Speirs GROUP

Annual Report

FOR THE YEAR ENDED 30 JUNE 2021

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Speirs Group Limited

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REPORTING BY DIRECTORS

The directors are pleased to report the result for the year ended 30 June 2021.

The Group recorded a profit after tax attributable to ordinary shareholders of $135,000 compared to the previous year loss of $30,000. Our investment in Equipment Leasing and Finance Limited provided a significant contribution to this result with the receipt of a maiden dividend of $229,000 and a write up in the value of the investment of $338,000. The contribution of Speirs Foods LP was down on the previous year for reasons explained below. The contributions to the overall profit and comprehensive income are summarised below:

	2021 $'000	***2020 $'000***
Speirs Foods (2018) LP trading profit before interest	**317**	1,209
Fair Value Gain/(Loss)Through Profit and Loss Financial Assets Equipment, Leasing and Finance Holdings Limited	**338**	(249)
Dividend received from Equipment, Leasing and Finance Holdings Limited	**229**	-
Corporate governance costs	**(276)**	(288)
Net financing costs	**(252)**	(326)
Depreciation Expense of Speirs Group Limited in relation to acting as landlord for Speirs Foods (2018) LP	**(77)**	(107)
Total Profit Before Tax	**279**	239
Derecognition of Previously Recognised Future Income Tax Benefit	**(133)**	-
Total Profit After Tax	**146**	239
Profit attributable to non-controlling Interest	**(11)**	(269)
Overall Profit/(Loss) Attributable to Ordinary Shareholders of Speirs Group Limited	**135**	(30)

The information appearing in the above table contains non-GAAP (Generally Accepted Accounting Practice) financial information for the Group. Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The financial information in the reconciliation table above is extracted from the consolidated audited financial statements. The directors believe that this non-GAAP financial information is useful for readers of the consolidated financial statements as it provides a clear and concise comparative summary of the performance of each of our core activities and investments. Management use similar measures to monitor the Group's financial performance.

Details from each of our core activities and investments are outlined below.

Speirs Foods

Speirs Foods (2018) LP ("Speirs Foods") continues to manufacture and supply innovative products throughout New Zealand, principally to the two major supermarket chains.

Despite revenue increasing 6.5% to $18.175 million compared to $17,058 million in the previous period, trading profit for the year before interest was $317,000 compared to $1,209,000 for the previous period. While a disappointing result, the business was impacted by a number of factors consequential on the Covid-19 pandemic and other imposed government actions.

These included:

- reduced turnover and increased wastage from the two lockdowns in the Auckland region;
- a noticeable shift in customer demand from bulk products (those sold from "under the glass" in supermarket delicatessens) to pre-packaged products which are more labour intensive in their production and often require the use of higher cost raw materials;
- higher material costs and need to source higher cost alternative supplies due to increased shipping and freight costs and supply chain constraints;
- pressure on labour availability and costs due to general market shortages and the flow on effects of the increase in the minimum wage driving labour costs up across the general labour force.

The business has taken a number of steps to address these issues and improve profitability including:

- a significant capital investment in new plant to improve the efficiency of producing pre-pack products;
- continual work on improving product flow efficiency through the plant and increase productivity through new or replacement plant to improve labour efficiency;
- review of product margins to ensure products provide an acceptable return on the costs to produce;

- continuous development of innovative and fresh new products to support "The Whole Mix Brand" including Wholesome Bulk Salads in line with consumer trends, on-the-go delicious salads/meal solutions with protein and tasty salad kits for our customer "Home Brands"
- an upcoming project to update information systems to provide better and more timely information.

The benefits of the measures undertaken are starting to show returns but cost pressures remain and the business will need to keep innovating, investing and improving processes to maintain a reasonable return on the assets employed in the business.

Rosa Foods

In April 2018, Speirs Group Limited agreed to sell its 40% minority shareholding in Rosa Foods Limited. Speirs Group received an upfront cash payment with the balance paid progressively over a three-year period. The deferred balance is subject to interest payments at market rates. Interest and principal payments continued to be received during the year. The final settlement of this transaction was due by 31 March 2021 but we agreed to a short extension of payment terms over the period 31 March to 31 August 2021. All payments under the agreed schedule were met and this transaction was completed on 31 August 2021.

Equipment Leasing and Finance Holdings Limited (EL&F)

The Group holds 1.98% of the ordinary shares of EL&F. In addition, the Group holds a parcel of EL&F preference shares that, under certain circumstances, convert to a further 0.29% of the EL&F ordinary shares. Information from EL&F is that the conditions to convert the preference shares to ordinary shares will now be met, so the directors continue to assess the fair value of the preference shares to be the same as the value the directors have placed upon the existing EL&F ordinary shares at that date. At 30 June 2020, as a result of the impact of the Covid-19 general lockdown, the directors re-assessed the value of the existing EL&F ordinary shares, reducing them from $1.50 to $1.36 per share. During the year to 30 June 2021 the trading performance of E L & F recovered and improved in line with the recovery of the business sectors EL&F services in New Zealand. The directors have assessed the fair value of the EL&F shares to be $1.56 each, resulting in an uplift in value of $338,000.

The value for this investment is based upon a detailed study of the EL&F performance over the last financial year and projections through to June 2023. Further detail on the basis for the $1.56 carrying value for each EL&F share as well as the background to the reversal of the impairment provision last year is provided in Note 15 of the financial statements.

The EL&F Group includes:

- AB Equipment Limited (ABE), supplying a wide range of heavy mobile equipment to the forestry, infrastructure, construction and manufacturing industries throughout New Zealand; and
- Speirs Finance Group Limited, including Speirs Finance Limited providing funding of heavy and light commercial vehicles, cars and other mobile equipment, and Yoogo Limited providing vehicle leasing facilities.

Shareholders who are interested can find more details of the activities of these businesses on their respective web sites.

Fellow EL&F shareholders are three independent large private equity firms. Your directors have confidence that, although the Group's percentage shareholding in EL&F is small, its value to Speirs Group Limited is significant and will continue to be enhanced and realised over time.

Corporate

Corporate costs continue to be kept as low as possible.

Financing

The principal borrowing of the parent company is $2.5m of redeemable preference shares that mature and are due for repayment in September 2021.

In April 2021 the Group made a new offer of up to $2.2 million of 2025 Redeemable Preference Shares ("2025 RPS") to existing 2021 RPS holders and other eligible investors on similar terms and conditions to the maturing 2021 RPS. The dividend rate on the 2025 RPS will be 7.5% compared to the 9.0% that has been paid on the 2021 RPS.

The directors can report that this re-financing exercise has been successfully completed. 212,315 RPS have been allotted with the balance to be allotted to holders of 2021 RPS when they mature in September 2021.

The net impact of the RPS refinancing will be to reduce the annual borrowing costs on the RPS by $65,000.

The overall impact of the transactions and trading activity over the year has resulted in the reduction in the debt owed by the Group, with the ratio of equity to total assets further improving from 47.6 % to 49.0%.

In September 2020 Speirs Foods (2018) LP entered into a five year term loan facility for up to $1 million with a New Zealand registered bank at an interest rate of 2.30%. This facility will be used to fund capital expenditure including plant for increased automation of the prepack product line. Speirs Foods also undertook a rearrangement of its working capital funding which is expected to significantly reduce facility and interest costs.

Dividend

While the position of the Group continues to improve, the Board considers it prudent to preserve cash until trading conditions stabilise and has thus resolved not to pay a dividend for the period. The board will continue to actively monitor the trading conditions and our ability to resume paying a dividend on ordinary shares.

Outlook

While the New Zealand economy continues to be resilient in the face of the Covid-19 pandemic, we are mindful that the risks from an outbreak of Covid-19 infections and resultant restrictions in New Zealand could result in a rapid change in trading conditions for both our trading company investments. The boards of both Speirs Foods and Equipment Leasing and Finance businesses remain vigilant to these risks and will respond as required.

