Annual Report 2023

ravensdown

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Separate to this Annual Report, Ravensdown has published an Integrated Report which is available on its website: https://rav.link/ir2023

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 2023.

From left to right
Jane Montgomery
Dr Jacqueline Rowarth
David Biland
Bruce Wills – Chair
Pete Moynihan
Jason Dale
Nicola Hyslop
Mike Davey

Finance at a Glance /

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Accountable to you

Ravensdown faced several major challenges during the 2022/23 year that, when combined, materially affected our profitability. On the supply side, themes of international uncertainty remained, however pressures eased in the second half of the year, particularly for sourcing, supply chain and pricing.

The primary challenges for the year were, without doubt, demand-and-operationally driven.

These issues drove our sales volumes lower by 27% on last year. Fertiliser prices peaked towards the end of the first half of the year, resulting in shareholders spending roughly the same amount on fertiliser as for the prior year, but for less tonnage.

Furthermore, a fire in September, followed by Cyclone Gabrielle, shut the Napier plant down for a substantial part of the year. This impacted the servicing of our North Island market and drove costs higher as we procured alternative product for our customers. Cyclone Gabrielle also materially curtailed sales to sheep and beef farmers in our eastern North Island market.

Overall, lower volumes sold combined with lower margins on higher-priced inventories drove significantly reduced gross profits. A relatively high fixed-cost structure compounded this into a break-even outcome, also taking into account depreciation, significantly increased interest costs and insurance.

While this was disappointing, the business nonetheless remains in a solid financial position. Equity of $620 million is 74% of assets, and well above historical levels. Cash generation was also strong with easing supply chain and procurement pricing enabling inventories to be managed down from recent highs. This is an ongoing process as we re-balance inventory, surety of supply and pricing with the increased costs of working capital.

This last year also highlighted the ongoing strength of our banking relationships. Our syndicate provided strong support throughout the year, reflecting a seasoned understanding of our business and the cyclical nature of our industry. The syndicate's willingness to support our good understanding of strategy helps make our business more resilient.

A key initiative is our recently executed plan to remove costs from the business. This is designed to support the business's financial resilience in a lower volume environment.

While we expect some uplift in volumes from recent lows as prices and markets normalise, maturity of the dairy sector, a focus on emissions mitigation and the sector shift to using fertiliser in a more targeted way through technology and precision application signal a future of lower overall fertiliser volumes. Positioning for this lies at the heart of our smarter farming for a better New Zealand strategy.

This year also saw some consolidation of our subsidiary and early-stage activities under our new structure, Ravensdown Ventures Limited, trading as Agnition. Its aim is to enable those activities to scale and commercialise more effectively and to support our customers as they adapt to the profound ongoing change reshaping New Zealand's primary production sector.

Ravensdown Shipping Services, our bulk freight joint venture, again delivered a strong profit contribution to the Group, albeit down from the record profits of last year. This was consistent with a general increase in global freight capacity and lowering of global freight rates following the elevated rates of recent times.

We continued investment into maintaining and improving our physical infrastructure. Inflation impacts continue to affect costings, particularly in the eastern North Island, with elevated demand for resources managing the cyclone clean-up.

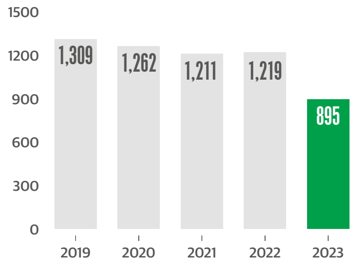
Given the need to continue managing the business prudently and ensure we can continue to deliver the best possible service and price outcomes for customers, we will not be paying a rebate this year. This will better position the business to deliver competitively priced product by charging a lower margin on inventories acquired at record prices.

It will also support our ongoing drive to reduce costs and make our business as efficient and resilient as possible as we transition with our shareholders and the primary sector generally.

Finance at a glance continued

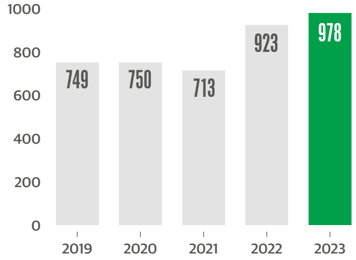
Our results in more detail

FERTILISER SALES (thousand tonnes)



Lower fertiliser volumes were a result of weather events across the country and higher commodity prices reducing demand.

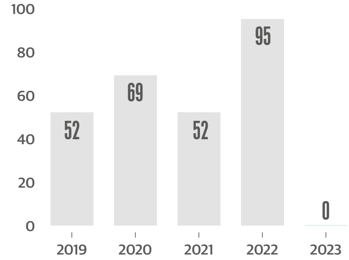
REVENUE ($M) (before rebates and bonus shares)



(including insurance proceeds and results from discontinued operations)

Revenue was up on prior years due to higher commodity prices being passed through to customers. Revenue also includes insurance proceeds from flooding and a fire in Napier during FY 2023.

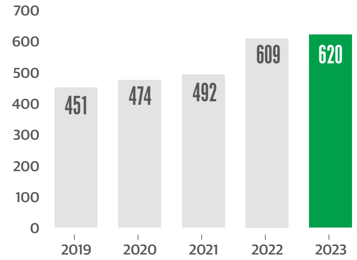
PROFIT FROM CONTINUING OPERATIONS BEFORE REBATE, BONUS SHARES & TAX ($M)



(from continuing operations)

Profit before rebates to shareholders was impacted by lower sales volumes and higher commodity prices.

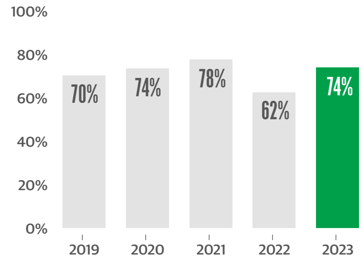
TOTAL EQUITY ($M)



Equity remained stable as a result of fair value improvements.

EQUITY RATIO (%)

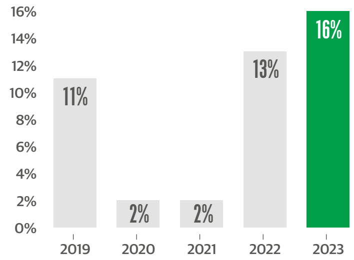
The ratio of equity to total assets compares the money creditors and banks contribute to the business with the money owners contribute



The equity ratio improved by reducing the working capital requirements funded by creditors.

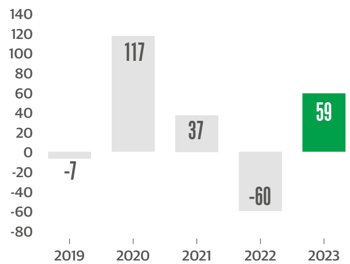
DEBT RATIO (%)

Bank debt divided by total tangible assets – illustrates how much bank debt is used to fund assets



Higher commodity prices required more bank debt to fund working capital.

OPERATING CASH FLOW ($M)

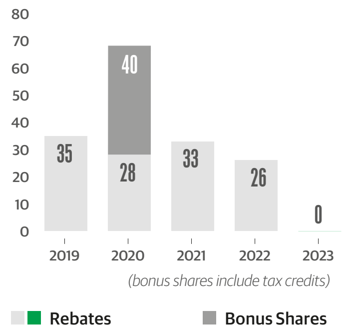


(after rebates to shareholders – 2019 to 2020 restated)

Operating cashflows improved as inventory converted to cash to repay creditors.

VALUE OF SHAREHOLDER DISTRIBUTIONS ($M)

Total value of distribution to shareholders comprising rebates and bonus shares

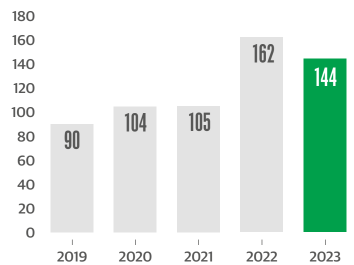


(bonus shares include tax credits)

During 2023 there was insufficient profit to declare a rebate or bonus issue.

WORKING CAPITAL ($M)

Current assets less current liabilities



Higher working capital in 2022 and 2023 reflects the covid-disrupted supply chain and higher commodity prices of the past two years.

Financial Statements /

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 2023.

In the opinion of the Directors, the financial statements and notes on pages 6 to 46:

- comply with New Zealand Generally Accepted Accounting Practice ("GAAP") and give a true and fair view of the financial position of Ravensdown as at 31 May 2023 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 2023 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:

Bruce Wills
Chair
23 August 2023

Jason Dale
Chair, Audit & Risk Committee

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Consolidated Income Statement

For the year ended 31 May

In thousands of New Zealand dollars	Note	2023	2022
Continuing operations			
Revenue from contracts with customers	A1	925,177	922,321
Insurance proceeds	A1	52,305	122
Rebates to shareholders	C1	–	(26,029)
Revenue after rebates		**977,482**	**896,414**
Cost of sales		(897,856)	(778,992)
Gross profit		**79,626**	**117,422**
Sales and marketing expenses		(31,258)	(30,159)
Administrative expenses		(40,721)	(36,132)
Other operating expenses		(5,420)	(6,075)
Operating expenses		**(77,399)**	**(72,366)**
Finance income		1,888	1,416
Finance expenses		(16,638)	(4,627)
Net finance costs	A2	**(14,750)**	**(3,211)**
Share of profit of equity accounted investees (after tax)	D2	12,952	26,670
Profit before income tax		**429**	**68,515**
Income tax benefit/(expense)	A4	2,428	(11,174)
Profit for the year from continuing operations		**2,857**	**57,341**
Discontinued operations			
Profit after tax for the year	D5	762	264
Profit for the year attributable to equity holders		**3,619**	**57,605**
Non-GAAP presentation for continuing operations			
Revenue from contracts with customers and insurance proceeds		977,482	922,443
Cost of sales		(897,856)	(778,992)
Gross profit before rebates		**79,626**	**143,451**
Profit before income tax		**429**	**68,515**
Rebates to shareholders		–	26,029
Profit before rebates and income tax		**429**	**94,544**

