

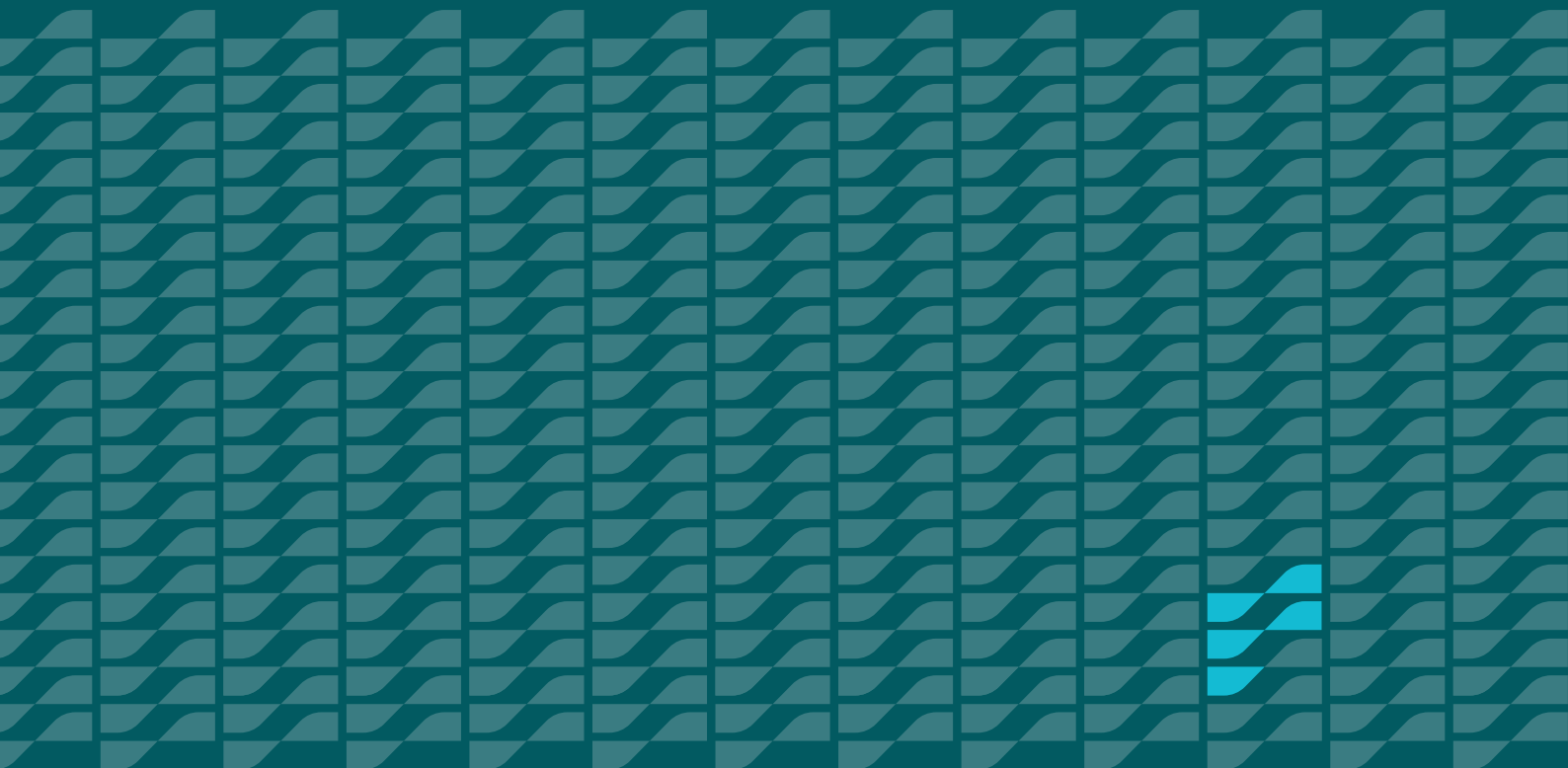
A fisherman in a yellow jacket is pulling a net on a boat. The sun is low on the horizon, creating a golden glow over the water. The net is filled with fish. The background is a clear blue sky.

ANNUAL REPORT

2023



Fishserve



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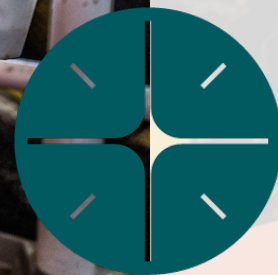


About.

Fishserve is a seafood industry owned company that has a discrete and prescribed role within the sector. Since 1999, Fishserve has provided the systems and tools that support and enhance the operation of the Quota Management System (QMS) underpinning the sustainability of Aotearoa New Zealand's fisheries.

Fishserve is the Approved Service Delivery Organisation (ASDO), accountable to the Minister for Oceans and Fisheries for a range of statutory functions and duties under the Fisheries Act. We also provide registry services to Fisheries New Zealand and information services to Sector Representative Entities (SREs) to support the management of fisheries.

Passionate about supporting sustainable fisheries, our in-house team is dedicated to delivering responsive, data-driven services to meet the evolving needs of Aotearoa New Zealand's commercial fishing sector, including and beyond the existing regulatory functions.





Update from the Chair.

Having started the year with considerable uncertainty on the shape of our role in administration of the Quota Management System, the year concluded with clear and satisfactory arrangements in place for the next five years.

The Board welcomed the signing of the Registry Services Delivery Agreement (RSDA) with the Ministry for Primary Industries (MPI) in September 2023. This followed the gazetting of the Fisheries Transfer of Functions Order in August 2023 to renew our status as an Approved Service Delivery Organisation under the Fisheries Act.

The team worked with great dedication, integrity and patience to secure these arrangements, working through four changes in Minister over the year which immediately preceded a general election.

Fishserve's evolution from an administrator of statutory services into one that also leverages electronic data to support more responsive management opportunities to enable greater sustainability of Aotearoa New Zealand's fisheries took important shape during FY23.

The consolidation of our role within the information ecosystem and our focus on fisheries has entailed the amalgamation of our consultancy subsidiary (FINNZ) into the business in September and the transfer of non-fisheries management activities to third parties.

The completion of the shift of the software that underpins our fisheries administration system into the cloud was another important milestone that opens the potential for significant change in use, performance and security of this critical industry infrastructure. This also places us in a strong position to take advantage of the opportunities that were created by the shift to electronic reporting and is key to achieving our strategy - Supporting fishers to feed the world for generations to come | Ka tautoko i ngā kaihao ki te whāngai i te ao hei ngā reanga haere ake nei.

With these foundational changes successfully made, Fishserve is approaching the year ahead confident in our ability to support our stakeholders.

2024 marks the key milestone of Fishserve's 25th anniversary and plans are currently being developed to celebrate this significant achievement. The Board encourages our stakeholders to join us in both celebrating past achievements and our ongoing partnership.

Fully supporting the targeted evolution of Fishserve's service offering, the Board has utmost confidence in the refreshed vision and strategy for the business and the ability of the dedicated staff of Fishserve to deliver an evolving business service offering to our clients. We thank Caroline and the team for their ongoing commitment and contribution to Aotearoa New Zealand's Fisheries.