Costs pressures and supply chain disruptions remain and will continue to be challenging for both the businesses in the year ahead.

We note that recent trading of Speirs Group shares, albeit at very low volumes, continues at a large discount to the net tangible asset backing of the ordinary shares (i.e. net of the Perpetual Preference Shares) which was approximately 26 cents per share at year end.

Directors

At 30 June 2021, the Board of Directors of the Company comprised four non-executive directors:

Derek Walker, B.E. (Hons), BBS., Chairman
Fred Hutchings BBS, FCA, Deputy Chairman
Nelson Speirs, FCA.
David Speirs

The Board of Speirs Foods General Partner is.

Fred Hutchings BBS, FCA, Chairman
Sarah McCormack
Ross Kane (Managing Director)

Nelson Speirs, is a director of Equipment Leasing and Finance Limited but not as a Speirs Group appointee.

I thank all the directors for their continued efforts and support.

Our People

Speirs Group has continued to benefit, as it has for many years, from strong supportive relationships with all its stakeholders. We wish to again thank our investors, customers, suppliers and staff for the strong support they have provided during this past twelve-month period.

I would especially like to thank the staff of Speirs Foods who continue to rise to the challenge of improving the efficiency of the business, developing new products and getting them to market.

Derek Walker
Chairman

Fred Hutchings
Director

4 October 2021

Speirs Group Limited

Purpose, Goals and Strategy

Purpose
Speirs Group Limited is an active investment company focused on the food and finance sectors and aims to maximise returns to its investors and enhance the well-being of all its stakeholders.

Goals

- Investment returns over the medium term will exceed the average NZX50 return as measured by capital growth and dividends to shareholders.
- A range of investments will be held to ensure the Group is able to diversify risk.
- The Group Board will have appropriate governance input to investments commensurate with the size and percentage of the investment holding.
- Full or partial divestment of investments may be undertaken when the value that can be realised is greater than assessed value of retaining the investment or to lower the risk profile of the portfolio.
- The ratio of debt to debt plus equity increase to at least 50% in the next 3-5 years and then be maintained at no less than 50%.
- Corporate office costs will be kept to a minimum.

Summary of the Group's Present Investments

Investment	Holding	Type	Description
Speirs Foods (2018) LP	67%	Food – Active	Fresh food production and distribution
Equipment, Leasing & Finance Holdings Limited	2%	Finance – Active	EL&F is a supplier/servicer/funder/lessor of mobile equipment throughout New Zealand.

Investment Criteria

Criteria to be considered for any investment are:

1. The investment is aligned with the core competencies of the Group - food manufacture, marketing and distribution; or finance.
2. The investment has synergy with an existing investment that provides potential to increase sales, reduce costs and improve the profitability of the new and existing businesses.
3. Acceptable shareholder agreements are in place to ensure that the Group has appropriate governance input to investments commensurate with the size and percentage of the investment holding
4. The investment will within the short to medium term provide sufficient free cash for the Group to cover annual investment costs.
5. The amount of capital required is affordable for the Group and would not materially increase the financial risk to the business.

Summary of Strategy for Each Investment

Investment	Investment Strategy
Speirs Foods (2018) LP	The present intention is to hold the majority partnership interest in this investment to provide profitability and cash flow to the wider group. Speirs Foods (2018) LP's strategy is to: • Maintain the strong national position the LP has in the fresh salads market; • Grow sales by developing and marketing new products that are aligned with the business's core competencies; • Improve the efficiency of production and distribution with targeted capital investment and continual improvement of processes and practices; • Maintain the highest levels of food safety and employee health and safety. A further partial or full divestment of this investment would be considered if a proposal provided a better outcome for shareholders.
Equipment, Leasing & Finance Holdings Limited	The present intention is to hold this investment while the company builds its business and shareholder value. As a minority shareholder Speirs Group Limited is only able to exert modest influence in relation to this entity. Should there be opportunities to invest further capital into this business, the opportunity will be considered and a decision made based on the potential returns and the availability of funds within the Group.

Speirs GROUP

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Notes	*June 2021 $'000*	*June 2020 $'000*
Assets			
Current Assets			
Cash and Cash Equivalents	**12**	**645**	341
Loans, Advances and Investments	**15**	**1,285**	975
Trade and Other Receivables	**13**	**1,902**	1,548
Assets Held for Resale		**30**	-
Prepayments		**36**	18
Inventories	**14**	**619**	596
Total Current Assets		**4,517**	3,478
Non-Current Assets			
Loans, Advances and Investments	**15**	**2,761**	2,423
Deferred Income Tax Asset	**16**	**276**	409
Property, Plant & Equipment	**17**	**2,554**	2,149
Intangible Assets		**69**	97
Total Non-Current Assets		**5,660**	5,078
Total Assets		**10,177**	8,556
Liabilities			
Current Liabilities			
Trade and Other Payables	**18**	**2,073**	1,658
Leases	**29**	**72**	84
Borrowings	**19**	**719**	-
Total Current Liabilities		**2,864**	1,742
Non-Current Liabilities			
Leases	**29**	**75**	125
Borrowings	**19**	**2,964**	2,500
Total Non-Current Liabilities		**3,039**	2,625
Total Liabilities		**5,903**	4,367
Equity			
Capital	**20**	**12,925**	12,925
Accumulated Deficits		**(9,202)**	(9,276)
Equity Attributable to Owners of the Parent		**3,723**	3,649
Non-Controlling Interest	**26**	**551**	540
Total Equity		**4,274**	4,189
Total Equity and Liabilities		**10,177**	8,556

The Board of Directors of Speirs Group Limited authorised these consolidated financial statements for issue on 4 October 2021.

Signed on behalf of the Board of Directors

Derek Walker
Chairman

Fred Hutchings
Director

4 October 2021

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2021

	Notes	***June 2021 $'000***	*June 2020 $'000*
Revenue	**30**	***18,179***	*17,058*
Purchases of Raw Materials		***(7,702)***	*(6,928)*
Employee Benefits Expense	**6**	***(5,285)***	*(5,076)*
Freight, Packaging & Other		***(3,951)***	*(3,467)*
Net Trading Income		**1,241**	1,587
Other Income	**7**	**386**	630
Total Net Income earned from Operating Activities		**1,627**	2,217
Gain/(Loss) on Fair Value Through Profit and Loss Financial Asset	**15**	**338**	(249)
Other Expenses	**8**	**(1,076)**	(1,041)
Earnings Before Interest, Depreciation and Amortisation		**889**	927
Interest Income		***31***	*59*
Interest Expense		***(283)***	*(385)*
Net Interest Expense	**9**	**(252)**	(326)
Depreciation and Amortisation		**(358)**	(362)
Profit Before Income Tax		**279**	239
Income Tax (Expense)/ Benefit	**10**	**(133)**	-
Profit per Share Attributed to Equity Holders of the Company		**146**	239
Other Comprehensive Income		**-**	-
Total Comprehensive Income		**146**	239
Total Comprehensive Income/(Loss) for the Period Attributable to:			
Owners of Speirs Group Limited		**135**	(30)
Non-Controlling Interest		**11**	269
		146	239

Total Profit/(Loss) per Share Attributed to Equity Holders of the Company:	Note	***2021 Cents***	*2020 Cents*
Basic Profit/(Loss) per Share	**11**	**0.65**	(0.80)
Diluted Profit/(Loss) per Share	**11**	**0.65**	(0.80)