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	2023	2022 Restated
Profit for the year		**3,619**	**57,605**
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		15,548	48,841
Related tax	A4	(5,863)	(5,317)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	A4	136	3,206
Net change in fair value of cash flow hedges	A4	41,940	43,378
Related tax	A4	(8,400)	(13,255)
Other comprehensive income for the year		**43,361**	**76,853**
Total comprehensive income for the year		**46,980**	**134,458**
Attributable to:			
Continuing operations		46,295	133,918
Discontinued operations	D5	685	540
		46,980	**134,458**

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	2023	2022
Assets			
Cash and cash equivalents	C5	4,515	5,825
Trade and other receivables	C2	114,268	119,814
Inventories	B4	206,753	346,782
Derivative financial assets	C2	9,073	19,473
Current tax assets		1,735	-
Assets held for sale	B6	2,085	3,906
Total current assets		**338,429**	**495,800**
Property, plant and equipment	B1	416,377	392,619
Intangible assets	B2	21,394	24,027
Mining deposits	B3	14,511	14,155
Right of use assets	B5	15,298	11,730
Investments in equity accounted investees	D2	36,708	36,561
Total non-current assets		**504,288**	**479,092**
Total assets		**842,717**	**974,892**
Liabilities			
Trade and other payables	C2	49,751	164,111
Employee entitlements	A3	11,851	13,967
Lease liabilities	C3	3,711	3,726
Loans and borrowings	C6	128,873	118,500
Provision for rebate	C1	-	25,979
Derivative financial liabilities	C2	-	1,449
Current tax liabilities		-	6,266
Total current liabilities		**194,186**	**333,998**
Deferred tax liabilities	A4	21,639	22,645
Lease liabilities	C3	6,474	9,392
Other non-current liabilities		-	227
Total non-current liabilities		**28,113**	**32,264**
Total liabilities		**222,299**	**366,262**
Net assets		**620,418**	**608,630**

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

Consolidated Statement of Financial Position continued

As at 31 May

In thousands of New Zealand dollars	Note	2023	2022
Equity			
Co-operative shares	C7	334,538	335,921
Reserves		142,771	134,828
Retained earnings		143,109	137,881
Total equity		**620,418**	**608,630**

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	2023	2022
Cash flows from operating activities			
Cash receipts from customers		967,523	882,647
Insurance proceeds		15,851	122
Dividends received		13,722	12,070
Payments to suppliers and employees		(912,030)	(923,356)
Payment of rebates		(18,205)	(24,695)
Income tax paid		(7,689)	(6,791)
Net cash flows from/(used in) operating activities	C5	**59,172**	**(60,003)**
Cash flows from investing activities			
Proceeds from sale of shares in associates		325	-
Proceeds from discontinued operations		3,065	-
Proceeds from sale of property, plant and equipment		5,743	726
Net movements in loans provided to equity accounted investees		589	539
Acquisition of property, plant and equipment		(39,460)	(31,056)
Acquisition of other non-current assets		(4,043)	(5,360)
Acquisition of shares in associates		(1,375)	-
Net cash flows (used in) investing activities		**(35,156)**	**(35,151)**
Cash flows from financing activities			
Interest received		1,898	1,416
Proceeds from issue of share capital		14	17
Interest paid		(16,136)	(4,173)
Repayment of principal and interest on lease liabilities		(11,419)	(4,817)
Repayment of share capital		(9,783)	(9,656)
Net movements in loans and borrowings		10,100	108,837
Net cash flows (used in)/from financing activities		**(25,326)**	**91,624**
Net (decrease) in cash and cash equivalents		(1,310)	(3,530)
Cash and cash equivalents at 1 June		5,825	9,355
Cash and cash equivalents at 31 May		**4,515**	**5,825**

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

Consolidated Statement of Changes in Equity

For the year ended 31 May

In thousands of New Zealand dollars	Note	Co-operative shares	Translation reserve	Hedging reserve (restated)	Revaluation reserve	Retained earnings	Total equity
Balance at 1 June 2021		**337,444**	**(1,584)**	**(6,785)**	**83,223**	**80,057**	**492,355**
Profit for the year attributable to equity holders		–	–	–	–	57,605	57,605
Foreign currency translation differences for foreign operations, net of tax		–	3,234	–	–	–	3,234
Revaluation of property, plant and equipment, net of tax		–	–	–	43,524	–	43,524
Revaluation reserve transferred to retained earnings on disposal of property, plant and equipment, net of tax		–	–	–	(219)	219	–
Net change in fair value of cash flow hedges, net of tax		–	–	30,095	–	–	30,095
Total comprehensive income for the year		**–**	**3,234**	**30,095**	**43,305**	**57,824**	**134,458**
Hedging (gains)/losses transferred to the cost of inventory, net of tax		–	–	(16,660)	–	–	(16,660)
Total contributions by and distributions to equity holders	C7	(1,523)	–	–	–	–	(1,523)
Balance at 31 May 2022		**335,921**	**1,650**	**6,650**	**126,528**	**137,881**	**608,630**
Balance at 1 June 2022		**335,921**	**1,650**	**6,650**	**126,528**	**137,881**	**608,630**
Profit for the year attributable to equity holders		–	–	–	–	3,619	3,619
Foreign currency translation differences for foreign operations, net of tax		–	112	–	–	–	112
Revaluation of property, plant and equipment, net of tax		–	–	–	9,685	–	9,685
Revaluation reserve transferred to retained earnings on disposal of property, plant and equipment, net of tax		–	–	–	(1,609)	1,609	–
Net change in fair value of cash flow hedges, net of tax		–	–	33,564	–	–	33,564
Total comprehensive income for the year		**–**	**112**	**33,564**	**8,076**	**5,228**	**46,980**
Hedging (gains)/losses transferred to the cost of inventory, net of tax		–	–	(33,809)	–	–	(33,809)
Total contributions by and distributions to equity holders	C7	(1,383)	–	–	–	–	(1,383)
Balance at 31 May 2023		**334,538**	**1,762**	**6,405**	**134,604**	**143,109**	**620,418**

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 Ravensdown's net investment in foreign operations.

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 buildings in accordance with accounting policies stated in note B1.

Notes to the Consolidated 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 and the New Zealand Co-operative Companies Act 1996. 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 2023.

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 ("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").

Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis which assumes that Ravensdown will be able to discharge its liabilities as and when they fall due. Ravensdown recognised a net profit after tax of $3.6 million for the year ended 31 May 2023. Ravensdown has obtained waivers from its banking syndicate in relation to various banking covenants during the year ended 31 May 2023 as disclosed in note C6 and, subsequent to 31 May 2023, has obtained pre-emptive waivers for the interest cover ratio until 29 February 2024, with an amended calculation basis. Based on the budgeted income and cash flows, management expects that Ravensdown will be able to discharge its liabilities as they fall due for a period not less than 12 months from the date the financial statements have been authorised.

Restatements

Other comprehensive income reported in the consolidated statement of other comprehensive income has been restated for $16.7 million to remove the fair value change in cash flow hedges that was transferred to the initial carrying value of the hedged item, inventory, which has now been disclosed in the consolidated statement of changes in equity ($23.1 million gross impact less related $6.5 million deferred tax). This was previously presented on a net basis in the effective portion of changes in the fair value of cash flow hedges in the Statement of Comprehensive Income. This restatement applies solely to the consolidated statements of other comprehensive income and changes in equity. There was no impact on the Statement of Financial Position, profit, or cash flows of the Group.

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 23 August 2023.

About this report continued

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
Impairment of non-financial assets	Note B1
Inventories	Note B4

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.
- assets held for sale are measured at the lower of fair value less costs to sell and carrying value.
- investment properties are initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

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 subsidiaries (being entities controlled by Ravensdown Limited), as contained in note D1 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.

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

Measurement and Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Ravensdown recognises revenue from the sale of goods at the point when it transfers control of the goods over to the customer, which is when the goods are picked up by the customer or upon shipment of the goods to the customer. Where Ravensdown delivers product directly to customers, Ravensdown is responsible for care of the product until it is delivered. This is a performance obligation of Ravensdown, and therefore revenue for delivery is recognised gross in revenue, and costs of delivery are recognised within cost of sales. For services, Ravensdown recognises revenue over time using an input method to measure progress towards completing the satisfaction of the service.

Insurance claim reimbursements from an insurer are recognised as a receivable when there is virtual certainty that income under the claim will be received. The insurer has accepted claims exist for business interruption, material damage and stock loss in relation to these events. The income receivable is measured based on management's best estimate as at 31 May, there are a number of assumptions and judgements in estimating the amount, as the final amount will be determined based on factors that are still uncertain (such as determining losses incurred, or costs to repair buildings). Payments made to date are on account, and the insurer retains their right to adjust the payments made to reflect the final extent and amount of the claims.

Disaggregation of Revenue

Set out below is the disaggregation of Ravensdown's revenue before rebates to shareholders:

	2023	2022
Revenue from contracts with customers	925,271	922,321
Insurance proceeds	52,211	122
Revenue before rebates to shareholders	**977,482**	**922,443**

Insurance proceeds include recoveries relating to the claim for the fire and flood damage to the Napier manufacturing site as well as the flood damage to the Napier laboratory. (2022: Proceeds for fire damage at Christchurch manufacturing site in 2018). Of the first progress claims of $23.0 million, $15.7 million was received prior to 31 May 2023. The total amount of the proceeds outstanding at 31 May 2023 was $36.4 million (2022: $Nil) (note C2), and the balance of the first progress claim of $7.3m was received in June 2023. Impairments resulting from the events of $7.3 million were also recognised within total comprehensive income.

A. Financial performance continued

A2. Finance Income and Expenses

	2023	2022
Interest income	1,898	1,416
Finance income	1,898	1,416
Interest expense on financial liabilities measured at amortised cost	(16,136)	(4,173)
Interest on lease liabilities	(527)	(688)
Finance expense	(16,663)	(4,861)
Net finance costs[1]	**(14,765)**	**(3,445)**

1 Included within net finance costs is $0.02 million of costs attributable to discontinued operations incurred in the year ended 31 May 2023 (2022: $0.2 million). 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 and deferred payment arrangements. Interest income is recognised as it accrues, using the effective interest method.