I am also most appreciative of the input and support provided by my fellow Board members GT (Stan) Crothers ONZM, Dame Kerry Prendergast DNZM, CNZM and Dr Jeremy Helson through a period of considerable change and challenge. The depth of experience and knowledge they have shown in supporting this business is key to its performance.

Tom McClurg
Chairperson



Update from the CE.

With the new strategy in place and a purpose to enable sustainability through smart information services, this year has been one of facilitating the structural and capability changes and the development of relationships needed to achieve our goals.



The completion of the Registry Services Delivery Agreement was an opportunity to focus on cementing a collaborative relationship with Fisheries New Zealand to ensure greater value can be gained from the administration activities given the opportunities presented by electronic reporting.

Evolving our relationships with industry, particularly the Stakeholder Representative Entities and key partners has been both rewarding and encouraging, including our first operational trip to the Chatham Islands. This was a highlight of the year, given 46% of our blue cod is caught off the Chatham Islands.

Another critical component of our evolution last year was getting Mark Simpson and Lara Stewart into our senior leadership team. Mark has an exceptional track record in technology and since his appointment in the middle of the year has progressed transforming the product team. Lara has brought a deep and varied business development lens to the business and in addition to completing the exiting of non-fisheries contracts from the business, is establishing the new engagement model for the business across the sector. With these two appointments the senior leadership team is complete, and the company is well placed to move towards our strategic outcomes.

In preparation of the quarter century anniversary in 2024, and to signal the changes that the new strategy brings the business, we developed a new brand early in the year. The brand and new engagement approach was tested with our colleagues at the Federation of Commercial Fishermen conference in Blenheim in June and as a result has been rolled out across the business.

Of course, underpinning all activities is the crucial contribution of each and every member of the Fishserve team. As well as significantly changing our overall business model, we have introduced a new way of working that supports agility, collaboration and transparency across our organisation and with other parties.

Understandably, this has presented as a major change in mindset to many that will have become accustomed to working in different ways over the years. However, it is apparent that the team is embracing and personally shaping that direction for the betterment of all. My thanks to you all for this commitment. My thanks also goes to our board and particularly our Chair. Their insights and support have been fundamental in ensuring we are on the right path for the future.

Looking at the year ahead, we are steadfastly continuing work to position Fishserve as a product and services business focused on delivering value through making better use of the information potential of the fisheries system and working with others who have complimentary skills and aligned goals. We will also be continuing to invest in our culture and skills to ensure Fishserve can deliver on its business plan and retain our talented team.

Another focal point during the year will be the celebration of Fishserve's 25th anniversary. This is a notable milestone for our business, and we look forward to engaging with stakeholders to both mark the occasion and also celebrate the bright future we see for both Fishserve and Aotearoa New Zealand's fisheries.

Caroline Read
Chief Executive

Statement of strategic direction.

Our vision

Supporting fishers to feed the world for generations to come

Our purpose

Enabling successful and sustainable fisheries through smart information services

Strategic drivers

- We deliver value into Aotearoa New Zealand's fisheries (through both government and industry)
- Our work has a positive impact on the environmental, social, and economic sustainability of Aotearoa New Zealand's fisheries
- People want to work for us
- We are a purpose-driven company

Strategies

In the delivery of smart information services, we are:

- Helpful - We are focused on meeting customer needs through the excellent operationalisation of information services - that means through our software solutions and our service support
- Trusted - We are the trusted provider of information services - we get it right when it comes to regulatory reporting, and we provide trustworthy information to support better decisions
- Cost-effective - As an industry-owned company using cost-recovery funds, we focus on creating greatest value at least cost
- Innovative - We are enablers of change, we seek ways to make it easier to improve the environmental, social, and economic sustainability of fishing through connected information services that underpin regulatory processes, fisheries management processes and business decisions
- Collaborative - We are actively engaged with industry and others who are seeking to improve fisheries management through the innovative use of data and science

Statement of strategic direction.

Performance indicators

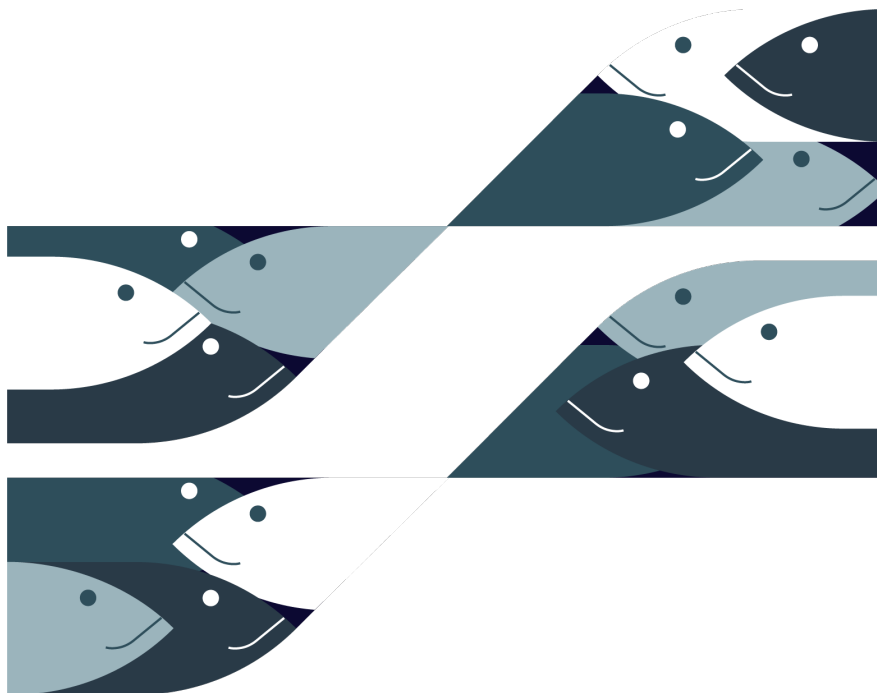
In assessing our success in delivering our strategic goals we will review our performance based on how much:

- Our people are helpful and solutions focused
- Our products and services are valued, reliable, user-friendly, and modern
- Our business approach is simple, clear, and purpose driven
- Our information services and partnerships improve fisheries management

Our strategic moves

To achieve our strategic outcomes, we will:

- Have a leadership, culture, and structure that attracts and retains talent
- Have a modern platform that supports the delivery of smart information services
- Have our brand excellence recognised by those we serve and those we partner with



Te tauākī o te rautaki ahunga.