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

	Note	Contributed Capital $'000	Accumulated Deficits $'000	Total Attributable to Owners of the Parent $'000	Non – Controlling Interest $'000	Total Equity $'000
Balance at 30 June 2019		12,925	(9,185)	3,740	420	4,160
Comprehensive Income						
Profit for the Year		-	(30)	(30)	269	239
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income		-	(30)	(30)	269	239
Transactions with Owners in Their Capacity as Owners						
Distribution - Non- Controlling Interests		-	-	-	(149)	(149)
Dividends Paid On Perpetual Preference Shares	**20**	-	(61)	(61)	-	(61)
Total Transactions with Owners		-	(61)	(61)	(149)	(210)
Balance at 30 June 2020		**12,925**	**(9,276)**	**3,649**	**540**	**4,189**
Comprehensive Income						
Profit for the Year		**-**	**135**	**135**	**11**	**146**
Other Comprehensive Income		**-**	**-**	**-**	**-**	**-**
Total Comprehensive Income		**-**	**135**	**135**	**11**	**146**
Transactions with Owners in Their Capacity as Owners						
Dividends Paid On Perpetual Preference Shares	**20**	**-**	**(61)**	**(61)**	**-**	**(61)**
Total Transactions with Owners		**-**	**(61)**	**(61)**	**-**	**(61)**
Balance at 30 June 2021		**12,925**	**(9,202)**	**3,723**	**551**	**4,274**

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

	Notes	**2021 $'000**	2020 $'000
Cash Flows from Operating Activities			
Interest Received		**31**	59
Dividends Received		**229**	16
Cash Receipts from Customers		**17,731**	17,205
Other Income		**151**	615
Dividends Paid on Redeemable Preference Shares		**(226)**	(225)
Interest Expense		**(57)**	(160)
Cash Paid to Suppliers and Employees		**(17,633)**	(16,409)
Net Cash from Operating Activities	**21**	**226**	1,101
Cash Flows from Investing Activities			
Proceeds from Sale of Assets Held for Resale		**-**	62
Proceeds from Sale of Property, Plant and Equipment		**2**	-
Loans Repaid		**155**	406
Investment in Short Term Bank Deposits		**(465)**	(425)
Acquisition of Property, Plant & Equipment		**(759)**	(246)
Net Cash Flows from Investing Activities		**(1,067)**	(203)
Cash Flows from Financing Activities			
Proceeds from Borrowing - Net	28	**1,068**	-
Issue of 2025 Redeemable Preference Shares		**212**	-
Repayments of Borrowings – Net	**28**	**-**	(704)
Proceeds from Leases		**-**	32
Distributions Paid to Non-Controlling Interest		**(74)**	(75)
Dividends Paid on Perpetual Preference Shares		**(61)**	(61)
Net Cash Flows from Financing Activities		**1,145**	(808)
Net Increase / (Decrease) in Cash and Cash Equivalents		**304**	90
Cash and Cash Equivalents at Beginning of Year		**341**	251
Cash and Cash Equivalents at Year End	**12**	**645**	341

The accompanying notes are an integral part of these consolidated financial statements

Notes to the Financial Statements

1 GENERAL INFORMATION

Speirs Group Limited operates as a holding company. At 30 June 2021 its principle investments were:

- Speirs Foods (2018) LP is a 67% majority owned subsidiary of Speirs Group Limited and is involved in the production and distribution of fresh food products.
- Speirs Investments LP is a wholly owned subsidiary of Speirs Group Limited which holds a 2.27% investment in Equipment, Leasing & Finance Holdings Limited.

Speirs Group Limited is a limited liability company incorporated and domiciled in New Zealand. The postal address of the head office of Speirs Group Limited is PO Box 318, Palmerston North, New Zealand.

From 1 August 2016, Speirs Group Limited has its ordinary shares trading on Unlisted.

These consolidated financial statements have been approved for issue by the Board of Directors on 4 October 2021.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand and on the basis that the Group continues to operate as a going concern. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities issued by the New Zealand Accounting Standards Board. These financial statements also comply with International Financial Reporting Standards.

The consolidated financial statements are presented in New Zealand dollars, the Group's functional currency, and are rounded to the nearest thousand. They are prepared using the historical cost basis except where accounting policies detail otherwise.

Entities Reporting

The consolidated financial statements of the 'Group' are for the economic entity comprising Speirs Group Limited, its wholly owned subsidiary Speirs Investments LP, and its majority owned subsidiary Speirs Foods (2018) LP. All entities within the Group are registered in New Zealand.

The Group is designated as a profit-oriented entity for financial reporting purposes.

Statutory Base

Speirs Group Limited is a company registered under the Companies Act 1993. Being an entity regulated under the Financial Markets Conduct (FMC) Act 2013, Speirs Group Limited is an FMC entity for reporting purposes and reports under Tier 1 requirements approved by the New Zealand Accounting Standards Board.

The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the Companies Act 1993.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of NZ IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

2.2 Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of Speirs Group Limited, its wholly owned subsidiary Speirs Investments LP, and its majority owned subsidiary Speirs Foods (2018) LP as at 30 June 2021. Speirs Group Limited and its subsidiaries are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are those entities over which the company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 Financial Instruments

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Initial Measurement of Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NZ IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised Cost
- Fair Value Through Profit or Loss (FVTPL)
- Fair Value Through Other Comprehensive Income (FVOCI)

In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent Measurement of Financial Assets

i. Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

ii. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as FVTPL assets. Further, irrespective of the business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for as FVTPL assets.

This category also contains an equity instrument. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in Equipment, Leasing and Finance Holdings Limited at Fair Value Through Other Comprehensive Income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of Financial Assets

NZ IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces NZ IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost and trade receivables.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach a distinction is made between:

- Financial instruments that have not deteriorated in credit quality since initial recognition or that have low credit risk ('Stage 1") and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

It is presumed that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Any impairment in relation to trade receivables is based upon lifetime expected credit losses using the simplified approach.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and Measurement of Financial Liabilities
The Group's financial liabilities include Borrowings and Trade and Other Payables.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs.

Subsequently, unless otherwise indicated, all financial liabilities are measured at amortised cost using the effective interest method.

2.4 Property, Plant and Equipment

Land is recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the land.

Buildings, plant and equipment, computer equipment and vehicles are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the construction or acquisition of the items. Buildings, plant and equipment also include leasehold property held under a finance lease (See Note 2.21).

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, and only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated as no finite useful life for land can be determined. Depreciation on other assets is calculated using the straight-line method to allocate assets' costs less their residual values to their estimated lives, as follows:

• Buildings	2.50 – 3.00%
• Computer Equipment	12.50 – 40.00%
• Vehicles	20.00%
• Other plant and equipment	7.00 – 67.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

2.5 Intangible Assets

Acquired computer software and other identifiable intangible assets are capitalised on the basis of the costs incurred to acquire them and bring them to use.

Computer software costs and other intangible assets are considered to have a finite life and are amortised over the best estimate of their useful lives (4 years).

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes any borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.7 Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequent to initial recognition are measured at amortised cost, less a valuation allowance for impairment. Creating a provision for impairment of trade receivables is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables.

2.8 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within liabilities on the consolidated statement of financial position.

2.9 Share Capital

Ordinary shares and perpetual preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.10 Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Interest expense is recognised using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period to which it relates.

2.12 Employee Benefits

Bonus Obligations

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the expected level of payment.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as other payables.

2.13 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14 Income Tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the other comprehensive component in the statement of comprehensive income.

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax is realised or settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

To determine whether to recognise revenue the Group follows a 5-step process:

i. Identifying the contract with a customer
ii. Identifying the performance obligations
iii. Determining the transaction price
iv. Allocating the transaction price to the performance obligations
v. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is shown net of goods and services tax, and is recognised as follows:

Sales of Goods

Revenue from the sale of goods is recognised in the statement of comprehensive income when Group transfers the control of the goods to the customer. Control transfers to the customer at the point the customer takes undisputed delivery of the goods.

Provision of Services

Revenue from the provision of services is recognised in profit or loss within the consolidated statement of comprehensive income when the service has been performed.

Interest Income

Interest income and expense are recognised in the consolidated statement of comprehensive income for all interest-bearing financial instruments, including loans and advances, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and systematically allocating the interest income or interest expense. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.16 Other Income

Dividend Income

Dividend income is recognised when the right to receive payment is established.

2.17 Dividend Distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved, if unpaid at year end, or in the consolidated statement of movements in equity if paid within the period.