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

A. Financial performance continued

A3. Personnel Expenses

	2023	2022
Wages and salaries	72,395	70,711
Superannuation - defined contribution	4,227	3,992
Increase in liability for long-service leave	4	313
Total personnel expenses	**76,626**	**75,016**
Transactions with entities that key management personnel have an interest		
Sales of goods and services	1,834	5,536
Purchases of goods and services	(6,035)	(2,060)
Closing receivables	342	689
Key management personnel compensation comprised:		
Employee benefits	4,813	4,944
Directors' fees	827	869
Superannuation contributions	377	355

Measurement and recognition – employee benefits

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave, redundancy 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.

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

Key management personnel are Ravensdown's Leadership Team and the Ravensdown Limited Board of Directors. Close family members of key management personnel have also been included within the transactions with key management personnel. Close family members are defined as their spouse or domestic partner and their respective children. All transactions with key management personnel were carried out on a commercial basis.

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

A. Financial performance continued

A4. Taxation

Income tax expense recognised in the income statement	2023	2022
Current tax (benefit)/expense		
Current period tax charge	(13,635)	11,836
Adjustment for prior periods	53	(196)
	(13,582)	11,640
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	12,501	(448)
Adjustment for prior periods	(1,340)	(43)
	11,161	(491)
Total income tax (benefit)/expense	**(2,421)**	**11,149**
Reconciliation of tax expense		
Profit – continuing operations	2,857	57,341
Profit – discontinued operations	762	264
Total income tax (benefit)/expense – continuing operations	(2,428)	11,174
Total income tax expense/(benefit) – discontinued operations	7	(25)
Profit before tax	**1,198**	**68,754**
Income tax using the Company's domestic tax rate of 28%	379	19,249
Non (taxable)/deductible items	(120)	(394)
Derecognition of previously recognised deferred tax	2,242	–
Tax effect of post tax equity accounted earnings	(3,635)	(7,467)
(Over) provided in prior periods	(1,287)	(239)
Total income tax (benefit)/ expense	**(2,421)**	**11,149**

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

A. Financial performance continued

Income tax recognised directly in other comprehensive income	2023			2022		
	Before tax	Tax benefit/ (expense)	Net of tax	Before tax	Tax benefit/ (expense)	Net of tax
Foreign currency translation differences for foreign operations	136	(24)	112	3,206	28	3,234
Net change in revaluation reserve	15,548	(5,863)	9,685	48,841	(5,317)	43,524
Total movements attributable to revaluation reserves	**15,684**	**(5,887)**	**9,797**	**52,047**	**(5,289)**	**46,758**
Net change in fair value of cash flow hedges	41,940	(8,376)	33,564	43,378	(13,283)	30,095
Total movements attributable to derivatives	**41,940**	**(8,376)**	**33,564**	**43,378**	**(13,283)**	**30,095**
Total	**57,624**	**(14,263)**	**43,361**	**95,425**	**(18,572)**	**76,853**

Income Tax Recognised Directly in Equity	2023			2022		
	Before tax	Tax benefit/ (expense)	Net of tax	Before tax	Tax benefit/ (expense)	Net of tax
Net change in fair value of cash flow hedges transferred to inventory	(46,957)	13,148	(33,809)	(23,139)	6,479	(16,660)
Total movements attributable to derivatives	**(46,957)**	**13,148**	**(33,809)**	**(23,139)**	**6,479**	**(16,660)**
Total	**(46,957)**	**13,148**	**(33,809)**	**(23,139)**	**6,479**	**(16,660)**

A. Financial performance continued

Deferred tax	2023	2022
Balance at beginning of year	**22,645**	**11,044**
Temporary differences in profit or loss:		
Property, plant and equipment	(1,309)	(108)
Payables	(393)	(428)
Insurance receivables	12,585	-
Other items	278	45
	11,161	(491)
Temporary differences in other comprehensive income:		
Revaluation reserve movements	6,092	5,317
Derivatives	10,641	13,254
	16,733	18,571
Temporary differences in equity:		
Derivatives	(13,148)	(6,479)
Tax losses recognised for deferred tax	(15,752)	-
Balance at end of year	**21,639**	**22,645**
Consisting of:		
Property, plant and equipment	26,058	21,289
Derivatives	2,540	5,047
Other items	14,617	308
Deferred tax liability	**43,215**	**26,644**
Trade and other payables	(4,280)	(3,887)
Tax losses	(15,752)	-
Other items	(1,544)	(112)
Deferred tax asset	**(21,576)**	**(3,999)**
Net deferred tax liability	**21,639**	**22,645**

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 $68.2 million (2022: $65.5 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;
d) Inventories;
e) Right of use assets; and
f) Assets held for sale.

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 2021	69,949	128,548	328,587	16,179	543,263
Additions	1,142	1,485	13,930	13,794	30,351
Transfer from capital works in progress	110	1,095	8,198	(9,403)	–
Revaluations	29,448	16,621	–	–	46,069
Impairment	–	185	(191)	–	(6)
Disposals	(215)	(463)	(4,773)	–	(5,451)
Reclassification to assets held for sale	(510)	(185)	(109)	–	(804)
Balance at 31 May 2022	**99,924**	**147,286**	**345,642**	**20,570**	**613,422**
Balance at 1 June 2022	99,924	147,286	345,642	20,570	613,422
Additions	1,194	317	9,505	27,819	38,835
Transfer from capital works in progress	447	439	7,115	(8,001)	–
Revaluations	(6,096)	19,973	–	–	13,877
Impairment[1]	–	(2,160)	(2,854)	(1,255)	(6,269)
Disposals	(1,584)	(635)	(5,110)	–	(7,329)
Reclassification to assets held for sale	(2,148)	–	–	–	(2,148)
Balance at 31 May 2023	**91,737**	**165,220**	**354,298**	**39,133**	**650,388**

1 The impairment related to damaged Napier buildings and plant following a fire in September 2022 and flooding in February 2023. The insurance proceeds relating to the impaired assets are disclosed in note A1 and the impairment was recognised as a reduction in the Revaluation Reserve for revalued assets up to the reserve amount ($4.7 million) with any further impairments in the Consolidated Income Statement ($1.6 million).

B. Key operating assets continued

	Land and improvements	Buildings and improvements	Plant, machinery and vehicles	Capital works in progress	Total
Depreciation and impairment losses					
Balance at 1 June 2021	–	1,241	206,738	–	207,979
Depreciation for the year	80	3,779	16,994	–	20,853
Revaluations	(80)	(3,515)	5	–	(3,590)
Impairments		–	(90)	–	(90)
Disposals	–	(6)	(4,343)	–	(4,349)
Balance at 31 May 2022	**–**	**1,499**	**219,304**	**–**	**220,803**
Balance at 1 June 2022	–	1,499	219,304	–	220,803
Depreciation for the year	74	4,377	17,015	–	21,466
Revaluations	(74)	(4,079)	–	–	(4,153)
Impairment[1]	–	–	(222)	–	(222)
Disposals	–	(3)	(3,880)	–	(3,883)
Balance at 31 May 2023	**–**	**1,794**	**232,217**	**–**	**234,011**
Carrying amounts					
At 1 June 2021	69,949	127,307	121,849	16,179	335,284
At 31 May 2022	**99,924**	**145,787**	**126,338**	**20,570**	**392,619**
At 31 May 2023	**91,737**	**163,426**	**122,081**	**39,133**	**416,377**

1 The impairment related to damaged Napier buildings and plant following a fire in September 2022 and flooding in February 2023. The insurance proceeds relating to the impaired assets are disclosed in note A1 and the impairment was recognised as a reduction in the Revaluation Reserve for revalued assets up to the reserve amount ($4.7 million) with any further impairments in the Consolidated Income Statement ($1.6 million).

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.

B. Key operating assets continued

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.

Key judgements and estimates useful lives

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

Land	Indefinite		Fixed plant and equipment	3-40 years	Straight line
Land Improvements	25 years	Diminishing value	Mobile plant and motor vehicles	5 years	Diminishing value
Buildings and fitout	3–50 years	Straight line	Fixed wing aircraft	4-32 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 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. Given the judgments involved and the adjustments to inputs in valuing the land and buildings, the fair value of the land and buildings are not determined based on observable market data and is classified as Level 3 in the fair value hierarchy of NZ IFRS 13 Fair Value Measurement.

New Zealand land and buildings were independently valued as at 31 May 2023 and 31 May 2022 by Nigel Fenwick (Registered Valuer, BBS(VPM), NZIV, MPINZ, MRICS) and Graeme McDonald (Registered Valuer, VP Urb, FPINZ, FNZIV, MRICS) of Jones Lang Lasalle.

B. Key operating assets continued

Key judgments, estimates and assumptions applied during the 2023 financial year:

The fair value of the land and buildings have been determined by the independent valuers, with reference to the following industry accepted methods of fair value measurement:

Depreciated replacement cost ("DRC") or cost approach:

A valuation technique that reflects the amount that would be required currently to replace the depreciated property. This approach considers the current replacement cost ("CRC") of assets and depreciates them based on a diminishing value ("DV") method across their estimated useful lives. This approach is generally used in the valuation industry for highly specialised assets where other market data is limited or unavailable, and therefore more highly informs the determination of fair value for Ravensdown's manufacturing sites, quarries and newer, more specialised stores.

The DV rate applied by the independent valuer is 10% DV (2022: 10% DV), while CRC depends on the individual assets and their current condition. The relationship between DV/CRC and the fair value of land and buildings is summarised below:

	DV		CRC	
	Increase in DV	**Decrease in DV**	**Increase in CRC**	**Decrease in CRC**
Impact to fair value of land and buildings	Decrease	Increase	Increase	Decrease

Income approach:

The income approach uses rental rates generated by market transactions involving comparable properties and converts to a current (i.e. discounted) value based on an appropriate market derived rate of return (or capitalisation rate).This approach is generally used in the valuation industry when there are comparable properties, and therefore more highly informs the determination of fair value for Ravensdown's older, less specialised stores.

The capitalisation rates applied by the independent valuer ranges from 5.5% to 12.75% (2022: 5.75% to 12.55%). The relationship between capitalisation/rental rates and the fair value of land and buildings is summarised below:

	Capitalisation rate		Rental rate	
	Increase in rate	**Decrease in rate**	**Increase in rate**	**Decrease in rate**
Impact to fair value of land and buildings	Decrease	Increase	Increase	Decrease

Judgment is required in respect of which methodology, or the weighting of each methodology, is applied. Assumptions are also required in respect of judgments such as land use and relevant market values, in addition to key valuation inputs for each approach as discussed above.