Ko tā mātou tirohanga whakamua

Ka tautoko i ngā kaihao ki te whāngai i te ao hei ngā reanga haere ake nei

Ko tō mātou kaupapa

Mā ngā ratonga pārongo koi e angitū ai, e toitū ai te haonga ika

Ko te pūtaketanga o ngā rautaki

- Ka whakawāia e mātou te haonga ika o Aotearoa (mā te kāwanatanga me te ahumahi)
- He pānga whaihua o ā mātou mahi ki te toitūtanga ā-taiao, ā-pāpori, ā-taiōhanga hoki o te haonga ika o Aotearoa
- Kei te pīrangi a ngāi tāngata ki te mahi ngātahi me mātou
- He kamupene whai kaupapa mātou

Ko ngā rautaki

Mā roto mai i ngā ratonga pārongo koi, he kamupene pēnei mātou:

- Mō te āwhina - Ka aro mātou ki te whakatutuki i ō te kiritaki hiahia mā roto mai i te hiranga o ā mātou mahi ratonga pārongo - arā, mā roto mai i ā mātou mehanga pūmanawa rorohiko me ā mātou ratonga tautāwhi
- Mō te tautoko - Ko mātou te kaituku ratonga pūrongo e kaha tautokona ana - he tika ā mātou mahi rīpoata waeture, he tika hoki ā mātou mahi tuku pārongo hei tautoko i ngā whakatau pai ake
- Mō te whai whakaaro ā-utu - Hei kamupene nā te ahumahi e whakamahi nei i ngā pūtea whakahoki-utu, ka aro mātou ki te whakatupu i te wāriu mā roto i te utu paku
- Mō te auaha - He kaiwhakapanoni mātou, ka whai huarahi e māmā ai te whakapakari i te toitūtanga ā-taiao, ā-pāpori, ā-taiōhanga hoki o te hao ika mā roto mai i te ratonga pārongo hei tūāpapa mō ngā hātepe waeture, mō ngā hātepe whakahaere haonga ika, mo ngā whakataunga pakihiki hoki
- Mō te mahi ngātahi - Ka tūhonohono mātou ki te ahumahi me ērā atu e ngana ana ki te whakapakari i te whakahaere o te haonga ika mā roto mai i te whakamahinga o ngā raraunga me te pūtaiao

Te tauākī o te rautaki ahunga.

Ngā tohu paearu whakatutuki

I a mātou e whakamātautau ana i tō mātou angitū ki te whakatutuki i ngā whāinga rautaki, ka arotaketia mēnā rānei:

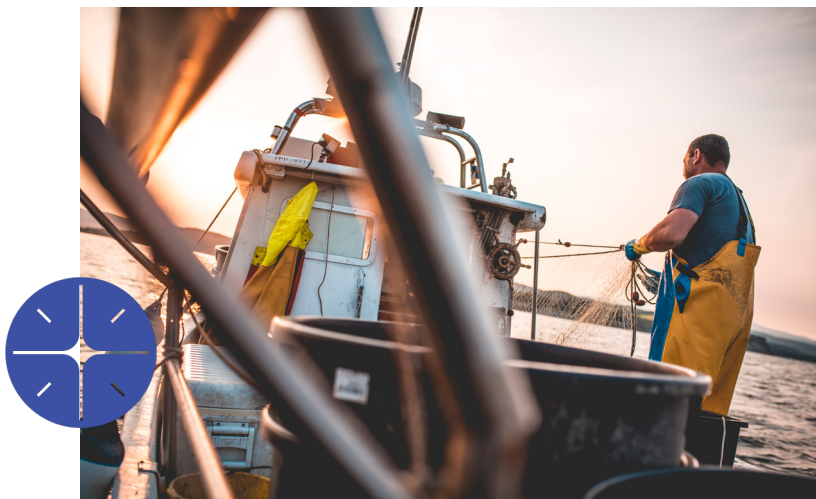
- Kei te aro o mātou tāngata ki te āwhina me te whaimehanga
- Ko ā mātou hanganga me ā mātou ratonga kei te whaihua, kei te tika, he māmā te whakamahi, he hou anō hoki
- Ko tō mātou aronga pakihi he māmā, he mārama, ka ū hoki ki tō mātou kaupapa
- Ko ā mātou ratonga pārongo me ngā rangapū kei te kaha whakapakari i ngā whakahaere haonga ika

Ko ā mātou mahi rautaki

E tutuki ai ā mātou whāinga rautaki:

- Me whai ahurea hautūtanga, me whai ahurea, me whai hanganga anō hoki e tō mai ai i ngā pūkenga, e puritia ai aua pūkenga
- Me whai tūāpapa hou e tautoko ai i te tuku a ngā ratonga pārongo koi
- Me whakamana te papai o tō mātou waitohu me ō mātou rangapū e te kiritaki me ō mātou hoa mahi ngātahi

Te Reo translation by Engaging Well Ltd (www.engaging-well.com)



Our priorities.

2023

- Renewal of the ASDO and the SDA contract with MPI
- Implement our new strategy to position Fishserve as a product and services business focused on delivering information services to the fishing industry
- Upgrade our technology and software services including moving our Fishserve system to the cloud and implementing a new financial system

2024

- Continue to position Fishserve as a product and services business focused on creating value and supporting sustainable practice
- Continue to deliver exceptional statutory services, while progressing the opportunities for more responsive services presented by electronic reporting
- Invest in both culture and skills development to support delivery of our plan and retain our talented team



Statutory services.

Snapshot

We have continued to support the industry with its electronic reporting and meeting of regulations through the Fishserve website, our call centre, and industry conferences.

Over the year, the team completed 20 production releases. This included maintaining and improving the Fishserve website to continue to meet the needs of its users. It also included updates to support industry management of substocks - OREO4, regulatory changes (GLM9) and we have continued to work with all logbook providers to support the industry.

Customer service



80,196
registry reports



5185
helpline calls



20,445
non-statutory
client reminders

Software performance



99.5%
system availability



1
system failure (which was
within contract limits)