2.18 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.19 Goods and Services Tax (GST)

The consolidated statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of trade receivables and trade payables, which include GST invoiced.

2.20 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss component of the consolidated statements of comprehensive income, except when deferred in equity as qualifying cash flow hedges, in which case, they are recognised in other comprehensive income.

2.21 Leased Assets

The Group as a lessee

For any new contracts entered into the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in borrowings.

2.22 Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.
Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.23 Financial Reporting Standards

a) **New and Amended Standards adopted by the Group:**

Some accounting pronouncements which became effective from 1 July 2020 and have therefore been adopted do not have a significant impact on the Group's consolidated financial results or position.

b) **Standards issued but not early adopted by the Group:**

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the International Accounting Standards Board. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

3 ESTIMATES AND JUDGMENTS

The Group makes assumptions and estimates that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgement has been exercised in:

Partial Recognition of a Future Income Tax Benefit
The Group has partially recognised the portion of accumulated tax losses to the extent it is probable that a taxable profit will be available against which to utilise the tax losses. The remaining benefit of tax losses and temporary differences continue to be treated as an unrecognised asset.

Measurement of Fair Value for EL&F
The Group's accounting policies and disclosures for the Investment in Equipment, Leasing & Finance Holdings Limited (EL&F) require the measurement of fair values. For further information about the assumptions made in measuring the fair value of EL&F refer to note 15.

There are no other significant accounting estimates and assumptions deemed critical to the Group's financial performance and financial position.

4 SEGMENT REPORTING

For the purposes of this note, the chief operating decision-maker has been identified as the Board of Directors of Speirs Group Limited. The Board reviews the Group's internal reporting pack on a monthly basis to assess performance and to allocate resources. Within the pack, operating segments have primarily been determined with reference to differences in products and services. The Board of Directors assesses the performance of the operating segments based on a measure of net profit after tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event.

A summarised description of each business unit is shown below:

Speirs Foods — The supply of salad and fresh cut vegetables to retailers and caterers.

Corporate — The Group has some central operations and corporate costs which are not allocated to business segments. This includes the operations of Speirs Investments LP

The Group operates wholly within New Zealand.

12 months June 2021	**Speirs Foods**	**Corporate**	**Consolidation Adjustments**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**
External Revenue				
Dividends Received	-	229	-	229
Interest Income	-	31	-	31
Revenue	18,179	-	-	18,179
Other Income	155	231	(229)	157
Intersegment Revenue / (Eliminations)	-	(229)	229	-
Total Segment Revenue	18,334	262	-	18,596
Interest Expense	(100)	(228)	45	(283)
Overall Segment Result	(231)	230	280	279
Income Tax Benefit/(Expense)				(133)
Profit for the Year				146
Segment Assets	6,124	7,478	(3,425)	10,177
Segment Liabilities	3,609	2,775	(481)	5,903
Depreciation and Amortisation	657	96	(395)	358
Capital Expenditure	760	-	-	760

Two customers account for 98% of the total Segment Revenue

12 months June 2020	Speirs Foods	Corporate	Consolidation Adjustments	Consolidated
	$'000	$'000	$'000	$'000
External Revenue				
Interest Income	4	59	(4)	59
Revenue	17,058	-	-	17,058
Other Income	630	519	(519)	630
Intersegment Revenue / (Eliminations)	-	(523)	523	-
Total Segment Revenue	17,692	55	-	17,747
Interest Expense	(217)	(225)	57	(385)
Overall Segment Result	527	(271)	(17)	239
Income Tax Benefit/(Expense)				-
Profit for the Year				239
Segment Assets	5,312	7,392	(4,148)	8,556
Segment Liabilities	2,566	2,726	(925)	4,367
Depreciation and Amortisation	654	102	(394)	362
Capital Expenditure	343	9	-	352

Two customers account for 97% of the total Segment Revenue

5 FINANCIAL ASSETS AND LIABILITIES

Accounting Classifications and Fair Values

The table below sets out the Group's classification of each class of consolidated financial assets and liabilities, and their fair values (excluding accrued interest).

Group 30 June 2021	Fair Value Through Profit and Loss	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total Carrying Value
	$'000	$'000	$'000	$'000
Trade and Other Receivables	**-**	**1,902**	**-**	**1,902**
Loans, Advances and Investments	**2,761**	**1,285**	**-**	**4,046**
Cash and Cash Equivalents	**-**	**645**	**-**	**645**
	2,761	**3,832**	**-**	**6,593**
Trade and Other Payables	**-**	**-**	**1,948**	**1,948**
Borrowings	**-**	**-**	**3,683**	**3,683**
	-	**-**	**5,631**	**5,631**

Group 30 June 2020	Fair Value Through Profit and Loss	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total Carrying Value
	$'000	$'000	$'000	$'000
Trade and Other Receivables	-	1,548	-	1,548
Loans, Advances and Investments	2,423	975	-	3,398
Cash and Cash Equivalents	-	341	-	341
	2,423	2,864	-	5,287
Trade and Other Payables	-	-	1,567	1,567
Borrowings	-	-	2,500	2,500
	-	-	4,067	4,067

Determination of Fair Values

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level1: 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 or indirectly
- Level 3: unobservable inputs for the asset or liability

All Group financial assets at fair value through profit or loss are Level 3 financial assets.

6 EMPLOYEE BENEFITS EXPENSE

	2021 $'000	*2020 $'000*
Employee Benefits Expense		
Wages and Salaries	**5,132**	4,916
Other Personnel Expenses	**153**	160
Total Employee Benefits Expense	**5,285**	5,076

7 OTHER INCOME

	2021 $'000	*2020 $'000*
Dividends Received	**229**	-
Bad Debts Recovered	**3**	3
Partial Reversal of Impairment of Assets Held for Resale Upon Sale of the Underlying Asset	**-**	12
Gain on Disposal of Property, Plant and Equipment	**3**	-
Government Grants	**-**	590
Other Income	**151**	25
Total Other Income	**386**	630

8 OTHER EXPENSES

	2021 $'000	*2020 $'000*
Other Expenses		
Fees Paid to Auditors		
Statutory Audit of Financial Statements	**59**	**56**
Other Services	**-**	**-**
Directors Fees – Parent	**73**	**73**
Directors Fees – Subsidiaries	**25**	**25**
Impairment of Assets Held for Resale	**19**	**-**
Insurance	**186**	**180**
Write off of Obsolete Inventory	**45**	**76**
Other Expenses	**669**	**631**
Total Other Expenses	**1,076**	**1,041**

9 NET INTEREST INCOME/ (EXPENSE)

	2021 $'000	2020 $'000
Interest Income		
Cash and Cash Equivalents	**11**	15
Loans and Advances	**20**	44
Total Interest Income	**31**	59
Interest Expense		
Leases	**16**	22
Borrowings		
2021 Redeemable Preference Shares Dividends	**225**	225
2025 Redeemable Preference Shares Dividends	**1**	-
2025 Redeemable Preference Shares Early Bird Interest	**2**	-
Debtor Financing	**23**	132
Term Loan Facility	**16**	-
On all other borrowings	**-**	6
Total Interest Expense	**(283)**	(385)
Net Interest Income/(Expense)	**(252)**	(326)

10 INCOME TAX EXPENSE

	2021 $'000	2020 $'000
Tax Expense/(Benefit)		
Current Tax Expense/(Benefit)		
Current Period	**-**	-
Total Current Tax Expense/(Benefit)	**-**	-
Deferred Tax Expense/(Benefit)		
Derecognition of Previously Recognised Tax Losses	**161**	-
Recognition of Previously Unrecognised Deductible Temporary Differences	**(28)**	-
Recognition of Previously Unrecognised Tax Losses	**-**	-
Total Deferred Tax Expense/(Benefit)	**133**	-
Total Income Tax Expense/(Benefit)	**133**	-

	2021 $'000	2020 $'000
Reconciliation of Effective Tax Rate		
Profit Before Income Tax	**279**	239
Income Tax at 28%	**78**	67
Deferred Tax in Respect of Current Year	**(47)**	(199)
Gain on Fair Value Through Profit and Loss Financial Asset	**(95)**	-
Impairment of Fair Value Through Profit and Loss Financial Asset	**-**	70
Non-deductible Expenses	**37**	65
Derecognition of Previously Recognised Tax Losses	**161**	-
Prior Year Adjustment	**(1)**	(3)
	133	-

	2021 $'000	*2020 $'000*
Imputation Credits		
Imputation Credits at Beginning of Year	**2,944**	3,055
Imputation Credits Attached to Dividends Received	**89**	-
Imputation Credits Attached to Redeemable Preference Share and Perpetual Preference Share Dividends Paid	**(112)**	(111)
Imputation Credits at End of Year	**2,921**	2,944

The imputation credits are available to shareholders of Speirs Group Limited through their shareholdings in Speirs Group Limited.