The independent valuers also considered comparable sales transactions and the discounted cashflow approach in combination with the above approaches, in determining the adopted fair value for land and buildings, based on their judgment and expertise. For this reason it is not possible to present specific sensitivity analysis. However, based on the DRC method only, and for the Ravensdown's key three manufacturing sites (which comprise $128.4 million (2022: $113.9 million) of the total fair value of land and buildings) only:

- An increase of one percentage point in the DV rate would decrease Ravensdown's property by $2.4 million (2022: $1.7 million). A decrease of one percentage point would increase Ravensdown's property by the same amount.
- An increase to the current replacement cost of assets by one percentage point would increase Ravensdown's property by $0.7 million (2022: $0.5 million). A decrease by one percentage point would decrease Ravensdown's property by the same amount.

B. Key operating assets continued

The valuation approach primarily referenced to measure fair value by the independent valuer is summarised by site type below:

Site Type	2023 Valuation Approach	2022 Valuation Approach
Manufacturing sites	Replacement cost approach	Replacement cost approach
Quarries	Replacement cost approach	Replacement cost approach
Store sites (with ground lease)	Replacement cost approach	Replacement cost approach
Store sites (owned freehold)	Market based approach	Market based approach
Vacant land	Market based approach	Market based approach
Sites identified for potential sale	Market based approach	Market based approach
Labs, head office, other sites	Market based approach	Market based approach

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

	2023	2022
Land and improvements	29,878	29,524
Buildings	71,871	77,156

Key judgements and estimates impairment of non-financial assets

Ravensdown makes judgements and estimates when assessing non-financial assets for indications of impairment. Ravensdown has identified three cash-generating units (CGUs), each being the assessed lowest groupings of assets within the business capable of generating separately identifiable cash in-flows independently of other assets, and has allocated its non-financial assets to each CGU necessary to support its respective activity. These include core assets that contribute directly to the CGU activity and shared or corporate assets that contribute indirectly to the CGU's activity.

The three CGUs identified are 1) the manufacture of fertiliser products, 2) the procurement and handling of imported products, and 3) the network of silos situated throughout the country.

The recoverable amount for each CGU has been estimated based on the value in use (VIU) method, by using discounted cashflows (DCF) over a 5-year time horizon and a terminal value (TV). TV is the value of a CGU's year-5 discounted free cash flow projected into perpetuity using the Gordon Growth Model assuming 2% for the growth factor. Cashflows are based on a number of assumptions regarding volume, price and cost movements, with reference to the 2024 budget. Volume increases are forecast over the 5-year time horizon.

B. Key operating assets continued

Key assumptions used for the VIU DCF method are: growth rate, weighted average cost of capital (WACC), and terminal value growth rate (TV). Growth rate is management's assessment of product volume growth only over the assessed period and in part reflects recovery from the recent cyclical low. WACC is the cost of funding the assets and operations of the CGUs, adjusted for risk. Separate WACCs have been used for the different CGUs reflecting their respective risk profiles and asset bases. The TV growth rate is the rate that assumes steady-state operations for the period beyond the 5-year horizon. Values assigned to these assumptions reflects Management's assessment of future industry and market trends based on current and historical data and are set out below.

Driver	Assumption Fertiliser manufacture CGU	Assumption Finished products CGU	Assumption Silo CGU
Volume growth rate (2025, 2026, 2027, 2028)	10%, 5.2%, 2.5%, 2%	0%	2.5%
WACC (Post-tax)	8.4%	9.3%	9.3%
Terminal value growth rate	2.0%	2.0%	2.0%

The relationship between the WACC, growth rates and recoverable amount of the identified assets is summarised below:

	WACC rate		Growth rate	
	Increase in rate	Decrease in rate	Increase in rate	Decrease in rate
Impact to estimated recoverable amount	Decrease	Increase	Increase	Decrease

Estimated recoverable amount and sensitivity

The estimated recoverable amount for the group of assets associated with the manufacture of fertiliser CGU is particularly sensitive given the relatively higher level of assets for its manufacturing activity. At 31 May 2023, the VIU method for estimating the recoverable amount of the CGUs indicates no impairment (2022: $Nil) for any CGU.

However, the conclusion of no impairment to the manufacture of fertiliser CGU (with a carrying amount of $376.3 million) is sensitive to changes in the key assumptions as follows:

- An increase of 50 basis points in the WACC rate to 8.9% would decrease Ravensdown's estimated recoverable amount of the fertiliser manufacturing CGU on a VIU method by $27.9 million and would result in an impairment of $4.7 million. A decrease of 50 basis points to 7.9% would increase Ravensdown's estimated recoverable amount of the fertiliser manufacturing CGU by $32.6 million.
- An increase of 100 basis points in the growth rate (e.g. for 2025 to 11%) would increase Ravensdown's estimated recoverable amount of the fertiliser manufacturing CGU on a VIU method by $29.1 million. A decrease of 100 basis points (e.g. 2025 to 9%) would decrease Ravensdown's estimated recoverable amount of the fertiliser manufacturing CGU by $28.3 million and would result in an impairment of $5.1 million.
- An increase of 25 basis points in the terminal growth rate to 2.25% would increase Ravensdown's estimated recoverable amount of the fertiliser manufacturing CGU on a VIU method by $12.6 million. A decrease of 25 basis points in the terminal growth rate to 1.75% would decrease Ravensdown's estimated recoverable amount of the fertiliser manufacturing CGU on a VIU method by $11.7 million but would not result in an impairment.

B. Key operating assets continued

B2. Intangible Assets

	Patents and Registrations	Resource Consents	Goodwill	Software	Total
Balance at 1 June 2021	1,153	3,139	722	19,771	24,785
Additions	20	1,240	–	3,650	4,910
Amortisation for the year	(84)	(187)	–	(5,397)	(5,668)
Net book value at 31 May 2022	**1,089**	**4,192**	**722**	**18,024**	**24,027**
Additions	22	528	–	2,967	3,517
Disposals	–	–	–	(73)	(73)
Amortisation for the year	(70)	(283)	–	(5,724)	(6,077)
Net book value at 31 May 2023	**1,041**	**4,437**	**722**	**15,194**	**21,394**
Cost	3,974	9,064	775	51,465	65,278
Less accumulated amortisation and impairment	(2,933)	(4,627)	(53)	(36,271)	(43,884)
Net book value at 31 May 2023	**1,041**	**4,437**	**722**	**15,194**	**21,394**

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 2 and 35 years.

B. Key operating assets continued

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. Configuration and customisation costs are capitalised as software if they create an identifiable intangible asset controlled by Ravensdown where future economic benefits are expected to flow from the asset.

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	4–20 years
Resource consents	14–35 years
Software	3–10 years

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

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 $5.5 million (2022: $6.4 million). Net development costs capitalised to software for the remote-sensing of soil fertility on hill country was $6.6 million over the life of the project, which is net of $5.6 million funding from the Primary Growth Partnership grant (2022: $6.1 million net, $5.6 million grant). Net Work In Progress for the remote-sensing of soil fertility on hill country capitalised is $Nil this year (2022: $0.4 million). During 2022, $5.6 million was reclassified from capital works in progress in property, plant and equipment (note B1) to software in intangible asset (note B2).

B. Key operating assets continued

B3. Mining Deposits

	2023	2022
Balance at 1 June	14,155	14,122
Balance at 31 May	**14,511**	**14,155**

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

At 31 May 2023, no lime resources were impaired in the Consolidated Income Statement (2022: $Nil).

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 the estimated life of the quarry and the potential rehabilitation cost, discounted to the present value of the future cost. At 31 May 2023, a $0.6 million provision for lime rehabilitation costs was included within the Statement of Consolidated Financial Position (2022: $0.5 million).

B4. Inventories

	2023	2022
Finished goods	136,303	283,646
Raw materials	70,450	63,136
Total inventories	**206,753**	**346,782**

Inventories 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 2023, a $4.2 million impairment to finished goods was recognised in the Consolidated Income Statement (2022: $0.3 million).

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, cost includes an appropriate share of production overheads based on normal operating capacity.

B. Key operating assets continued

Key judgements and estimates

Ravensdown uses judgement in measuring the quantity of inventory on hand due to the nature of bulk fertiliser products and density factors. Bulk fertiliser totals $190.9 million (2022: $312.1 million) of total inventories.

Quantity of fertiliser on hand:

The measurement of bulk fertiliser products at year-end is a function of each product's quantity on hand, unit cost, and relevant density factor. As bulk fertiliser is placed and drawn from storage, it settles in irregular shapes, and as a result Ravensdown's calculation of the quantity of fertiliser on hand requires estimation of the relevant shape and measurements for each storage pile.

Density factor:

The measurement of bulk fertiliser also requires the application of a density factor. The density factor represents the mass (weight) to volume ratio and this ratio changes with compaction and atmospheric conditions. Ravensdown determines the density factor to apply to its year end holdings of bulk fertiliser by reviewing and assessing historical density factor readings, as measured by the Ravensdown's analytical laboratory. As the determination of the density factor requires judgment, with different shipments having different density factors, there is estimation uncertainty because actual density factors may vary from the Ravensdown's assessment.

The impact of changes in these assumptions on year end inventory value is as follows:

	Volume of fertiliser		Density factor	
	Increase in volume of fertiliser	**Decrease in volume of fertiliser**	**Increase in density factor**	**Decrease in density factor**
Impact to inventory value	Increase	Decrease	Increase	Decrease
Impact to cost of goods sold	Decrease	Increase	Decrease	Increase
Impact to profit and loss	Increase	Decrease	Increase	Decrease

Both of these factors require judgement and contribute to estimation uncertainty of the value of inventory reported in the financial statements.

Bulk density sensitivity

At 31 May 2023, it is estimated that a general increase of one percentage point in bulk density would increase Ravensdown's inventories by approximately $1.7 million (2022: $3.1 million). A decrease of one percentage point would decrease Ravensdown's inventories by the same amount.