Service volumes



11,631
Annual Catch Entitlement
(ACE) transfers



197
quota transactions



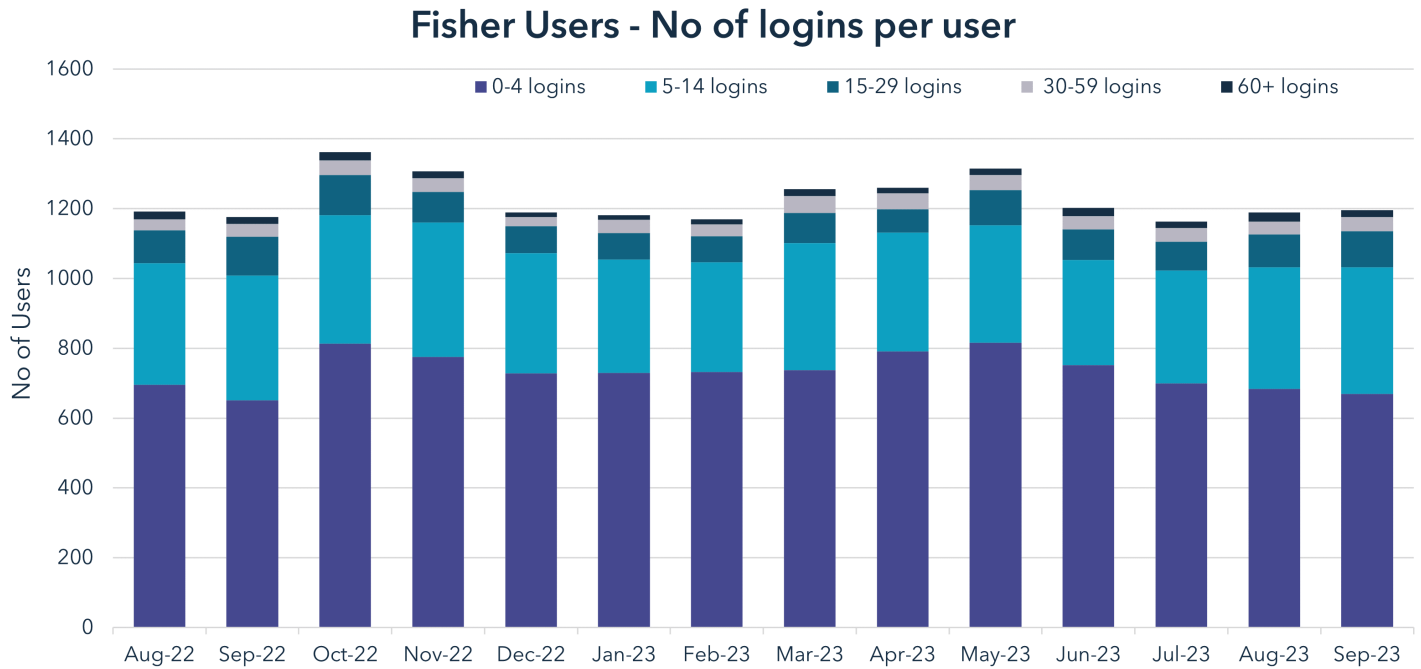
356
vessel registrations



290
permit applications

Statutory services.

Web-application usage



Shared services.

Snapshot

Fishserve provides shared corporate services to 11 entities within the Seafood sector to ensure that resource efficiencies can be achieved across financial, payroll, and administration needs.

Services include supporting financial management (levy collections, invoicing, debt recovery, financial reporting and management), and wider corporate services (payroll, call centre services, IT support, and event support).



12,226

customer receipts processed



120

service desk support requests processed



Commercial Fisheries Services Limited
Financial Statements
For the year ended 30 September 2023



**Commercial Fisheries Services Limited
Financial Statements
For the year ended 30 September 2023**

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**Commercial Fisheries Services Limited
Financial Statements
For the year ended 30 September 2023**

DIRECTORY

Directors

Thomas McClurg (Chairman)
Kerry Prendergast
Jeremy Helson
Stan Crothers

Chairman
Director
Director
Director

Premises

Level 12
7 Waterloo Quay
Wellington

Website

www.fishserve.co.nz

Auditor

BDO Wellington Audit Limited

Bank

Bank of New Zealand

Solicitor

Chapman Tripp



Commercial Fisheries Services Limited Financial Statements For the year ended 30 September 2023

DIRECTORS' REPORT

The Directors submit this Report, which forms part of the financial statements, for the year ended 30 September 2023.

Activities

The principal activity of Commercial Fisheries Services Limited is to provide registry services to the NZ Seafood Industry.

Results

The total net deficit after tax for the year ended 30 September 2023 was: \$ (367,818)

Equity at 30 September 2023 was: \$ 3,899,902

Directors' Interest

Transactions in which the Directors have held an interest have been noted in the Interests Register. There were no loans made by the Company to Directors.

Use of Company Information

There were no notices from Directors of the Company requesting to use company information received in their capacity as Directors which would not otherwise have been available to them.

Directors' Remuneration & Benefits

Remuneration is paid to Directors as detailed in Note 3.

Insurance of Directors

The Directors of the Company are insured under the group insurance policy operated by Seafood New Zealand Limited in respect of liability and costs permitted in accordance with the Companies Act 1993.

Share Dealings

There were no share dealings during the year.

Auditors

It is proposed that BDO Audit Wellington Limited continue as auditors for the coming year.



Commercial Fisheries Services Limited
Financial Statements
For the year ended 30 September 2023

DIRECTORS' REPORT

Remuneration of Employees

During the year the following number of employees received remuneration of at least \$100,000:

\$100,000 - \$110,000	1
\$110,001 - \$120,000	3
\$120,001 - \$130,000	3
\$130,001 - \$140,000	1
\$150,001 - \$160,000	1
\$190,001 - \$200,000	1
\$200,001 - \$300,000	2

Financial Position

The state of the Company's affairs at 30 September 2023 was:

Assets totalled	<u>\$ 4,969,224</u>
Financed by shareholders equity of	\$ 3,899,902
and Liabilities of	\$ 1,069,322
	<u><u>\$ 4,969,224</u></u>

STATEMENT OF SERVICE PERFORMANCE

Who we are:

Fishserve is a seafood industry owned company that has a discrete and prescribed role within the fisheries sector. Since 1999, Fishserve has provided the systems and tools that support and enhance the operation of the Quota Management System (QMS) underpinning the sustainability of Aotearoa New Zealand’s fisheries.

As an island nation, fishing, and access to our valuable kai moana, is embedded in many Kiwi’s DNA. Our fishing industry plays a key role in our country’s economy, contributing over \$1.4 billion in export earnings and employing more than 13,500 people across the motu.

Protecting these resources has never been more important. And at Fishserve we are dedicated to delivering our vision to ‘Support fishers to feed the world for generations to come - Ka tautoko i ngā kaihao ki te whāngai i te ao hei ngā reanga haere ake nei

Our purpose (Ko tō mātou kaupapa) is to enable successful and sustainable fisheries through smart information services – mā ngā ratonga pārongo koi e angitū ai, e toitū ai te haonga ika. This requires a diverse multi-disciplinary team of customer service specialists, software developers, technical experts and support staff all working together to deliver trusted information services.

Our Work:

Fishserve delivers a range of administrative services under the Fisheries Act 1996 as an approved service delivery agency (ASDO) and under contract to Ministry for Fisheries. It also provides information services to the industry to support their collective fishing activities.

Our Delivery:

We support fishers with meeting their statutory obligations and electronic reporting through the Fishserve web-based application and our call centre.

Service Volumes	2023	2022
Allocated Catch Entitlement (ACE) Transfers	11,762	11,877
Quota Transactions	197	181
Vessel Registrations	356	312
Permit Applications	290	288
Electronic Catch and Position Reports Received	454,364	468,811

Customer Service and Support

Our customer support team underpin the provision of our services through direct one-on-one support for reporting requirements, proactive reminders and follow-up to meet statutory requirements and information requests.



	2023	2022
Registry Reports provided	80,196	76,797
Helpline Calls received	5,185	6,635
Client Reminders sent	20,445	20,052

Industry Information Services

Fishserve builds services to support the implementation of individual fisheries management rules and to provide information to industry that supports more sustainable management of fisheries.

	2023	2022
ACE Shelving transactions	209	94
Sub-stocks split transactions	2,211	2,361

Fishserve Systems

Fishserve services are provided through a web-based applications that has inbuilt validation and permissions to ensure it complies with the fishing regulations.