11 EARNINGS/(LOSS) PER SHARE

Basic and Diluted Profit/(Loss) per Share

	2021 $'000	*2020 $'000*
Profit/(Loss) Attributable to Shareholders		
Profit/(Loss) for the Year	**135**	(30)
Dividends Paid on Perpetual Preference Shares	**(61)**	(61)
Profit/(Loss) for the Year Attributable to Shareholders	**74**	(91)

	Note	**2021 '000**	*2020 '000*
Weighted Average Number of Ordinary Shares – Basic and Diluted			
Issued Ordinary Shares at Beginning of the Year	**20**	**11,335**	11,335
Issued Ordinary Shares at End of the Year		**11,335**	11,335
Weighted Average Number of Ordinary Shares at Period End – Basic and Diluted		**11,335**	11,335

	2021 Cents per Share	*2020 Cents per Share*
Basic Profit/Loss) per Share	**0.65**	(0.80)
Diluted Profit/(Loss) per Share	**0.65**	(0.80)

12 CASH AND CASH EQUIVALENTS

	30 June 2021 $'000	*30 June 2020 $'000*
Cash and Cash Equivalents		
Cash at Bank	**306**	311
Short Term Deposits – Call Accounts	**339**	30
Total Cash & Cash Equivalents	**645**	341

All cash and cash equivalents are held in registered banks.

At 30 June 2021 and 30 June 2020 no Group entities had overdraft facilities.

13 TRADE AND OTHER RECEIVABLES

	30 June 2021			30 June 2020		
	Gross Amount $'000	**Allowance for Expected Credit Losses $'000**	**Carrying Amount $'000**	*Gross Amount $'000*	*Allowance for Expected Credit Losses $'000*	*Carrying Amount $'000*
Trade and Other Receivables						
Other Receivables – Debtor Financing (See Note 19)	-	-	-	97	-	97
Trade Receivables	**1,902**	-	**1,902**	1,451	-	1,451
Total Trade and Other Receivables	**1,902**	-	**1,902**	1,548	-	1,548

14 INVENTORIES

	30 June 2021 $'000	*30 June 2020 $'000*
Inventories		
Raw Materials and Consumables	**525**	528
Finished Goods	**94**	68
Total	**619**	596

No inventory is subject to retention of title clauses.

15 LOANS, ADVANCES AND INVESTMENTS

	30 June 2021 $'000	*30 June 2020 $'000*
Short Term Deposits – BNZ	**1,215**	750
Debt Owing – Rosa Foods Limited	**70**	225
Investment in Equipment, Leasing & Finance Holdings Limited Ordinary Shares	**2,405**	2,111
Investment in Equipment, Leasing & Finance Holdings Limited Preference Shares	**356**	312
	4,046	3,398
Impairment Allowance	-	-
	4,046	3,398
Current	**1,285**	975
Non-Current	**2,761**	2,423
	4,046	3,398

Debt Owing – Rosa Foods Limited

As a result of a transaction during the year ended 30 June 2018 Speirs Group Limited received interest bearing debt. At 30 June 2021 the interest bearing debt totalled $70,000 (30 June 2020: $225,000). This interest-bearing debt carried a fixed interest rate of 10.00% per annum with the interest payable in arrears on the last business day of each quarter. The final scheduled principal repayment of $225,000 was due on 31 March 2021. The borrower requested that this final instalment be restructured. As a result $50,000 was received on 31 March 2021, with an agreement to pay $35,000 per month on the last business days of April 2021 to August 2021 inclusive. Payments have been received for the months of April 2021 to June 2021 inclusive. Interest is charged and paid monthly at 10% on the restructured balance owing. The $70,000 balance due at 30 June 2021 is scheduled for repayment by 31 August 2021. Subsequent to 30 June 2021 the outstanding balance was fully repaid by 31 August 2021 in accordance with the revised repayment schedule. The borrower has the right to partially or fully repay the amounts due early with no penalty being incurred. The debt is secured by a first ranking charge over all of the ordinary shares on issue in Rosa Foods Limited as well as personal guarantees from the ultimate owners of Rosa Foods Limited.

Investment in Equipment, Leasing & Finance Holdings Limited Ordinary Shares

Speirs Investments LP, a wholly owned subsidiary of Speirs Group Limited, holds 1,551,872 (30 June 2020: 1,551,872) ordinary shares in Equipment, Leasing & Finance Holdings Limited ("EL&F"). The directors' assessment of the value for this investment is determined based on information in relation to: normalised historic earnings performance, normalised forecast future earnings and an assessment of appropriate earnings multiples for similar unlisted equity securities based on market information for similar types of companies. The directors consider this valuation approach best represents the fair value of Speirs' shareholding in EL&F. The total number of shares on issue in EL&F are 78,264,666 (30 June 2020: 78,264,666). At 30 June 2021 the ordinary shares are valued at $1.55 per share (30 June 2020: $1.36 per share). The increase in the value of the EL&F ordinary shares in the current period principally arises from the recovery of the business after the Covid 19 pandemic lockdowns and the improving forecast future performance of EL&F.

Investment in Equipment, Leasing & Finance Holdings Limited Preference Shares

Speirs Investments LP, a wholly owned subsidiary of Speirs Group Limited, holds, 229,358 preference shares in Equipment, Leasing & Finance Holdings Limited ("EL&F") (30 June 2020: 229,358). In accordance with certain agreements dated 30 September 2016 it is expected that these preference shares will be converted to ordinary shares in EL&F on a one for one basis on or about 30 September 2021. Accordingly, the directors assessed that the fair value of the preference shares at 30 June 2021 and 2020 should be the same value as the existing EL&F ordinary shares at 30 June 2021 and 2020, - 30 June 2021 $1.55 per share (30 June 2020: $1.36 per share). In making this assessment the directors have placed reliance on the facts that: (i) The dividend paid by EL&F in the 2021 financial year was made on both EL&F ordinary and preference shares; and (ii) on 1 October 2021 the EL&F preference shares held by Speirs Investments LP were converted into ordinary EL&F shares on a 1 for 1 basis in accordance with their terms of issue.

The total number of shares on issue in EL&F are 78,264,666 (30 June 2020: 78,264,666).

EL&F Valuation – Sensitivity Analysis

EL&F ordinary and preference shares are carried at fair value of $1.55 per share. In the event the share valuation was to either increase, or decrease by 10%, the total impact on the carrying value of the investment would be an increase or decrease of $276,000 (30 June 2020: $242,000).

Reconciliation

	Ordinary Shares	*Preference Shares*	*Total*
	$'000	*$'000*	*$'000*
Investment in Equipment, Leasing & Finance Holdings Limited at 30 June 2019	2,328	344	2,672
Fair Value Losses on Through Profit or Loss Financial Asset – Year Ended 30 June 2020	(217)	(32)	(249)
Investment in Equipment, Leasing & Finance Holdings Limited at 30 June 2020	**2,111**	**312**	**2,423**
Fair Value Gains on Through Profit or Loss Financial Asset – Year Ended 30 June 2021	**294**	**44**	**338**
Investment in Equipment, Leasing & Finance Holdings Limited at 30 June 2021	**2,405**	**356**	**2,761**

16 DEFERRED TAX ASSET

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the asset can be utilised.