B. Key operating assets continued

B5. Right of Use Assets

	2023			2022		
	Right of use land and buildings	**Right of use plant, machinery and vehicles**	**Total**	**Right of use land and buildings**	**Right of use plant, machinery and vehicles**	**Total**
Balance at 1 June	7,773	3,957	11,730	8,944	2,405	11,349
Additions	8,010	2,718	10,728	766	3,571	4,337
Disposals	(2,484)	(265)	(2,749)	–	–	–
Depreciation for the year	(2,204)	(2,207)	(4,411)	(1,937)	(2,019)	(3,956)
Net book value at 31 May	**11,095**	**4,203**	**15,298**	**7,773**	**3,957**	**11,730**

Measurement and recognition

Right of use assets are initially measured at cost. This comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore properties to their original condition, less any lease incentives received. The right of use asset, excluding restorations costs, is depreciated on a straight-line basis over the lease term. The amount included within right of use assets relating to restoration costs is $Nil (2022: $Nil). Right of use assets are considered for impairment. Refer to note B1 for the impairment basis.

B6. Assets Held for Sale

		2023	2022
Continuing operations		2,085	906
Discontinued operations	D5	–	3,000
Balance at 31 May		**2,085**	**3,906**

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.

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 ensure sufficient reserves, as considered necessary by the directors, are retained. No rebates for the year ended 31 May 2023 (2022: $25 per qualifying tonne).

Provision for rebates

	2023	2022
Rebate	–	25,979

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 discounts to shareholders and offset against revenue in the Consolidated Income Statement.

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.

C. Risk management and funding continued

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 geographically 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 2023 there were no interest rate derivatives held (2022: $Nil).

Cash flow sensitivity

At 31 May 2023 it is estimated that a general increase of one percentage point in interest rates would decrease Ravensdown's profit before income tax by approximately $2.0 million (2022: $2.8 million). A decrease of one percentage point would increase Ravensdown's profit before income 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 no longer hedged by way of Australian dollar denominated borrowings as the amount of investment is below the Board approved threshold requiring hedging.

Measurement and Recognition - Derivative Financial Instruments

Derivative financial instruments comprise of forward exchange contracts, options, commodity cash settled swaps and interest rate swaps. Derivatives are initially recognised at fair value and are subsequently remeasured to their credit adjusted 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.

C. Risk management and funding continued

The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial assets, such as inventory, the amount recognised in equity is transferred to the cost of inventory when control of the inventory occurs ('basis adjustment'), this transfer out of cash flow hedging reserve is not recognised in other comprehensive income. 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 2023, the notional amount of USD foreign exchange contracts held were $103.2 million (2022: $300.4 million).

	2023			2022		
	USD	EURO	AUD	USD	EURO	AUD
Trade payables	(2,554)	(167)	(208)	(73,902)	(2)	(268)
Net balance sheet - foreign operations	–	–	–	–	–	9,615
Other balance sheet items	1,095	–	1,887	3,935	–	90
Net balance sheet exposure before hedging activity	(1,459)	(167)	1,679	(69,967)	(2)	9,437
Forward exchange contracts relating to exposures	1,459	–	–	69,967	–	–
Foreign denominated borrowings	–	–	–	–	–	–
Net unhedged exposure	–	(167)	1,679	–	(2)	9,437
NZD equivalent	–	(297)	1,811	–	(3)	10,403
Sensitivity to 10% strengthening of NZD (pre tax):						
Increase/(decrease) on equity	(14,578)	–	–	(40,824)	–	(964)
Increase/(decrease) on profit	221	27	(165)	9,753	–	18
Sensitivity to 10% weakening of NZD (pre tax):						
Increase/(decrease) on equity	17,818	–	–	49,896	–	1,178
Increase/(decrease) on profit	(270)	(33)	201	(11,920)	–	(22)

C. Risk management and funding continued

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 A2.

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

	2023	2022
Not past due	74,232	117,488
Past due 1 – 30 days	1,225	681
Past due more than 30 days	1,889	715
Less: Provision for impairment in receivables	(1,223)	(364)
Total trade receivables	**76,123**	**118,520**
Insurance receivable*	36,360	-
Prepayments	1,785	1,294
Total trade and other receivables	**114,268**	**119,814**

**See note A1*

Measurement and recognition

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

Impairment of trade receivables

A provision for the impairment of receivables is established using the expected credit losses model, which is based on forward-looking analysis taking into account historical provision rates and relevant macroeconomic factors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated 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.

C. Risk management and funding continued

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 Statement of Financial Position.

2023	**Carrying value**	**Contractual cash flows**	**0–12 months**	**1–3 years**
Non-derivative financial liabilities[1]				
Trade and other payables	49,751	49,751	49,751	–
Loans and borrowings	128,873	129,331	129,331	–
	178,624	**179,082**	**179,082**	**–**
Cash flow hedge derivatives				
Net foreign exchange contracts	8,823	9,569	9,569	–
Commodity swaps	250	250	250	–
Total net derivative assets/(liabilities)	**9,073**	**9,819**	**9,819**	**–**
Periods in which the cash flows associated with cash flow hedges expected to impact profit or loss	**9,073**	**9,819**	**8,632**	**1,187**

2022	**Carrying value**	**Contractual cash flows**	**0–12 months**	**1–3 years**
Non-derivative financial liabilities[1]				
Trade and other payables	164,111	164,112	164,112	–
Loans and borrowings	118,500	119,997	119,997	–
Other non-current liabilities	227	–	–	227
	282,838	**284,109**	**284,109**	**227**
Cash flow hedge derivatives				
Net foreign exchange contracts	18,446	18,187	18,187	–
Commodity swaps	(422)	(422)	(422)	–
Total net derivative assets/(liabilities)	**18,024**	**17,765**	**17,765**	**–**
Periods in which the cash flows associated with cash flow hedges expected to impact profit or loss	**18,024**	**17,765**	**15,731**	**2,034**

1 All contractual cash flows arising from non-derivative financial liabilities are expected to be settled within twelve months of balance date, unless classified as non-current liabilities.

C3. Lease Liabilities

	2023	2022
Opening balance	13,118	12,812
Additions	10,728	4,950
Disposals[1]	(3,307)	(613)
Interest on lease liabilities	527	688
Repayments	(10,881)	(4,719)
Closing balance	**10,185**	**13,118**
Current	3,711	3,726
Non-current[2]	6,474	9,392

1 Termination of leases in discontinued operations ($2.7 million) and continuing operations ($0.6 million).

2 Non-current leases' maturity is reached between the range of 2-40 years.

Measurement and recognition

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using Ravensdown's incremental borrowing rate taking into account the duration of the lease. The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. It is remeasured when there is a change in future lease payments, or if Ravensdown changes its assessment of whether it will exercise an extension or termination option.

Lease Expenses

The Consolidated Income Statement includes expenses relating to short term leases of $1.1 million (2022: $1.3 million). Depreciation of right of use assets are reported in note B5. Interest on lease liabilities are reported as financial expenses (see note A2).

Extension & Termination Options

Some leases contain extension and termination options exercisable by Ravensdown before the end of the non-cancellable contract period. The period covered by the options are only included in the lease term if Ravensdown is reasonably certain to exercise the option.

C. Risk management and funding continued

C4. Fair Value of Financial Assets and Liabilities

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

	2023	2022
Assets		
Loans and receivables	116,998	124,345
Derivatives designated at fair value	9,073	19,473
Total assets	**126,071**	**143,818**
Liabilities		
Derivatives designated at fair value	–	1,449
Other liabilities at amortised cost	190,475	322,558
Total liabilities	**190,475**	**324,007**

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, rebates payable and other non-current liabilities.

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 2023 and 2022. At 31 May 2023, the fair value of Ravensdown's derivative financial instruments was an $9.1 million net asset (2022: $18.0 million net asset).

C. Risk management and funding continued

C5. 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

	2023	2022
Profit for the year	3,619	57,605
Adjustments for:		
Items classified as investing or financing activities		
Interest income	(1,898)	(1,416)
Interest expense	16,136	4,173
Repayment of interest on lease liabilities	527	688
Items not involving cash flows		
Depreciation, amortisation and loss on disposals	31,310	31,680
(Increase) in deferred tax	(2,122)	(491)
Impairment of non current assets	5,515	21
Financial instruments	154	(234)
Decrease/(increase) in equity accounted investees	769	(14,600)
Income tax (benefit)/expense	(7,989)	4,850
Changes in working capital		
Decrease/(increase) in inventories	143,810	(218,503)
Decrease/(increase) in trade and other receivables	5,819	(35,558)
(Decrease)/increase in trade and other payables	(136,478)	111,782
Net cash from operating activities	**59,172**	**(60,003)**

C. Risk management and funding continued

C6. Loans and Borrowings

	2023	2022
Current liabilities		
Loans and borrowings	128,873	118,500

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 2023, the facility available was $375 million (2022: $450 million). The excess headroom in the facility is available to ensure sufficient cash flow during peak periods arising due to seasonality of operations. The facility is made up of four tranches with expiration dates of November 2023, May 2024 and May 2025. The interest rate is currently 7.03% (2022: 3.34%).

The revolving credit facility agreement is subject to a General Security Agreement over all of the present and future assets of the Ravensdown Group and a Negative Pledge agreement. Various covenants apply to the facility. During the year Ravensdown obtained waivers for the February and May 2023 assessment periods. There have not been any breaches of Ravensdown's banking covenants in the year.