This system is continuously maintained and updated to meet the needs of its users, as well as to meet regulation changes as required. A regulation change that required upgrades to the system in 2023 was the change in fishing year for Green lipped mussel stock (GLM9).

	2023	2022
Production Releases		
Total Production Releases	20	26
System Availability	99.52%	99.78%
System Failures (within contract limits)	1	0
System Failures (outside contract limits)	0	0



Commercial Fisheries Services Limited
Statement of Comprehensive Revenue & Expense
For the year ended 30 September 2023

	Note	2023 \$	2022 \$
Revenue from Exchange Transactions	2	5,210,062	5,941,979
Operating Expense	3, 4	(5,773,043)	(6,390,407)
Operating Deficit		(562,981)	(448,428)
Interest Income		13,652	1,795
Reversal of Impairment/(Impairment in Subsidiary)		29,558	(297,657)
Net (Deficit) before taxation	4	(519,771)	(744,290)
Income Taxation Credit	5	151,953	141,971
Net (Deficit) after taxation		(367,818)	(602,319)
Total Comprehensive Revenue & Expense			
Net (Deficit) after taxation		(367,818)	(602,319)
Total Comprehensive Deficit		(367,818)	(602,319)

The accompanying notes form part of, and should be read in conjunction with, these Financial Statements.



Commercial Fisheries Services Limited
Statement of Changes in Net Assets/Equity
For the year ended 30 September 2023

	Note	2023	2022
		\$	\$
Accumulated Losses			
Opening Balance		(6,557,268)	(5,954,949)
Net (Loss) after taxation		(367,818)	(602,319)
Closing Balance		<u>(6,925,086)</u>	<u>(6,557,268)</u>
Share Capital			
Capital Reserve	9	10,823,988	10,823,988
Share Capital	9	1,000	1,000
		<u>10,824,988</u>	<u>10,824,988</u>
Total Net Assets/Equity at end of Year		<u><u>3,899,902</u></u>	<u><u>4,267,720</u></u>

The accompanying notes form part of, and should be read in conjunction with, these Financial Statements.



Commercial Fisheries Services Limited
Statement of Financial Position
As at 30 September 2023

	Note	2023 \$	2022 \$
Assets			
Trade Receivables from Exchange Transactions	7	158,851	170,262
Intercompany Receivables	8	73,758	364,453
Accrued Revenue		10,000	4,862
Prepayments		38,526	20,838
Current Tax Asset	5	39,556	-
Cash and Cash Equivalents	6	898,457	1,101,669
Total Current Assets		1,219,148	1,662,084
Property, Plant & Equipment	10	1,200,238	1,165,080
Intangible Assets	11	1,615,430	1,865,631
Investment in Subsidiaries	16	281,901	252,343
Intercompany Tax Receivables	8	652,507	652,507
Total Non Current Assets		3,750,076	3,935,561
Total Assets		4,969,224	5,597,645
Liabilities			
Trade Creditors and Other Payables under Exchange Transactions	12	203,209	202,958
Customers Deposits in Advance		38,054	48,357
Intercompany Payable	8	13,822	50,202
Fees & Levies in Advance		118,051	137,363
GST Payable		67,601	66,645
Provision for Taxation	5	-	53,784
Employee Entitlements	13	315,381	284,086
Total Current Liabilities		756,118	843,395
Deferred Tax liability	5	126,867	281,559
Rent Rebate		186,337	204,970
Total Non Current Liabilities		313,204	486,529
Total Liabilities		1,069,322	1,329,925
Equity			
Share Capital	9	1,000	1,000
Capital Reserve	9	10,823,988	10,823,988
Accumulated Losses		(6,925,086)	(6,557,268)
Total Equity		3,899,902	4,267,720
Total Equity and Liabilities		4,969,224	5,597,645

For and on behalf of the Directors who approved the issue of these Financial Statements on Dec 21, 2023

Chairman

Jeremy Helson (Dec 21, 2023 09:34 GMT+13)

Director

The accompanying notes form part of, and should be read in conjunction with, these Financial Statements.

Commercial Fisheries Services Limited
Statement of Cashflows
For the year ended 30 September 2023

	Note	2023 \$	2022 \$
Cash Flow From Operating Activities			
<i>Cash Was Provided From:</i>			
Receipts From Customers		5,382,291	5,777,620
Interest Received		13,652	1,795
		<u>5,395,943</u>	<u>5,779,415</u>
<i>Cash Was Applied to:</i>			
Payment to Suppliers and Employees		(5,429,782)	(4,798,871)
		<u>(5,429,782)</u>	<u>(4,798,871)</u>
Net Cash Flows From Operating Activities		<u>(33,838)</u>	<u>980,544</u>
Cash Flow From Investing Activities			
<i>Cash Was Provided From:</i>			
Dividends from FINNZ		-	73,380
		<u>-</u>	<u>73,380</u>
<i>Cash Was Applied to:</i>			
Purchase of Property, Plant & Equipment & Intangible Assets		(169,373)	(1,273,196)
Net Cash Flows From Investing Activities		<u>(169,373)</u>	<u>(1,199,816)</u>
Net Decrease in Cash Held		(203,212)	(219,272)
Add Cash at Start of Year		1,101,669	1,320,941
Balance at End of Year		<u>898,457</u>	<u>1,101,669</u>

The accompanying notes form part of, and should be read in conjunction with, these Financial Statements.



Commercial Fisheries Services Limited Notes to the Financial Statements For the year ended 30 September 2023

1 Statement of Accounting Policies

Reporting Entity

Commercial Fisheries Services Limited (CFS) is a Company registered under the Companies Act 1993. It is 100% owned by Seafood New Zealand Limited.

Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with the Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities, and disclosure concessions have been applied.

The Company qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it is not publicly accountable and not large (operating expenditure has been between \$2m and \$30m in the current and prior period).

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993.

Commercial Fisheries Services Limited is domiciled and incorporated in New Zealand. The Company provides registry based services to the commercial seafood industry in New Zealand.

The financial statements of the Company are presented in NZ dollars, which is the Company's functional currency.

Measurement Base

The general accounting policies recognised as appropriate for the measurement and reporting of financial performance and the financial position under the historical cost method have been followed in the preparation of these financial statements.

Accounting Policies

The following specific accounting policies that materially affect the measurement of financial performance and financial position have been applied.

a) Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, with the exception of receivables and payables, which are shown GST inclusive.

b) Trade and Other Receivables

Trade and other receivables are stated at their cost less impairment losses.

c) Depreciation & Amortisation

Depreciation and amortisation has been calculated on a straight line basis at a rate calculated to allocate the asset's cost over its estimated useful life, as follows:

Cabling and Telecommunications Equipment	3 Years
CEDRIC Software	10 Years
Computer Software	3 Years
Fisheries Registry Software - Fishserve	12 years
Furniture and Fittings	10 Years
Leasehold Improvements	25 Years
Office Equipment	5 Years

It has been determined that the depreciation and amortisation methods adopted continue to reflect the assets pattern of consumption of future economic benefits.

**Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023****1 Statement of Accounting Policies (continued)***d) Property, Plant & Equipment*

(i) Fixed assets are recorded at original cost less accumulated depreciation less any provision for obsolescence or impairment.

(ii) Fisheries software has been classified as intangible assets.

e) Capital Work in Progress

Capital work in progress is stated at cost. Work in progress is transferred to Intangible Assets on completion of the project.

f) Intangible Assets

The Company has developed internally generated intangible assets. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically or commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and use or sell the asset. The expenditure capitalised includes the cost of materials and direct labour costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is included in the Statement of Revenue & Expense when incurred.

Intangible assets held by the Company have finite useful lives. The useful lives of intangible assets are reviewed by Directors for appropriateness at year end.

g) Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Revenue & Expense except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for 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: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably 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 at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

h) Financial Instruments

PBE IPSAS 41 Financial Instruments has been adopted by the company on 1 October 2022
(Refer note 6.2)

PBE IPSAS 41 introduces new recognition and measurement requirements for financial assets and restricts the ability to measure financial assets at amortised cost to only those assets that are held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In addition, measurement of financial assets at fair value through other comprehensive revenue and expense is also restricted.

PBE IPSAS 41 has had no material impact on the Company measurement and recognition of financial instruments.

**Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023***h) Financial instruments – accounting policy (continued)**(i) Recognition and initial measurement*

Trade receivables are initially recognised when originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

*(ii) Classification and subsequent measurement*Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive revenue and expense (FVOCI) – debt investment and equity investment; or fair value through surplus or deficit (FVTSD).

The Company currently only has Financial Assets at Amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows;
- and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g., non-recourse features).

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Financial liabilities – Classification, subsequent measurement and gains and losses

The Company’s Financial liabilities are classified as measured at amortised cost and are subsequently measured using the effective interest method. Interest expense is recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023

1 Statement of Accounting Policies (continued)

i) Operating Leases

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

j) Impairment

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Revenue & Expense.

k) Changes in Accounting Policies

The company has adopted PBE IPSAS 41 Financial Instruments which has replaced the previously used BPE IPSAS 29 Financial Instruments.

l) Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Changes in accounting estimates:

During the period the company's revised the remaining useful life of its FMS Software assets to six years. The change in estimate will not have any cumulative impact on the depreciation recognised in surplus or deficit, rather it will accelerate the recognition of depreciation in surplus or deficit, as detailed in the schedule below (based on FMS Software recognised as at reporting date):

- 2023: \$473,264 decrease in depreciation
- 2024: \$143,633 decrease in depreciation
- 2025: \$19,870 increase in depreciation
- 2026: \$118,895 increase in depreciation
- 2027: \$182,018 increase in depreciation
- 2028: \$291,542 increase in depreciation

m) Revenue Recognition

Revenue is recognised on an accrual basis in the period to which it relates.

2 Revenue from Exchange Transactions

	2023	2022
	\$	\$
Revenue from Ministry for Primary Industries	3,460,066	3,460,066
Revenue from other Fishing Industry Activities	1,749,996	2,481,913
Total Operating Income	<u>5,210,062</u>	<u>5,941,979</u>

3 Directors' Remuneration

The following remuneration has been paid during the year:

	2023	2022
	\$	\$
Tom McClurg (Chairman)	16,800	16,800
Dame Kerry Prendergast DNZM, CNZM	13,250	13,250
Dr Jeremy Helson (paid to Seafood New Zealand)	13,250	13,250
Grant Crothers ONZM	13,250	13,250
Total Directors' Remuneration	<u>56,550</u>	<u>56,550</u>

Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023

4 Net (Deficit) before taxation is stated after charging:	2023	2022
	\$	\$
Depreciation on:		
Cabling and Telecommunications Equipment	6,782	6,730
Computer Hardware	28,144	26,303
Furniture and Fittings	1,449	1,174
Leasehold Improvements	51,140	8,189
Office Equipment	4,596	796
Amortisation on:		
Computer Software	-	695
Fisheries Registry Software - Fishserve	282,178	1,240,543
Catch Effort Data Return Information Capture Software	8,879	13,840
Rental & Lease Expenditure	655,375	358,435
Kiwisaver Employer Contribution	77,123	97,854
5 Income Tax Expenses/Benefit	2023	2022
	\$	\$
(a) Components of income tax expense		
Current taxation		
- current period domestic tax	-	53,784
Deferred taxation		
- recognition / utilisation of tax losses	(157,344)	65,771
- adjustments from prior periods	(447)	-
- temporary differences	5,838	(261,527)
	(151,953)	(141,971)
(b) Reconciliation of effective tax rate		
Operating (Loss) before taxation	(519,771)	(744,290)
Income tax using Company tax rate 28%	(145,536)	(208,401)
Adjustments:		
Prior year tax adjustment	(447)	-
Non-assessable income	(8,276)	(20,546)
Non-deductible expenses	2,306	86,976
Tax Credit	(151,953)	(141,971)
(c) Income tax payable/(receivable)		
Opening balance	53,784	-
Current tax year expense	2,740	53,784
Tax (payments) / refunds	(96,080)	-
Closing balance	(39,556)	53,784

Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023

5 Income Tax Expenses/Benefit (continued)

(d) Deferred tax assets and liabilities

Deferred tax assets and liabilities disclosed in the statement of financial position are a combination of deferred tax on unused tax losses and deferred tax on temporary differences.

	2023	2022
	\$	\$
Deferred tax on unused tax losses		
Opening balance	-	59,484
Tax losses recognised in the year	157,344	-
Tax losses utilised in the year	-	(59,484)
Closing asset/(liability) balance	<u>157,344</u>	<u>-</u>
Deferred tax on temporary differences		
Opening balance	(281,559)	(543,085)
Temporary difference movements	(5,838)	261,526
Adjustments from prior periods	3,187	-
Closing asset/(liability) balance	<u>(284,210)</u>	<u>(281,559)</u>
Total deferred tax (liability)	<u>(126,866)</u>	<u>(281,559)</u>

Deferred tax on unused tax losses is recognised as a deferred tax asset when management consider it probable that future tax profits will be available against which tax losses will be utilised.

The Company offsets assets and liabilities if, and only if, it has a legal enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Reconciliation of temporary differences

Deferred tax arising from temporary differences can be summarised as follows:

	2023	2022
	\$	\$
Accelerated depreciation for tax purposes	(390,872)	(384,028)
Movement in employee entitlements	53,398	43,972
Movement in other provisions	3,483	1,860
Movement in rent rebate	52,174	57,392
Other items	(2,394)	(755)
Total deferred tax on temporary differences	<u>(284,210)</u>	<u>(281,559)</u>
Imputation Credit Account		
Opening balance at beginning of year	14,412	14,412
Net tax payments	96,080	-
Closing balance at end of year	<u>110,492</u>	<u>14,412</u>

The closing balance represents imputation credits available to be attached to any further distributions from the Company's reserves, subject to certain shareholder continuity provisions.