Recognised Deferred Tax Assets

As at 30 June 2021 the Group has recognised a deferred tax asset of $276,362 (30 June 2020: $408,776) which is principally comprised of previously unrecognised tax losses.

	Deferred Tax Asset 30 June 2019	Recognised in Profit or Loss 2020	Deferred Tax Asset 30 June 2020	Recognised in Profit or Loss 2021	Deferred Tax Asset 30 June 2021
	$'000	$'000	$'000	$'000	$'000
Property, Plant and Equipment	43	(36)	7	20	27
Intangibles	(1)	-	(1)	1	-
Employee Entitlements	54	9	63	7	70
Provisions	64	(47)	17	-	17
Tax Losses	249	74	323	(161)	162
Total Deferred Tax	409	-	409	(133)	276

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised for the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	Group	
	30 June 2021 $'000	*30 June 2020 $'000*
Temporary Differences Relating To:		
- Property Plant and Equipment	**-**	-
- Intangible Assets	**-**	-
- Employee Entitlements	**-**	-
- Provisions and Other	**-**	-
Tax Losses	**7,010**	6,799
Total	**7,010**	6,799

17 PROPERTY, PLANT AND EQUIPMENT

	Land $'000	Buildings $'000	Computer Equipment $'000	Vehicles $'000	Other Plant & Equipment $'000	Capital Work in Progress $'000	Total $'000
Cost							
Balance at 30 June 2019	60	2,556	569	24	2,623	-	5,832
Adjustment on Transition to NZIFRS 16	-	-	73	30	74	-	177
Additions	-	9	8	57	206	-	280
Disposals	-	-	-	-	(5)	-	(5)
Transfer into WIP	-	-	-	-	-	246	246
Transfer from WIP	-	-	-	-	-	(174)	(174)
Balance at 30 June 2020	**60**	**2,565**	**650**	**111**	**2,898**	**72**	**6,356**
Additions	**-**	**62**	**24**	**26**	**693**	**-**	**805**
Disposals	**-**	**-**	**(25)**	**(13)**	**(77)**	**-**	**(115)**
Transfer into WIP	**-**	**-**	**-**	**-**	**-**	**760**	**760**
Transfer from WIP	**-**	**-**	**-**	**-**	**-**	**(779)**	**(779)**
Balance at 30 June 2021	**60**	**2,627**	**649**	**124**	**3,514**	**53**	**7,027**
Depreciation							
Balance at 30 June 2019	-	1,417	508	24	1,930	-	3,879
Depreciation for the Year	-	107	58	32	136	-	333
Disposals	-	-	-	-	(5)	-	(5)
Balance at 30 June 2020	-	1,524	566	56	2,061	-	4,207
Depreciation for the Year	**-**	**80**	**45**	**36**	**171**	**-**	**332**
Disposals	**-**	**-**	**(25)**	**(13)**	**(28)**	**-**	**(66)**
Balance at 30 June 2021	**-**	**1,604**	**586**	**79**	**2,204**	**-**	**4,473**
Carrying Amounts							
At 30 June 2020	**60**	**1,041**	**84**	**55**	**837**	**72**	**2,149**
At 30 June 2021	**60**	**1,023**	**63**	**45**	**1,310**	**53**	**2,554**

All assets are used for food processing purposes.

Included in the net carrying amount of property, plant and equipment are right of use assets as follows:

	Carrying Amounts 30 June 2021 $'000	***Carrying Amounts 30 June 2020 $'000***
Computer Equipment	**22**	48
Vehicles	**47**	56
Other Plant & Equipment	**68**	97
Total	**137**	201

18 TRADE AND OTHER PAYABLES

	30 June 2021 $'000	30 June 2020 $'000
Trade and Other Payables		
Trade Payables	**1,282**	968
Distribution Owing to Kane Investments Limited	**-**	74
Other Payables and Accrued Expenses	**791**	616
	2,073	1,658

19 BORROWINGS

	30 June 2021 $'000	30 June 2020 $'000
Debtor Financing Facility	**71**	-
Term Loan Facility	**900**	-
2025 Redeemable Preference Shares	**212**	-
2021 Redeemable Preference Shares	**2,500**	2,500
	3,683	2,500
Current	**719**	-
Non-Current	**2,964**	2,500
	3,683	2,500

The year end effective interest rates with respect to borrowings are set out in the table below:

	30 June 2021 %	30 June 2020 %
Debtor Financing Facility	**4.88%**	9.25%
Term Loan Facility	**2.30%**	N/A
2025 Redeemable Preference Shares	**7.50%**	N/A
2021 Redeemable Preference Shares	**9.00%**	9.00%

Debtor Financing – Until July 2020

For the year ended 30 June 2020 the debtor financing was secured by a first ranking charge over the assets and undertakings of Speirs Foods (2018) LP and an unsecured guarantee from Speirs Group Limited. The facility was entered into on 1 November 2018 and has a minimum non-cancellable period of 270 days. After 270 days has elapsed:

(i) Speirs Foods (2018) LP has the right (after giving 90 days' notice to the financier) to terminate the facility;
(ii) The financier has the right (after giving 90 days' notice to Speirs Foods Limited) to terminate the facility.

The interest rate on this facility was reset at the discretion of the lender from time to time.

At 30 June 2020 the financier owed Speirs Foods (2018) LP $97,296 being the excess of the receivables collected by the financier and the amount drawn down on the facility by Speirs Foods (2018) LP (See Note 13).

Debtor Financing – From July 2020

In April 2020 the Limited Partnership gave notice to the financier that this facility was to be terminated in July 2020 as the Limited Partnership had agreed to enter into a new debtor financing arrangement with a Registered Bank from July 2020.

The new debtor financing facility which commenced in July 2020:

- Provides both lower interest rates on funds borrowed as well as lower ongoing administration costs.;
- Is secured by a first ranking charge over the assets and undertakings of Speirs Foods (2018) LP and a guarantee from Speirs Foods General Partner Limited; and
- Has a covenant requiring that EBITDA (earnings before interest, tax expense, depreciation and amortisation of intangibles) is to be maintained at a minimum of 3.00 times of gross interest expense. This will be tested as at the last day of each financial year on a rolling 12-month basis. At 30 June 2021 this covenant was respected.

2025 Redeemable Preference Shares

At 30 June 2021 there are 212,315 (30 June 2020: Nil) fully paid 2025 Redeemable Preference Shares on issue at $1 each. The 2025 Redeemable Preference Shares have a scheduled redemption date of 30 September 2025, although Speirs Group Limited has the right to redeem at any time before the scheduled redemption date. The 2025 Redeemable Preference Shares rank behind all other liabilities of Speirs Group Limited, equally with the 2021 Redeemable Preference Shares until their maturity on 30 September 2021, but ahead of ordinary and perpetual preference shareholders. The fixed dividend rate on the 2025 Redeemable Preference Shares is 7.50% per annum. On 30 September 2021 holders of some of the maturing 2021 Redeemable Preference Shares have irrevocably undertaken to convert 1,987,685 of their 2021 Redeemable Preference Shares into 1,987,685 2025 Redeemable Preference Shares. This will take the total value of 2025 Redeemable Preference Shares on issue to $2,200,000 from 30 September 2021.

2021 Redeemable Preference Shares

At 30 June 2021 there are 2,500,000 (30 June 2020: 2,500,000) fully paid 2021 Redeemable Preference Shares on issue at $1 each. The 2021 Redeemable Preference Shares have a scheduled redemption date of 30 September 2021, although Speirs Group Limited has the right to redeem at any time before the scheduled redemption date. The 2021 Redeemable Preference Shares rank behind all other liabilities of Speirs Group Limited, equally with the 2025 Redeemable Preference Shares, but ahead of ordinary and perpetual preference shareholders. The fixed dividend rate on the 2021 Redeemable Preference Shares is 9.00% per annum.