C. Risk management and funding continued

C7. Co-operative Shares

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

In thousands of shares	2023	2022
On issue at 1 June	336,423	337,446
Shares allotted during the year	8,400	8,633
Less: co-operative shares surrendered	(9,785)	(9,656)
On issue at 31 May	**335,038**	**336,423**

Partly paid ordinary co-operative shares

	2023	2022
Partly paid up	11	10
Unpaid	500	502
Total partly paid and unpaid	**511**	**512**

Value of ordinary co-operative share capital

In thousands of New Zealand dollars	2023	2022
Balance at 1 June	335,921	337,444
Co-operative shares issued	8,400	8,133
Less: co-operative shares surrendered	(9,783)	(9,656)
Balance at 31 May	**334,538**	**335,921**

Co-operative Shares

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 258 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. Subsidiaries

	Principal activity	Country of incorporation	Interest (%) 2023	Interest (%) 2022
Ravensdown Aerowork Limited	Aerial spreading	New Zealand	100%	100%
C-Dax Limited	Agricultural machinery manufacturer	New Zealand	100%	100%
Ravensdown Australian Holdings Limited	Investment holding company	New Zealand	100%	100%
Ravensdown Australia Properties Pty Limited[1]	Property investment - discontinued	Australia	100%	100%
Aerial Sowing Limited	Dormant	New Zealand	100%	100%
Soil Fertility Services Limited	Dormant	New Zealand	100%	100%
Ravensdown Ventures Limited[2]	Investment holding company	New Zealand	100%	-
Analytical Research Laboratories Limited[3]	Agricultural testing laboratory	New Zealand	100%	-
Ravensdown Development Limited[3]	Agricultural and environmental technology	New Zealand	100%	-

1 On 31 May 2023, Ravensdown Australia Properties Pty Limited commenced a members' voluntary liquidation.

2 Incorporated in New Zealand Companies Register on 1st November 2022.

3 Incorporated in New Zealand Companies Register on 9th November 2022.

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.

D. Group structure continued

D2. Equity Accounted Investees

	2023	2022
Interests in joint ventures	30,149	31,208
Interests in associates[1]	6,559	5,353
	36,708	**36,561**

1 Ravensdown's share of profits after tax arising from its interests in associates was $0.9 million (2022: $0.5 million). 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:

	2023	2022
Balance at 1 June	31,208	14,700
Share of profit after tax	12,073	26,120
Joint venture capital supplied in the year	50	-
Dividends received from joint ventures	(13,060)	(11,916)
Movements in loans to joint ventures	(589)	(539)
Impairment of loans to joint ventures[2]	250	(288)
Foreign currency translation differences for foreign operations	217	3,131
Balance at 31 May	**30,149**	**31,208**

2 Ravensdown reversed impairments of $0.3 million for loans to equity accounted investees, and is recognised in cost of sales (2022: $0.3 million impairment).

Summary financial information for joint ventures (not adjusted for the interest held by Ravensdown):

	Total assets	Total liabilities	Revenues	Profit before tax
2023	**107,494**	**47,929**	**238,730**	**28,844**
2022	153,987	92,312	384,994	76,698

D. Group structure continued

D3. Joint Ventures (Equity Accounted)

	Principal activity	Country of incorporation	Interest (%) 2023	Interest (%) 2022
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[1]	Ground spreading	New Zealand	–	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[2]	Shipping services	Australia	50.0%	50.0%
New Zealand Phosphate Company Limited	Fertiliser research	New Zealand	50.0%	50.0%
Hyperceptions Limited	Hyperspectral imaging	New Zealand	50.0%	50.0%

1 Ravensdown sold its shares in Spreading FBT Limited in August 2022.

[2]D3(a). Material joint ventures (equity accounted)

	2023	2022
Percentage ownership interest	50%	50%
Carrying amount of interest in joint venture		
Non-current assets	26,979	45,107
Current assets*	67,947	93,421
Non-current liabilities**	1,097	11,897
Current liabilities***	43,534	75,159
Net assets (100%)	50,295	51,472
Group's share of net assets (50%)	**25,147**	**25,735**

* *Including cash and cash equivalents – 2023 $48.1 million, 2022 $50.5 million.*
** *Non-current liabilities other than trade and other payables and provisions – 2023 $1.1 million, 2022 $11.9 million.*
*** *Current liabilities other than trade and other payables and provisions – 2023 $42.2 million, 2022 $58.2 million.*

Material Joint Ventures

Ravensdown Shipping Services Pty Limited (RSS) is an unlisted material joint venture in which the Group has joint control and a 50% ownership interest (2022: 50%), but in which day to day management resides with the local joint venture partner. RSS is one of the Ravensdown's strategic partners. It is based in Melbourne, Australia and is principally engaged in marine freight chartering services.

RSS is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in RSS as an equity-accounted joint venture.

The adjacent table summarises the financial information of RSS as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in RSS.

D. Group structure continued

Group's share of total comprehensive income	2023	2022
Revenue	225,706	368,137
Depreciation and amortisation	36,354	37,901
Interest expense	1,804	1,207
Income tax expense	8,625	21,861
Profit and total comprehensive income (100%)	20,328	53,494
Profit and total comprehensive income (50%)	**10,165**	**26,748**
Dividends received by the group	**12,960**	**11,716**

D4. Associates (Equity Accounted)

	Principal activity	Country of Incorporation	Interest (%) 2023	Interest (%) 2022
Cropmark Seeds Limited	Forage plant breeding and marketing	New Zealand	26.6%	26.6%
Southstar Technologies Limited	Fertiliser coatings and development	New Zealand	20.0%	20.0%
Centre for Climate Action Joint Venture Limited[1]	Agricultural emissions reduction technologies	New Zealand	4.2%	-

1 Incorporated in New Zealand Companies register on 17th January 2023.

D. Group structure continued

D5. Discontinued Operations

In the year ended 31 May 2023, the remaining assets of Ravensdown Australia Properties Pty Limited were sold and the net proceeds were returned to the Group.

Assets classified as held for sale

As at 31 May 2023, there was no property, plant and equipment held for sale from discontinued operations (2022: $3.0 million). Refer to note B6 for the valuation basis.

Profit for the year from discontinued operations

During the year total net income after tax arising from discontinued operations were $0.8 million (2022: $0.3 million). The total net comprehensive income arising from discontinued operations was $0.7 million (2022: $0.5 million).

Net Cash Flows from Discontinued Operations

	2023	2022
Operating activities	275	678
Investing activities	2,790	(19)
Financing activities	(3,590)	(366)
Net cash flows	**(525)**	**293**

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

	2023	2022
Transactions with equity-accounted investees		
Dividends received	13,733	12,081
Sales of goods and services	320	323
Purchases of goods and services	(73,367)	(91,884)
Net trade receivables	396	465
Closing advances	374	614

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.

Transactions with key management personnel are disclosed in note A3.

E2. Auditor's Remuneration

	2023	2022
Auditor's remuneration to KPMG comprises:		
Audit of financial statements	247	233
Other non-audit services	22	-
Total auditor's remuneration	**269**	**233**

E3. Capital Commitments

At 31 May 2023, Ravensdown had capital commitments of $86.5 million, $25.3 million contractual commitments and $61.2 million in approved future spend (2022: $56.7 million, $15.9 million contractual commitments and $45.9 million in approved future spend). Capital commitments relate to investment in New Zealand assets, infrastructure and investments. Capital commitments are recognised after a formal capital review and approval process.

E4. Contingent Liabilities

Ravensdown had no contingent liabilities at balance date (2022: $Nil).

E5. 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 2023.

Resolution of directors

Resolution of directors pursuant to Section 10 of the Co-operative Companies Act 1996

RESOLVED that, in the opinion of the undersigned directors of Ravensdown Limited (Company), the Company has throughout the financial year ended 31 May 2023 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 27th day of June 2023.

Bruce William Massy Wills

David Alexander Biland

Jason Colin Dale

Michael Gerard Davey

Nicola Alice Orbell Hyslop

Jane Montgomery

Peter William Moynihan

Jacqueline Sara Rowarth

Independent Auditor's Report

To the shareholders of Ravensdown Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements of Ravensdown Limited (the 'company') and its subsidiaries (the 'group') on pages 6 to 46:

- Present fairly, in all material respects the Group's financial position as at 31 May 2023 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 May 2023;
- the consolidated income statement, consolidated 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.

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

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

Our firm has also provided other services to the group in relation to risk management support. 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.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $5.5 million determined with reference to a benchmark of group total expenses. We chose the benchmark because, in our view, this is a key measure of the group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Measurement of bulk inventory on hand – note B4	
The group has inventory of $207 million at 31 May 2023, of this $191 million relates to bulk fertiliser stored at the group's manufacturing sites and stores across New Zealand. The carrying amount of bulk fertiliser is determined by multiplying the quantity on hand by the unit cost. Key judgments in this calculation are the estimation of volume and the selection of relevant density factors: - Volume: as bulk fertiliser is placed in and drawn from storage, it settles in irregular shapes. Management determines volume based on visual inspection and calculation of relevant volumes; and - Bulk density factors: the estimated volume is multiplied by a bulk density factor to calculate the quantity on hand. The bulk density factor is the estimated weight of a fertiliser product in a given volume. The density of fertiliser can change with compaction and atmospheric conditions. A pile of fertiliser may comprise multiple shipments of fertiliser, each with different bulk density factors. Due to the estimation required in calculating the volume of bulk fertiliser on hand, and selecting the appropriate bulk density factor, when combined with the magnitude of the overall balance at 31 May 2023, we consider the measurement of bulk inventory to be a key audit matter.	Our audit procedures included, amongst others: - Attending annual inventory counts at material manufacturing sites and other storage locations on a rotational basis. - Calculating volumes at those counts for all bulk inventory and comparing those with management's assessment and challenging where significant differences identified. - Checking that agreed volumes of bulk inventory inspected at annual inventory counts were reflected in the inventory records. - Agreeing a selection of bulk density factors from laboratory testing to those used in measuring the quantity of bulk inventory on hand. - Comparing bulk density factors applied against external comparatives and previous measurements for the same products. Investigating bulk density factors that fell outside our predetermined testing thresholds and challenging management's estimates and estimation policies. - Recalculating bulk density factors applied from underlying bulk density data for selected inventory items and observing a bulk density measurement. - Validating the stated description of certain inventory products selected from annual inventory count attendance to results from laboratory testing. - Assessing management's count results from inventory counts not directly attended, including reviewing cyclical counts performed during the year and modifying our audit procedures as appropriate. **Our findings** We completed these procedures and have no matters to report.