Transfer of Tax Losses

There have been \$Nil tax losses transferred from this Company to other group entities in 2023 (2022: \$Nil).



Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023

6 Cash and cash equivalents	2023	2022
	\$	\$
Cash at Bank	898,457	1,101,669
	898,457	1,101,669

7 Trade Receivables from Exchange Transactions	2023	2022
	\$	\$
Trade Debtors	158,851	170,262
Total Trade Receivables	158,851	170,262

8 Transactions with Related Parties

(a) Identity of Related Parties

Commercial Fisheries Services Limited is part of the SNZL group, which is made up of the following companies:

* Seafood New Zealand Limited (SNZL)	Ultimate parent
* Commercial Fisheries Services Limited (CFS)	100% owned by SNZL
* Fishserve Innovations New Zealand Limited (FINNZ)	100% owned by CFS
* Seafood Innovations Limited (SIL)	90% owned by SNZL

All these related parties have 30 September balance dates. They are all separate legal entities.

(b) Types of Related Party Transactions

CFS has paid to FINNZ during the year of \$61,075 (2022: \$60,497) in regards to CFS charges incurred by FINNZ as well as a Fisheries Management Database Project. The balance payable at year end was \$5,571 (2022: \$7,000). The Company has entered into a service level agreement with FINNZ to provide its staffing, premises and administrative support. An invoice is raised by CFS each month and paid by FINNZ for the chargeback of these services. The total amount invoiced during the year was \$687,035 (2022: \$1,174,399). FINNZ also paid no dividend (2022: \$73,380) to the company during the year. The balances outstanding at year end are stated below.

The Company has entered into a service level agreement with SNZL to provide its accounting and IT support. An invoice is raised by CFS each month and paid by SNZL for the chargeback of these services. The total amount invoiced during the year was \$198,362 (2022: \$174,839). SNZL also charged CFS for insurance costs incurred on behalf of the group as well as directors fees. The total amount invoiced during the year was \$58,481 (2022: \$43,202). The balances outstanding at year end are stated below.

The Company has entered into a service level agreement with SIL to provide its accounting, administrative and IT support. An invoice is raised by CFS each month and paid by SIL for the chargeback of these services. The total amount invoiced during the year was \$86,137 (2022: \$84,543). The balance outstanding at year end is stated below.



Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023

8 Related Party (continued)

Ngati Mutunga O Wharekauri Asset Holding Company Limited

Tom McClurg Director

The total amount invoiced to Ngati Mutunga O Wharekauri Asset Holding Company Limited during the year was \$1,504 (2022: \$1,254). At balance date Ngati Mutunga O Wharekauri Asset Holding Company Limited owed Commercial Fisheries Limited \$117 (2022: \$118). The transactions were on an arm's length basis.

Maruehi Fisheries Limited

Tom McClurg Director

The total amount invoiced to Maruehi Fisheries Limited during the year was \$199 (2022: \$158). At balance date Maruehi Fisheries Limited owed Commercial Fisheries Services Limited \$18 (2022: \$nil). The transactions were on an arm's length basis.

Port Nicholson Fisheries Limited Partnership

Tom McClurg Director

The total amount invoiced to Port Nicholson Fisheries Limited Partnership during the year was \$8,370 (2022: \$7,760). At balance date Port Nicholson Fisheries Limited Partnership owed Commercial Fisheries Services Limited \$641 (2022: \$662). The transactions were on an arm's length basis.

Toroa Strategy Limited

Tom McClurg Director

The total amount invoiced by Toroa Strategy Limited during the year was \$19,320 (2022: \$19,320). At balance date Commercial Fisheries Limited owed Toroa Strategy Limited \$1,610 (2022: \$1,610). The transactions were on an arm's length basis.

Key Management Personnel Compensation

During the year Key Management Personnel received total remuneration of \$1,012,909 for 5 FTEs (2022: \$971,414 for 5 FTEs)

(c) Related Party Balances-Current

	2023	2022
	\$	\$
Receivable from FINNZ	30,180	337,837
Receivable from SIL	4,985	7,237
Receivable from SNZL	38,594	19,380
	<u>73,759</u>	<u>364,453</u>
Payable to FINNZ	5,571	7,000
Payable to SNZL	8,251	43,202
	<u>13,822</u>	<u>50,202</u>

	2023	2022
	\$	\$
Related Party Balances-Non Current		
Receivable from SNZL	581,972	581,973
Receivable from FINNZ	75,206	75,206
(Payable)/Receivable from SIL	(4,671)	(4,671)
	<u>652,507</u>	<u>652,508</u>

9 Share Capital

The Company is 100% owned by Seafood New Zealand Limited. All shares are fully paid and the profile of its share capital is as follows:

	2023	2022
	\$	\$
Ordinary Shares		
Seafood New Zealand Limited	1,000	1,000
Total Share Capital	<u>1,000</u>	<u>1,000</u>

Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023

9 Share Capital (continued)

(a) Ordinary Shares

1,000 \$1.00 shares issued to Seafood New Zealand Limited.

The ordinary shares are fully paid and have equal voting rights and share equally in dividends and surplus on winding up.

(b) Capital Reserve

In 2005 a gain of \$10,823,988 was transferred to the capital reserve from acquisition of preference shares from the parent. The shares were cancelled on acquisition.

	2023	2022
	\$	\$
10 Property, Plant & Equipment		
Furniture & Fittings		
Opening Cost	47,300	168,591
Additions	-	3,297
Disposals	-	(124,588)
Closing Cost	<u>47,300</u>	<u>47,300</u>
Opening Accumulated Depreciation	41,356	164,770
Charge for Year	1,449	1,174
Disposals	-	(124,588)
Closing Accumulated Depreciation	<u>42,805</u>	<u>41,356</u>
Closing Net Book Value	4,495	5,944
Computer Hardware		
Opening Cost	600,900	803,009
Additions	34,238	27,424
Disposals	(4,129)	(229,533)
Closing Cost	<u>631,009</u>	<u>600,900</u>
Opening Accumulated Depreciation	564,568	767,798
Charge for Year	28,144	26,303
Disposals	(1,624)	(229,533)
Closing Accumulated Depreciation	<u>591,089</u>	<u>564,568</u>
Closing Net Book Value	39,921	36,332
Leasehold Improvements		
Opening Cost	1,139,242	27,032
Additions	25,208	1,112,210
Disposals	-	-
Closing Cost	<u>1,164,450</u>	<u>1,139,242</u>
Opening Accumulated Depreciation	35,220	27,031
Charge for Year	51,140	8,189
Closing Accumulated Depreciation	<u>86,361</u>	<u>35,220</u>
Closing Net Book Value	1,078,089	1,104,022
Office Equipment		
Opening Cost	13,983	13,827
Additions	68,988	1,915
Disposals	-	(1,758)
Closing Cost	<u>82,971</u>	<u>13,983</u>
Opening Accumulated Depreciation	10,438	11,400
Charge for Year	4,596	796
Disposals	-	(1,758)
Closing Accumulated Depreciation	<u>15,035</u>	<u>10,438</u>
Closing Net Book Value	67,936	3,545

Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023

10 Property, Plant & Equipment (continued)	2023	2022
	\$	\$
Telecommunications and Cabling		
Opening Cost	44,617	114,546
Additions	1,999	19,551
Disposals	(1,243)	(89,480)
Closing Cost	<u>45,373</u>	<u>44,617</u>
Opening Accumulated Depreciation	29,383	112,131
Charge for Year	6,782	6,730
Disposals	(587)	(89,478)
Closing Accumulated Depreciation	<u>35,578</u>	<u>29,383</u>
Closing Net Book Value	9,795	15,234
Total Property, Plant & Equipment	<u>1,200,240</u>	<u>1,165,080</u>
11 Intangible Assets		
	2023	2022
	\$	\$
FMS Software - Fishserve		
Opening Cost	8,847,164	8,761,620
Additions	46,470	85,544
Closing Cost	<u>8,893,634</u>	<u>8,847,164</u>
Opening Accumulated Amortisation	7,013,350	5,772,807
Charge for Year	282,178	1,240,543
Closing Accumulated Amortisation	<u>7,295,528</u>	<u>7,013,350</u>
Closing Net Book Value	1,598,106	1,833,814
Computer Software		
Opening Cost	141,578	633,407
Disposals	-	(491,830)
Closing Cost	<u>141,578</u>	<u>141,578</u>
Opening Accumulated Amortisation	141,578	632,712
Charge for Year	-	695
Disposals	-	(491,830)
Closing Accumulated Amortisation	<u>141,578</u>	<u>141,578</u>
Closing Net Book Value	-	-
FRED		
Opening Cost	5,346	5,346
Closing Cost	<u>5,346</u>	<u>5,346</u>
Opening Accumulated Amortisation	5,346	5,346
Closing Accumulated Amortisation	<u>5,346</u>	<u>5,346</u>
Closing Net Book Value	-	-

Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023

11 Intangible Assets (continued)	2023	2022
	\$	\$
Fishserve Website		
Opening Cost	348,332	348,332
Closing Cost	<u>348,332</u>	<u>348,332</u>
Opening Accumulated Amortisation	348,332	348,332
Closing Accumulated Amortisation	<u>348,332</u>	<u>348,332</u>
Closing Net Book Value	-	-
PIC & RLIC Levy Model Software		
Opening Cost	13,006	13,006
Closing Cost	<u>13,006</u>	<u>13,006</u>
Opening Accumulated Amortisation	13,006	13,006
Closing Accumulated Amortisation	<u>13,006</u>	<u>13,006</u>
Closing Net Book Value	-	-
Catch Effort Data Return Information Capture Software		
Opening Cost	1,503,328	1,484,007
Additions	-	19,321
Disposals	-	-
Closing Cost	<u>1,503,328</u>	<u>1,503,328</u>
Opening Accumulated Amortisation	1,477,122	1,463,282
Charge for Year	8,879	13,840
Closing Accumulated Amortisation	<u>1,486,001</u>	<u>1,477,122</u>
Closing Net Book Value	17,327	26,206
Work in Progress		
Opening Work in Progress	5,614	-
Additional Work in Progress	40,856	110,479
Capitalised to Fixed Assets	<u>(46,470)</u>	<u>(104,865)</u>
Capital Work in Progress	<u>-</u>	<u>5,614</u>
Total Intangible Assets	<u><u>1,615,429</u></u>	<u><u>1,865,631</u></u>

The Company's Capital Work in Progress relates to the development of the Fishserve Fisheries Management Software.

Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023

12 Trade Creditors and Other Payables under Exchange Transactions

	2023	2022
	\$	\$
Creditors	101,115	108,082
Accruals	102,094	94,876
Total Trade Creditors and Other Payables under Exchange Transactions	203,209	202,958

13 Employee Entitlements

	2023	2022
	\$	\$
Remuneration Owing to Employees	111,973	95,135
Unused Annual Leave Owing to Employees	203,408	188,951
Total Employee Entitlements	315,381	284,086

14 Financial Instruments

(a) Nature of Activities and Management Policies with respect to Financial Instruments

1) Credit Risk

In the normal course of business the Company incurs credit risk from trade debtors and financial institutions. There are no significant concentrations of credit risk from trade debtors. The Company does not require any collateral or security to support financial instruments held with financial institutions.

Maximum Exposures to Credit Risk at Balance Date are:

	2023	2022
	\$	\$
Financial Assets at Amortised Cost		
Trade Debtors	158,851	170,262
Intercompany Receivables	73,758	347,285
Cash and cash equivalents	898,457	1,101,669
Total Financial Assets	1,131,066	1,619,215
Financial Liabilities at Amortised Cost		
Trade creditors and other payables under exchange transactions	203,209	202,958
Intercompany Payable	13,822	50,202
Fees & Levies in Advance	118,051	137,363
Customer Deposits in Advance	38,054	48,357
Total Financial Liabilities	373,136	438,880

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts. No impairment has occurred on trade debtors and receivables.

2) Currency Risk and Interest Rate Risk

The Company has no exposure to currency risk and interest rate risk is considered minimal.

3) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

(b) Fair Value

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.



Commercial Fisheries Services Limited
Notes to the Financial Statements
For the year ended 30 September 2023

15 Operating Lease Commitments

	2023	2022
	\$	\$
Less than one year	696,177	670,812
Between one and five years	2,963,158	2,683,248
Greater than five years	2,003,672	2,349,705
Total Operating and Lease Commitments	<u>5,663,008</u>	<u>5,703,765</u>

16 Investment in Subsidiaries

	2023	2022
	\$	\$
Number of shares held	550,000	550,000
Percentage held	100%	100%
Investment in Fishserve Innovations New Zealand Limited	252,343	550,000
Impairment of Investment in Subsidiary	29,558	(297,657)
Total investment	<u>281,901</u>	<u>252,343</u>

17 Contingent Liabilities

There are no contingent liabilities as at balance date. (2022: Nil)

18 Subsequent Events

Fishserve Innovations New Zealand Limited, a wholly owned subsidiary, has been amalgamated into the company on 1 October 2023.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COMMERCIAL FISHERIES SERVICES LIMITED**

Report on the Audit of the General Purpose Financial Report

Opinion

We have audited the general purpose financial report of Commercial Fisheries Services Limited ("the Company"), which comprise the financial statements on pages 8 to 24, and the service performance information on pages 6 to 7. The complete set of financial statements comprise the statement of financial position as at 30 September 2023 the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying general purpose financial report presents fairly, in all material respects:

- the financial position of the Company as at 30 September 2023, and (of) its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 30 September 2023, in accordance with the entity's service performance criteria,

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service*

Performance Information (NZ). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the General Purpose Financial Report section of our report. We are independent of the Company 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Directors' Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Company for:

- (a) the preparation and fair presentation of the financial statements and service performance information in accordance with Public Benefit Entity Standards RDR issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards RDR; and

(c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report those charged with governance are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the service performance information are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14/>

Who we Report to

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

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED

Wellington

New Zealand

21 December 2023



