existing directors retire from office.

Currently one quarter of the shareholder elected directors in office must retire each year which, with 8 shareholder elected directors, gave them an effective four year term. In conjunction with the move to 6 shareholder elected directors, and subject to approval at the annual shareholder meeting, shareholder elected directors will be required to retire after three years in office. Retiring directors will be eligible to stand for re-election, but must not remain in office for more than 12 years. Elections for the vacant director positions are held prior to the annual meeting.

While the Board currently has two independently appointed directors, it is permitted under the constitution to have up to three appointed directors in order to bring additional experience and skills to the Board. The Chief Executive Officer is not a member of the Board.

Risk Identification and Management

The company has a comprehensive risk management framework to identify, assess and monitor new and existing risks. Annual risk updates are performed and risk improvements plans created and acted on. The Chief Executive Officer and the Leadership Team are required to report to the Board and Audit & Risk Committee on high risks affecting the business and to develop strategies to mitigate these risks. Additionally, management is responsible for ensuring an appropriate insurance programme is in place and reviewed annually.

External Auditor Independence

To ensure that the independence of the external auditor is maintained, the Board has agreed that the external auditor should not provide any services which could affect its ability to perform the audit impartially. This is monitored by the Audit & Risk Committee which also reviews the quality and effectiveness of the external auditor.

Directors' Meetings

The table below sets out the number of meetings and attendance for the Board and standing committees throughout the financial year.

Board

2017-2018	Total attended	Eligible to attend
John Henderson (Chair)	8	8
Stuart Wright (Deputy Chair)	7	8
Kate Alexander	8	8
Jason Dale	5	8
Scott Gower	8	8
Tony Howey	7	8
Glen Inger	8	8
Peter Moynihan	8	8
Tony Reilly	8	8
Bruce Wills	8	8

Audit and Risk Committee

2017-2018	Total attended	Eligible to attend
Jason Dale (Chair)	5	5
John Henderson	4	5
Scott Gower	5	5
Tony Howey	4	5
Glen Inger	5	5

Board Appointments and Remuneration Committee

2017-2018	Total attended	Eligible to attend
Tony Reilly (Chair)	1	1
John Henderson	1	1
Tony Howey	1	1
Pete Moynihan	1	1

Share Surrenders Committee

2017-2018	Total attended	Eligible to attend
Kate Alexander (Chair)	9	9
Tony Howey	6	9
Bruce Wills	8	9

Statutory Information

Directors

The Directors of Ravensdown Limited as at 31 May 2018 were as follows.

John Henderson (Chair)
Stuart Wright (Deputy Chair)
Kate Alexander
Jason Dale
Scott Gower
Tony Howey
Glen Inger
Peter Moynihan
Tony Reilly
Bruce Wills

No person resigned from office as a Director during the year ended 31 May 2018.

Directors and remuneration

Remuneration and benefits received by Directors or former Directors of Ravensdown Limited during the year was as follows:

Director	Total remuneration and value of other benefits received
J.F.C. Henderson (Chairman)	$178,500
A.S. Wright (Deputy Chairman)	$93,500
J. Dale (Audit Chairman)	$86,000
A.P. Reilly	$76,000
A.C. Howey	$76,000
S.G. Gower	$76,000
P.G. Inger	$76,000
P.W. Moynihan	$76,000
K. Alexander	$76,000
B. Wills	$76,000

Entries recorded in the Interests Register

Per Section 140(2) of the Companies Act 1993 the Directors gave the following general disclosures of interests that they are Directors or Members of the following named organisations:

Director	Position	Entity Name
J.F.C. Henderson	Partner	Evans Henderson Woodbridge
	Director/Shareholder	Hinau Station Limited
		Vanderwood Trustees & Agency Limited
		Premier Dairies Limited
		Waimaria Farms Limited
		Clearsky Agriculture Limited
		Wavering Downs Trustees Limited
J.F.C. Henderson continued	Shareholder	Tikapu Station Limited
		Rewa Rewa Farm Limited
		Ngatahaka Holdings Limited
		Hiwinui Station Limited
		Dochroyle Limited
		Ferriby Land Company Limited
		Mount Drake Farm Limited
	Director	Athlumney Farms Limited
		Tutu Totara Dairy Limited
		New Zealand Phosphate Company Limited
		Coronet Peak Station Queenstown Limited
		Goodwin Trustees & Agency Limited
	Trustee	Lagore Enterprises Trust
		Holtby No. 2 Trust
		The Beechmont Trust
		Bushybank Trust
		Carter Trust
		Ernscliffe Trust
		Clarinbridge Trust
		Merchiston Trust
		A D Glasgow Family Trust
		Wavering Downs Trust
	Executor	Estate James Gregor Waswo
A.S. Wright	Director/Shareholder	Annat Farms Limited
		Otarama Investments 2011 Limited
	Chairperson	Potatoes New Zealand
J. Dale	Director	Crest Licensing Systems Limited
	Chairperson	TNX Limited
	Chief Financial Officer	NZ Steel
	General Manager	Bluescope
A.P. Reilly	Director/Shareholder	A.P. & K.M. Reilly Limited
		Dos Rios Dairy Limited
	Director	Landcorp Farming Limited
		Network Tasman Limited