The key audit matter	How the matter was addressed in our audit
Insurance event impairments and compensation – note A1	
The group's Awatoto site experienced two significant insurance events during the year: a fire at its acid plant, and flood damage resulting from Cyclone Gabrielle (the "events"). These events resulted in material damage, business interruption, and stock-loss insurance claims which remain ongoing. Insurance income of $52 million and an insurance asset of $36 million was recognised at 31 –May. Impairments resulting from the events of $7.3 million were also recognised within total comprehensive income. The recognition of insurance recoveries requires virtual certainty of a claim being met by insurers under a valid policy, and the ability to reliably estimate the proceeds that are expected to be received. The impairment of land, buildings, and inventory, as well as the related loss of profits, also requires significant judgment. Due to the significance of the amounts, and the judgment involved in estimating such amounts, insurance event impairments and compensation was considered a key audit matter.	Our audit procedures included, amongst others: ■ Assessing whether virtual certainty was established for the recognition of insurance compensation. We did this by: – Checking whether the events insured had valid insurance policies held by the group; and – Reviewing correspondence between the group and the group's insurers and the appointed loss adjustors. ■ Challenging management's assessment of the amounts estimated as being recoverable under the relevant insurance policies. We did this by: – Reviewing insurance policies to understand the losses capable of compensation under the events. – Enquiring of those within management responsible for managing the insurance claims to corroborate our understanding. – Agreeing, on a sample basis, expenses incurred to date relating to the events to supporting documentation. – Challenging management's basis and estimation of other insurance-related costs (such as loss of profits, and additional working costs) and assessing the reasonableness of the amounts selected by management with the range of potential outcomes determined. – Checking whether the amounts recognised were within the relevant policy compensation limits. – Validating the receipt of non-specified insurance progress payments under the relevant policies. **Our findings** We completed these procedures and have no matters to report.

The key audit matter	How the matter was addressed in our audit
Impairment of non-current assets (note B1)	
The group reported significantly lower earnings for the period, largely reflecting a decrease in sales volumes, lower product pricing, the unwind of higher cost inventory (purchased during a high commodity and shipping price environment) as well as significant disruption caused by insurance events. This, combined with higher interest rates, led management to conclude that there existed indicators of asset impairment at 31 May. Where an indicator of impairment is identified, an impairment test must be performed. Determining the level at which to perform this testing (identifying the cash-generating unit "CGU") requires significant judgment. Determining the recoverable amount of each CGU requires management to make assumptions relating to the discount rate, forecast financial performance, and terminal growth rates (amongst other factors). These assumptions are subject to estimation uncertainty and requires management judgment. For these reasons, we considered the impairment of assets to be a key audit matter.	Our audit procedures included, amongst others: ■ Reviewing management's assessment of indicators of impairment against the requirements of the applicable financial reporting framework. ■ Assessing and challenging management's formal identification of the appropriate CGUs to perform impairment testing. We involved our internal technical accounting specialists to assist with this assessment. ■ Assessing the reasonableness of key assumptions including the discount rate, terminal growth rate, and forecast financial performance. ■ Checking the appropriateness and accuracy of the methodology applied to determine the recoverable amount for each cash-generating unit. ■ Performing cross-checks of the model outcomes against relevant external information. ■ Considering and challenging the results of the independent valuers' assessment of the fair value of land and buildings as they relate to the relevant CGUs. ■ Performing sensitivity analysis over management's recoverable amount models to assess for sensitivity to reasonably possible changes in assumptions. ■ Checking the appropriateness of the disclosures in the consolidated financial statements. **Our findings** We completed the above procedures and have no unresolved matters regarding the group's conclusion that there is no material impairment of the CGUs' carrying amounts.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information may include the Finance at a Glance, and 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.

The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the 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 issued by the New Zealand Accounting Standards Board;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is 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 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-1/

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

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

For and on behalf of

KPMG

KPMG
Christchurch

23 August 2023

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

Ravensdown publishes its Code of Business Conduct on the Ravensdown website www.ravensdown.co.nz .

The Code of Business Conduct encompasses our commitment to keep our people safe, and to safeguard our culture, placing social and environmental governance at the core of everything we do. It explains the expectations of conduct within our business, and also for our engagements with our customers, suppliers and local communities.

The Code of Business Conduct draws together Ravensdown's internal policies and our renewed environmental, social, and governance ("ESG") commitments to provide a transparent and evolving Code. To this end our Code sets out our commitments to human rights, to conducting business fairly, to upholding the principles of Te Tiriti o Waitangi, to community development, to environmental protection and to reducing climate change.

The Board has approved the Code of Business Conduct. The General Counsel, with the assistance of the Risk and Assurance Manager, is responsible for recording and evaluating compliance with the Code and reporting all material breaches.

Set out in the Code are details of Ravensdown's protected disclosures 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 service 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 Officer 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.

Composition of Board

During the past financial year Ravensdown's Board had six shareholder elected Directors and two Board appointed Directors.

Shareholder elected directors are required to retire after three years in office. Retiring directors are eligible to stand for re-election but cannot remain in office for more than 12 years. Elections for the vacant director positions are held prior to the Annual Meeting.

Appointed Directors are re-appointed each year after the Annual Meeting and cannot remain in office for more than 12 years. Ravensdown's constitution allows the Board to appoint up to three directors in order to bring additional experience and specialist skills to the Board.

The Chief Executive Officer is not a member of the Board.

Board committees

The Board has four standing committees, described below. Special project committees are formed when required. All committees report the proceedings of each of their meetings to the full Board.

Audit & Risk Committee

This committee comprises five to six directors, including the two independently appointed 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 Risk and Assurance Manager and General Counsel. The committee meets a minimum of four times each year and its objectives are to assist the board in discharging its responsibilities in relation to:

- Audit processes, both internal and external.
- Financial reporting and controls, including the delegated authority framework.
- Maintaining oversight of financial systems and controls, including the annual audit process and annual report.
- Recommending annual draft budgets and rebates to the board.
- Risk management, including mitigation assessment, internal controls and insurance.
- Integrated thinking and reporting.

Board Appointments & Remuneration Committee

This committee comprises five 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.
- Make recommendations in relation to Appointed Directors to the Board.

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

Share Registry Committee

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

Governance Excellence Committee

This committee was set up in 2021 and comprises five directors. Its objectives are to:

- Assist the board in the establishment of a governance and training programme to promote governance skills and experience within the Ravensdown shareholder base for the benefit of the NZ agriculture industry.
- Maintain oversight and manage performance of the programme when it is set up.

Risk Identification and Management

The company follows a comprehensive risk management framework to identify, assess and monitor new and existing risks. The Board promotes a risk culture, sets risk appetite and approves risk policy. The Audit & Risk Committee provides oversight and monitors key business level risks by undertaking regular deep dives and actively challenging management assertions. The Chief Executive Officer and the Leadership Team are required to report to the Board and Audit & Risk Committee on all high risks affecting the business and to develop strategies and controls 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 and Committee Attendance FY23

Board

Meetings: 20-21 June 2022; 25-26 July 2022; 27 September 2022; 7 November 2022; 19 December 2022; 23 February 2023; 20 March 2023; 28 April 2023; 30 May 2023

Director	Eligible to attend	Present	Absent
Bruce Wills (Chair)	9	9	–
David Biland (Deputy Chair)	9	9	–
Jason Dale	9	6	3
Mike Davey	9	9	–
Nicola Hyslop	9	9	–
Jane Montgomery	9	9	–
Pete Moynihan	9	9	–
Jacqueline Rowarth	9	9	–

Audit and Risk Committee

Meetings: 20 July 2022; 21 September 2022; 21 November 2022; 7 March 2023; 3 April 2023; 18 May 2023

Director	Eligible to attend	Present	Absent
Jason Dale (Chair)	6	6	–
David Biland	6	6	–
Nicola Hyslop	6	5	1
Jane Montgomery (commencing 28 September 2022)	4	4	–
Pete Moynihan	6	6	–
Bruce Wills	6	6	–

Share Registry Committee

Meetings: 13 June 2022; 18 July 2022; 19 September 2022; 31 October 2022; 12 December 2022; 13 February 2023; 13 March 2023; 22 May 2023

Director	Eligible to attend	Present	Absent
Jacqueline Rowarth (Chair)	8	8	–
Mike Davey	8	8	–
Jane Montgomery	8	8	–

Board Appointments and Remuneration Committee

Meetings: 12 July 2022; 29 May 2023

Director	Eligible to attend	Present	Absent
Pete Moynihan (Chair)	2	2	–
David Biland	2	2	–
Nicola Hyslop	2	2	–
Jacqueline Rowarth	2	2	–
Bruce Wills	2	2	–

Governance Excellence Committee

Meetings: 13 June 2022; 18 July 2022; 30 August 2022; 19 September 2022; 13 December 2022; 13 February 2023; 15 May 2023

Director	Eligible to attend	Present	Absent
Nicola Hyslop (Chair)	7	7	–
Mike Davey	7	4	3
Jane Montgomery	7	7	–
Jacqueline Rowarth	7	5	2
Bruce Wills (Ceased on 27 September 2022)	4	2	2

Statutory Information /

Directors

The Directors of Ravensdown Limited as at 31 May 2023 were as follows:

- Bruce Wills (Chair)*
- David Biland (Deputy Chair)
- Jason Dale
- Pete Moynihan
- Nicola Hyslop
- Jacqueline Rowarth
- Jane Montgomery
- Mike Davey

** Bruce Wills was appointed as Chair of the Board effective from 1 June 2022*

Directors and remuneration

Remuneration and benefits received by Directors of Ravensdown Limited during the year were as follows:

Director	Total remuneration and value of other benefits received
Bruce Wills (Chair)	$201,000
David Biland (Deputy Chair)	$103,731
Jason Dale (Chair, Audit & Risk Committee)	$98,685
Pete Moynihan (Chair, Board Appointments & Remuneration Committee)	$88,685
Nicola Hyslop	$83,685
Jacqueline Rowarth	$83,685
Jane Montgomery	$83,685
Mike Davey	$83,685

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 as at 31 May 2023:

Director	Position	Entity Name
Bruce Wills	Director/Shareholder	Trelinnoe Limited
	Chair	QEII National Trust
	Chair	Biodiversity Hawkes Bay
	Chair	Greengrower SFFF
	Chair	Farmer and Grower Recovery Grant Advisory Panel
	Chair	SFFF JV in relation to Ruminant Biotech
	Independent Chair	Mt Cook Alpine Salmon SFFF (Project Nautilus)
	Director	Remarkables Station National Trust Limited
	Director	New Zealand Phosphate Company Limited
	Board Member	Fertiliser Association of New Zealand
David Biland	Director/Shareholder	Hughland Limited
	Trustee	The Davinzi Trust
	Chair – Advisory Board SVS Group	SVS Veterinary Supplies Limited, SVS Laboratories Limited, and PPD Limited, together referred to as SVS Group
	Member – Advisory Board BEL Group	Bel Group Limited