On 30 September 2021:

- $512,315 will be repaid to holders of the maturing 2021 Redeemable Preference Shares; and
- 1,987,685 of the maturing 2021 Redeemable Preference Shares will be converted into 1,987,685 2025 Redeemable Preference Shares. The holders of the converting shares have entered into an irrevocable undertaking with Speirs Group Limited in relation to this conversion.

Term Loan Facility

On 22 September 2020 Speirs Foods (2018) LP resolved to enter into a term loan facility with a bank registered in New Zealand ("The Bank"). The key terms of the facility are:

Amount	$1 million
Main Purpose of the Facility	To fund capital expenditure
Term	5 years
Interest Rate	2.30% (fixed for 5 years until September 2025)
Repayment Terms	60 monthly payments of $12,900.18 The repayment amounts are based on a repayment period of 7 years. If this repayment period extends past the 5-year maturity date, Speirs Foods (2018) LP must repay the loan on the maturity date in full unless The Bank agrees to extend it. Based on the scheduled repayments a principal balance of $302,308 will require refinancing or repayment at the end of the 5 year period.
Security	A first ranking charge over the assets of Speirs Foods (2018) LP and a guarantee from Speirs Foods General Partner Limited
Covenants	• EBITDA (earnings before interest, tax expense, depreciation and amortisation of intangibles) is to be maintained at a minimum of 3 times gross interest expense. This will be tested as at the last day of each financial quarter on a rolling 12-month basis, with first test date at 30/12/2020. • Equity (total assets less loans to related parties less total liabilities plus loans from Limited Partners) is to be maintained at a minimum of $1,500,000 at all times. This will be tested as at the last day of each financial quarter, with first test date at 30/12/2020. At 30 June 2021 both covenants were respected.

20 CAPITAL

Group	***30 June 2021 $'000***	*30 June 2020 $'000*
Balance at 1 July	**12,925**	12,925
Balance at Year End	**12,925**	12,925

Capital is comprised of:	***30 June 2021 $'000***	*30 June 2020 $'000*
Ordinary Shares	**12,217**	12,217
Perpetual Preference Shares	**708**	708
Total Capital	**12,925**	12,925

Group	Ordinary Shares	
	30 June 2021 '000	*30 June 2020 '000*
Number of Shares on issue at 1 July	**11,335**	11,335
Number of Shares on issue at Period End	**11,335**	11,335

The total authorised number of ordinary shares is 11,334,576 (30 June 2020: 11,334,576). All issued shares were fully paid and entitled to one vote. There are no preferences or restrictions attached to this class of share. Ordinary shares have no par value.

Perpetual Preference Shares

Group	Perpetual Preference Shares	
	30 June 2021 '000	*30 June 2020 '000*
Number of Shares authorised and on issue at 1 July	**679**	679
Number of Shares authorised and on issue at Period End	**679**	679

During the year ended 30 June 2012, in accordance with shareholder resolutions passed at a special shareholder meeting, 679,000 perpetual preference shares ("PPS") were issued at $1 each.

The table below sets out some of the key terms of the PPS.

Issue price	$1.00 each.
Dividends payable by Speirs Group Limited	Dividends are discretionary and only payable if authorised by the Board. If authorised, dividends are payable at the higher of: (a) 9% per annum; and (b) the average bid and offered swap rate for a one year swap as quoted on the Reuters Screen Page "FISSWAP" plus 5%. No dividends may be authorised by the Board in respect of ordinary shares in Speirs Group Limited unless dividends are authorised in respect of the PPS and all dividends on the PPS, including authorised but unpaid dividends, have been paid. Where a dividend is not authorised in a given period in accordance with the principles set out above, rights to those dividends do not accrue.
Ranking in respect of dividends	Behind the dividends payable on the RPS, equally with all other dividends payable on the PPS, and ahead of dividends payable on ordinary shares in Speirs Group Limited and any other shares in Speirs Group Limited that are expressed to rank behind the PPS.
When redeemable	May, at the sole option of Speirs Group Limited, be redeemed by Speirs Group Limited at any time after 10 years from the issue date (i.e. from May 2022).
Redemption amount payable by Speirs Group Limited	$1.00 plus any authorised but unpaid dividends.
When convertible	Convertible at the election of the holder between 5 and 10 years from the date of issue (i.e. between 2017 and 2022).
Rate of conversion	1 PPS converts into 8 ordinary shares in Speirs Group Limited.
Ranking in liquidation	Behind the creditors of Speirs Group Limited, behind the RPS holders, but ahead of ordinary shareholders and any other holders of shares that are expressed to rank behind the RPS.

Dividends

The following dividends were declared and paid by Speirs Group Limited:

	30 June 2021 '000	*30 June 2020 '000*
0.0c per Qualifying Ordinary Share (30 June 2020: 0.0)	**-**	-
9.0c per Qualifying Perpetual Preference Share (30 June 2020: 9.00c)	**61**	61

21 RECONCILIATION OF PROFIT/(LOSS) AFTER TAX FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

	30 June 2021 $'000	*30 June 2020 $'000*
Reconciliation of Profit/(Loss) After Tax for the Year to Net Cash from Operating Activities		
Profit/(Loss) for the Year	**135**	(30)
Adjustments for Non-Cash Items:		
Depreciation of Property, Plant and Equipment	**331**	334
Amortisation of Intangible Assets	**27**	28
Bad Debts Written-off/(Recovered)	**(3)**	(3)
Lease Payments on Right of Use Assets	**(86)**	(98)
Impairment/ (Reversal of Impairment) of Assets Held for Resale	**19**	(12)
Profit Share Attributable to Non-Controlling Interest	**11**	269
Impairment/Gain) of Fair Value Through Profit or Loss Financial Asset	**(338)**	249
Derecognition of Previously Recognised Tax Losses	**133**	-
Loss/(Gain) on Disposal of Property, Plant and Equipment	**(3)**	-
	226	737
Movement in Other Working Capital Items:		
Change in Inventories	**(23)**	86
Change in Dividend Owing – Rosa Foods Limited	**-**	16
Change in Trade and Other Receivables and Prepayments	**(466)**	147
Change in Trade and Other Payables	**489**	115
Net Cash From Operating Activities	**226**	1,101

22 RELATED PARTIES

Transactions with Key Management Personnel

Key management personnel are considered to be the Directors of the Group and executives with the greatest authority for the strategic direction and management of the Group.

Key management personnel compensation comprised:

	30 June 2021 $'000	*30 June 2020 $'000*
Directors' Fees	**98**	98
Consulting Fees Paid to Key Management Personnel	**321**	331
	419	429

At 30 June 2021 the amount of unpaid consulting fees payable to key management personnel was $23,000 (30 June 2020: $23,000)

Dividends paid on Perpetual Preference Shares to related parties and Perpetual Preference Shares held at year end were:

	PPS Dividends Paid Year Ended 30 June 2021 $'000	*PPS Dividends Paid Year Ended 30 June 2020 $'000*	***PPS Shares Held 30 June 2021 $'000***	*PPS Shares Held 30 June 2020 $'000*
Nelson Speirs - Director	**35**	35	**389**	389
David Speirs - Director	**26**	7	**290**	290
	61	42	**679**	679

Dividends paid on 2021 Redeemable Preference Shares to related parties and 2021 Redeemable Preference Shares held at year end were:

	RPS Dividends Paid Year Ended 30 June 2021 $'000	*RPS Dividends Paid Year Ended 30 June 2020 $'000*	***RPS Shares Held 30 June 2021 $'000***	*RPS Shares Held 30 June 2020 $'000*
Derek Walker - Director	**3**	3	**30**	30
Lee Simpson – Company Secretary	**11**	11	**126**	126
	14	14	**156**	156

Dividends paid on 2025 Redeemable Preference Shares to related parties and 2025 Redeemable Preference Shares held at year end were:

	RPS Dividends Paid Year Ended 30 June 2021 $'000	*RPS Dividends Paid Year Ended 30 June 2020 $'000*	***RPS Shares Held 30 June 2021 $'000***	*RPS Shares Held 30 June 2020 $'000*
Lee Simpson – Company Secretary	**-**	-	**12**	-
	-	-	**12**	-

Other Transactions with Key Management Personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or for which might reasonably be expected to be available, on similar transactions to non-key management personnel.