Director	Position	Entity Name
A.C. Howey	Director/Shareholder	Alpine Fresh Limited
		Southern Packers Limited
		Seedlands Limited
		Seedlands Property Limited
		Grainstor Limited
		Viberi New Zealand Limited
		Farmers Mill Limited
	Director	Horticulture New Zealand Limited
		Horticulture NZ Incorporated
	Chairperson	NZ Gap
S.G. Gower	Owner	High Glades Station
	Trustee	Riverhills Trust
		SGG Family Trust
P.G. Inger	Director/Shareholder	Harbour Edge Avocados Limited
		Journey's End Limited
		Kokako Properties Limited
		Kowhai Falls Limited
		Mercer Assets Limited
		Mercer Mushrooms Limited
		Pukeko Creek Limited
		Stonebridge Investments Limited
		Tall Kauri Limited
		TCS Leases Limited
		TCS Resources Limited
		The Clearance Shed Limited
		The Promised Land 2005 Limited
		Topuni Holdings Limited
		Tui Travel Limited
	Director	Albany Direct Limited
		Blue Moon Limited
		Karoola Limited
		Palmerston North Direct Limited
		Porirua Direct Limited
		Pukekohe Direct Limited
		Sleepy Hollow Farm Limited
		Subway Investments Limited
		Whangarei Direct Limited

Director	Position	Entity Name
P.G. Inger continued	Shareholder	The Commercial Mushroom Growers Federation (NZ) Limited
	Trustee	The Tapora Trust
		The Stinger Trust
P.W. Moynihan	Director/Shareholder	Aerodrome Farm Limited
		Rathmore Farm Limited
		Hacienda Lochiel Limited
	Director	Last Tango Limited
		The Power Company Limited
	Indirect Shareholder	Manukau S.A.
		Powernet Limited
	Trustee	Rathmore Trust
	Employee	Westpac Bank
K. Alexander	Director	Riversedge Limited
	Shareholder	Willow-Mere Farms Limited
	Trustee	The Riverbank Trust
	Ministerial Appointment	Open Polytechnic of New Zealand Council
	Independent Chairperson	Delta Produce Co-operative Limited
B. Wills	Director/Shareholder	Trelinnoe Limited
	Director	Tranzfutura International Limited
		QE II National Trust
	Independent Director	Horticulture New Zealand Incorporated
	Chairperson	NZ Poplar & Willow Research Trust
		Apiculture NZ
		Deer PGP
		Motu (Economic and Public Policy Research)
	Trustee	NSC Resilience to Nature's Hazards
		National Science Challenge (Our Land & Water)
		Cape to City

Related party transactions

Like most co-operative companies, Ravensdown Limited has frequent transactions with its farming Directors in the ordinary course of business. All transactions are conducted on commercial terms.

Share dealings of Directors

None of the Directors have acquired or disposed of any shares other than through the normal quota shareholding process.

Directors indemnity or insurance

The company has arranged policies of liability insurance which ensure that generally Directors and company executives will incur no monetary loss as a result of actions undertaken by them as Directors or employees. Certain actions are specifically excluded, for example the incurring of penalties and fines which may be imposed in respect of breaches of the law.

Loans to Directors

There were no loans by Ravensdown to Directors.

Use of company information

No notices from any Director were received by the Board during the year requesting use of company information received in their capacity as Directors which would not otherwise have been available to them.

Donations

No donations were made to any charities during the year (2017: $19,000).

Employees' remuneration

Remuneration	Number of employees
$100,000 – $109,999	46
$110,000 – $119,999	38
$120,000 – $129,999	30
$130,000 – $139,999	17
$140,000 – $149,999	15
$150,000 – $159,999	10
$160,000 – $169,999	14
$170,000 – $179,999	4
$180,000 – $189,999	6
$190,000 – $199,999	5
$200,000 – $209,999	10
$210,000 – $219,999	4
$230,000 – $239,999	1
$240,000 – $249,999	1
$250,000 – $259,999	2
$340,000 – $349,999	1
$390,000 – $399,999	1
$400,000 – $409,999	1
$430,000 – $439,999	1
$500,000 – $509,999	1
$510,000 – $519,999	1
$1,340,000 – $1,349,999	1

Executive remuneration includes salary, performance incentives and employer's contribution to superannuation and health schemes earned in their capacity as employees during the financial year. Company vehicles are provided to some employees and are included in the remuneration figures.

Subsidiaries

Persons holding office as Directors of Ravensdown Limited's wholly owned subsidiaries as at 31 May 2018 were as follows.

Subsidiary	Directors
Ravensdown Aerowork Limited	Greg Campbell Mike Whitty
C-Dax Limited	Mike Whitty Richard Christie Greig Shearer
Ravensdown Australian Holdings Limited	Greg Campbell Sean Connolly
Ravensdown Fertiliser Australia Pty Limited	Greg Campbell Sean Connolly Allister Burton
Ravensdown Australia Properties Pty Limited	Greg Campbell Sean Connolly Allister Burton
Aerial Sowing Limited	Mike Whitty Mike Manning
Ravensdown Growing Media Limited	Greg Campbell Richard Christie
Soil Fertility Services Limited	Greg Campbell Mike Manning

Spreading Waikato Limited was amalgamated into Ravensdown Limited on 30 November 2017. At the time of amalgamation Mike Manning was the sole director of Spreading Waikato Limited.

Except for Allister Burton, all of the current Directors are employees of Ravensdown Limited, Ravensdown Aerowork Limited or C-Dax Limited. This is the only general disclosures of interest by each Director of Ravensdown Limited's subsidiaries as at 31 May 2018, pursuant to s 140(2) of the Companies Act 1993.

Allister Burton has received remuneration of AUD $12,000 during the financial year.

By special resolution Ravensdown Limited, as the sole shareholder of Ravensdown Growing Media Limited, requested the removal of Ravensdown Growing Media Limited from the register of companies on 19 February 2018. It was subsequently removed from the register on 21 June 2018 on the grounds that the company has ceased to carry on business, has discharged in full its liabilities to all its known creditors, and has distributed its assets in accordance with its constitution and the Companies Act 1993.

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