Director	Position	Entity Name
Jason Dale	Chair	Crest Licensing Systems Limited
	Chair	Westphalia Properties Limited
	Chair	Southbase Construction Limited
	Chief Commercial and Financial Officer NZ and Pacific Islands	NZ Steel
	General Manager Pacific Islands	NZ Steel
	Director	New Zealand Steel Holdings Limited
	Director	New Zealand Steel Limited
	Director	BlueScope Steel Finance NZ Limited
	Director	BlueScope Steel Trading NZ Limited
	Director	New Zealand Steel Development Limited
	Director	Pacific Steel (NZ) Limited
	Director	Steltech Structural Limited
	Director	Toward Industries Limited
	Director	Waikato North Head Mining Limited
	Director	SteelServ Limited
	Director	BlueScope Acier Nouvelle Caledonie SA
	Director	BlueScope Lysaght (Vanuatu) Limited
	Director	BlueScope Pacific Steel (Fiji) Pty Limited
	Director	BlueScope Lysaght (Fiji) Limited
	Director	Tasman Steel Holdings Limited
	Director	Southbase Group Limited
	Member	ResolvePay Advisory Board

Statutory Information continued

Director	Position	Entity Name
Pete Moynihan	Director/Shareholder	Rathmore Farm Ltd
	Director/Shareholder	Aerodrome Farm Ltd
	Indirect Shareholder	Manuka S.A.
	Director/Shareholder	AgriStrategy Limited
	Director/Indirect Shareholder	Shamrock Dairy Farms Limited
	Director	The Power Company Ltd
	Director	Last Tango Limited
	Director	PowerNet Limited
	Director	Roaring Forties Energy GP Limited
	Director	Southern Generation Limited
	Director	Lakeland Network Limited
	Director	Otagonet Properties Limited
	Director	Otagonet Limited
	Trustee	Rathmore Trust
Nicola Hyslop	Director/Shareholder	Levels Estate Company Limited
	Director	Beef & Lamb New Zealand Limited
	Director	New Zealand Meat Board
	Director	Meat and Wool Trust Limited
	Director	Ravensdown Ventures Limited
	Independent Chair	Hunter Dairies Limited
	Independent Chair	Nind Family Advisory Board
	Indirect Shareholder via Level Estate Company Limited	Farmlands Co-operative Society Limited
	Indirect Shareholder via Level Estate Company Limited	Silver Fern Farms Co-operative Limited
	Independent Member	New Zealand Agricultural Greenhouse Gas Research Centre
	Council Member/ Stakeholder	Ospri

Director	Position	Entity Name
Jacqueline Rowarth	Shareholder	Scott Holdings (Tirau) Limited
	Shareholder	Knewe Biosystems NZ Limited
	Shareholder and Director	Oraka Farming Limited
	Indirect Shareholder via Scott Holdings (Tirau Limited)	Fonterra Co-operative Group
	Indirect Shareholder via Scott Holdings (Tirau Limited)	Silver Fern Farms Co-operative Limited
	Indirect Shareholder via Scott Holdings (Tirau Limited)	Livestock Improvement Corporation
	Director	DairyNZ Limited
	Director	Deer Industry New Zealand
	Director	NZ Animal Evaluation Limited
	Adjunct Professor	Lincoln University
	Trustee/Interim Chair	Deer Industry Research Trust
	Trustee	New Zealand Grassland Trust
Jane Montgomery	Director/Indirect Shareholder	Gower Brae Limited
	Director/Shareholder	Kotare Headwaters Limited
	Indirect Shareholder via Gower Brae Limited	Farmlands Co-operative Society Limited
Mike Davey	Chair	Taranaki Electricity Trust
	Shareholder	Ravensdown Limited
	Trustee	Taranaki Health Foundation
	Councillor	Taranaki Regional Council
	Financial Member	Federated Farmers NZ

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 with the Directors are carried out on a commercial basis and they are not advantaged with prior notice of price changes.

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 and an indemnity for the Directors and company executives.

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

There were no donations made to various charities during the year (2022: Nil).

Employees' remuneration

Remuneration	No. of Employees
$100,000 – $109,999	76
$110,000 – $119,999	60
$120,000 – $129,999	44
$130,000 – $139,999	36
$140,000 – $149,999	25
$150,000 – $159,999	22
$160,000 – $169,999	12
$170,000 – $179,999	9
$180,000 – $189,999	8
$190,000 – $199,999	10
$200,000 – $209,999	4
$210,000 – $219,999	7
$220,000 – $229,999	1
$230,000 – $239,999	2
$250,000 – $259,999	2
$260,000 – $269,999	2
$270,000 – $279,999	1
$280,000 – $289,999	1
$290,000 – $299,999	2
$340,000 – $349,999	2
$360,000 – $369,999	1
$400,000 – $409,999	2
$410,000 – $419,999	2
$550,000 – $559,999	1
$660,000 – $669,999	1
$1,220,000 – $1,229,999	1

Employee's 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 2023 were as follows::

Subsidiary	Directors
Ravensdown Aerowork Limited	Mike Whitty Garry Diack Bruce Magee
C-Dax Limited	Mike Whitty Anna Stewart Greig Shearer
Ravensdown Australian Holdings Limited*	Anna Stewart Garry Diack
Aerial Sowing Limited	Mike Whitty Mike Manning
Soil Fertility Services Limited	Mike Manning
Ravensdown Ventures Limited	Tony Balfour** Garry Diack*** Nicola Hyslop****
Analytical Research Laboratories Limited	Jasper van Halder*****
Ravensdown Development Limited	Jasper van Halder*****

** Following retirement from Ravensdown, Sean Connolly ceased to be a director of Ravensdown Australia Properties Pty Limited and Ravensdown Australian Holdings Limited on 18 October 2022.*

*** Tony Balfour was appointed as a Director of Ravensdown Ventures Limited on 01 February 2023.*

**** Garry Diack was appointed as a Director of Ravensdown Ventures Limited on 01 November 2022.*

***** Nicola Hyslop was appointed as a Director of Ravensdown Ventures Limited on 01 February 2023.*

****** Jasper Van Halder was appointed as a Director of Analytical Research Laboratories Limited and Ravensdown Development Limited on 01 February 2023.*

Except for Bruce Magee, Tony Balfour and Nicola Hyslop all of the current Directors are employees of Ravensdown Limited, C-Dax Limited or Ravensdown Ventures Limited. Nicola Hyslop is a Director of the Ravensdown Board. This is the only general disclosures of interest by each Director of Ravensdown Limited's subsidiaries as at 31 May 2023, pursuant to s 140(2) of the Companies Act 1993.

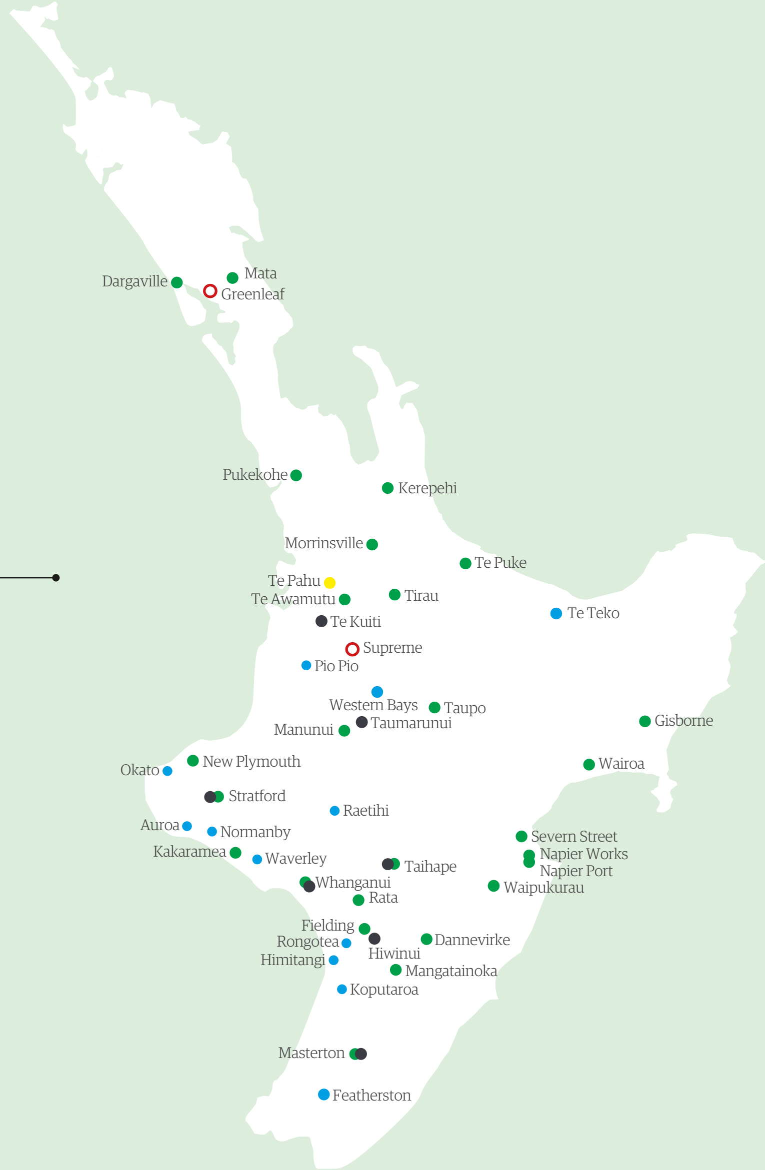
Bruce Magee received remuneration of $35,000 during the financial year.

Tony Balfour received remuneration of $2,500 from Ravensdown Ventures Limited during the financial year.

Nicola Hyslop received remuneration of $7,500 from Ravensdown Ventures Limited during the financial year.

Smarter farming
throughout New Zealand

Ravensdown stores – North



KEY

- Ravensdown-owned stores
- Ravensdown consignment stores
- Ravensdown aglime quarries
- Lime processing plant
- Aerowork

Ravensdown stores – South

REGISTERED OFFICE

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