Entities with which Speirs Group Limited is deemed to be related are:

- Speirs Foods (2018) LP (a Limited Partnership in which Speirs Group has a 67% interest and is therefore a majority owned subsidiary);
- Speirs Foods General Partner Limited (a company in which Speirs Group has a 67% interest and is therefore a majority owned subsidiary);
- Speirs Investments LP (a wholly owned subsidiary); and
- Kane Investments Limited (a company which holds a 33% partnership interest in Speirs Foods (2018) LP).
- For comparative purposes
    - Speirs Foods Limited (a wholly owned subsidiary until June 2020 when the company was deregistered from the Register of Companies).

- **Speirs Foods (2018) LP**
    - Speirs Group Limited received distributions as follows:

      30 June 2021

      $Nil

      30 June 2020

      $301,500 from Speirs Foods (2018) LP. Of this $150,750 was paid prior to 30 June 2020 with the remaining $150,750 being paid in equal instalments of $15,075 from July 2020 to April 2021.
    - Speirs Foods Limited charged rent on land and buildings leased by Speirs Foods (2018) LP of $Nil (30 June 2020: $96,250).
    - Speirs Group Limited charged rent on land and buildings leased by Speirs Foods (2018) LP of $165,000 (30 June 2020: $55,000). In the year ended 30 June 2020 Speirs Group Limited forgave $13,750 in rental due (one month's rent) as a result of the Covid 19 pandemic.
    - Speirs Group Limited paid rates and water rates and recharged these to Speirs Foods (2018) LP of $48,880 (30 June 2020: $Nil).
    - Speirs Group Limited charged Speirs Foods (2018) LP $66,000 (30 June 2020: $66,000) in respect of corporate services provided by Speirs Group Limited.
    - During the year ended 30 June 2021 Speirs Group Limited charged interest on a loan to Speirs Foods (2018) LP in the amount of $Nil (30 June 2020: $4,210). The loan of $196,500 was repaid in full on 4 October 2019.
    - At 30 June 2021 Speirs Foods (2018) LP owed $Nil (30 June 2020: $150,750) to Speirs Group Limited.
    - Reimbursed Speirs Foods General Partner Limited $30,978 (30 June 2020: $23,314) in relation to costs incurred by Speirs Foods General Partner Limited in the execution of its duties as General Partner for the Limited Partnership.

- **Speirs Investments LP**
    - Speirs Group Limited provided an interest free loan to Speirs Investments LP in the amount of $171,846. At 30 June 2019 and 2020 the balance owed by Speirs Investments LP to Speirs Group Limited was $171,846.
    - Speirs Investments LP made a distribution of $229,128 (30 June 2020: $Nil) to Speirs Group Limited.
- **Kane Investments Limited**
    - During the year ended 30 June 2021 Speirs Foods (2018) LP charged interest on a loan to Kane Investments Limited in the amount of $Nil (30 June 2020: $4,210). The $196,500 loan to which this interest related was fully repaid on 4 October 2019.
    - Kane Investments Limited received distributions as follows from Speirs Foods (2018) LP:

      30 June 2021

      $Nil

      30 June 2020

      $148,500 from Speirs Foods (2018) LP. Of this $74,250 was paid prior to 30 June 2020 with the remaining $74,250 being paid in equal instalments of $7,425 from July 2020 to April 2021.
    - At 30 June 2021 Speirs Foods (2018) LP owed $Nil (30 June 2020: $74,250) to Kane Investments Limited.

- **Speirs Foods Limited (until 3 February 2020 when the business ceased trading. On 18 June 2020 Speirs Foods Limited was deregistered from the Register of Companies)**
    - Speirs Group Limited received dividends (both cash and in-specie) of $Nil (30 June 2020: $1,652,898) from Speirs Foods Limited.

23 COMMITMENTS AND CONTINGENCIES

Commitments

The Group was committed to the following at period end:

	Capital Expenditure	Total
30 June 2021	**$'000**	**$'000**
Less than One Year	**13**	**13**
Between One and Five Years	**-**	**-**
More than Five Years	**-**	**-**
	13	**13**

	Capital Expenditure	Total
30 June 2020	$'000	$'000
Less than One Year	-	-
Between One and Five Years	-	-
More than Five Years	-	-
	-	-

Contingent Liabilities and Contingent Assets

At 30 June 2021 the Group had no contingent liabilities or contingent assets (30 June 2020: Nil)

24 EVENTS AFTER THE REPORTING PERIOD

Two significant non-adjusting events have occurred between the 30 June 2021 reporting date and the date of authorisation:

i. on 1 October 2021 the Equipment Leasing and Finance Holdings Limited (EL&F) preference shares held by Speirs Investments LP were converted into ordinary EL&F shares on a 1 for 1 basis in accordance with their terms of issue – see Note 15.

ii. on 30 September 2021 Speirs Group Limited refinanced the maturing 2021 Redeemable Preference Shares by:
   a. repaying $512,315 to the 2021 Redeemable Preference shareholders; and
   b. converting 1,987,685 of the maturing 2021 Redeemable Preference Shares into 1,987,685 2025 Redeemable Preference Shares

   After this transaction Speirs Group Limited has $2.2million of 2025 Redeemable Preference Shares on issue and $Nil 2021 Redeemable Preference Shares on issue. – See Note 19.

No other adjusting or significant non-adjusting events have occurred between the 30 June 2021 reporting date and the date of authorisation.

25 FINANCIAL RISK MANAGEMENT

Introduction and Overview

The Group had exposure to the following risks arising from its use of financial instruments:

- Credit risks
- Liquidity risks
- Market risks

The Group manages raw material price risks through negotiated supply contracts. However, these contracts are for the purpose of receipt in accordance with the Group's expected usage requirements only and, accordingly, are not accounted for as financial instruments.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of its Capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Risk management is carried out and monitored by the senior management team under policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Management of Credit Risk

The Board of Directors are responsible for the approval of credit risk policy. Senior management is responsible for the management and oversight of the credit risk policy established by the Board of Directors.

All reporting entities within the Group are required to implement Group credit policies and procedures, with credit approval delegated from senior Management. Each business unit has a Senior Executive who reports on all credit related matters to the Board of Directors. Each business unit is responsible for the quality and performance of its credit portfolio and for the monitoring and controlling of all credit risks in its portfolios.

Assets subject to credit risk are monitored by Directors and management on a monthly basis as part of the monthly reporting cycle.

- The ageing of accounts receivable is monitored to ensure that receivables are being collected in a timely manner. Should any issues be identified management will be asked to actively engage with the customer to either collect the debt or impair the receivable should this become necessary. The Board of Directors must approve any significant bad debt write-offs. On a six-monthly basis management and the Board of Directors review actual bad debts written off and reviews the current ageing profile of the accounts receivable to determine future estimated credit losses.
- Loans and Advances owing to the Group from Rosa Foods Limited have scheduled interest payments due as well as a requirement to make an agreed repayment of principal. In order to ascertain credit risk and determine any estimated credit losses the Board of Directors monitors the following: individually for both exposures:
    - Whether the interest payments have been received on time;
    - Whether the agreed principal repayments have been received on time;
    - Regular assessments as to the value of collateral securities and guarantees held by the Group.

Exposure to Credit Risk

The maximum credit risk is the amount represented on the consolidated statement of financial position. Financial Assets which subject the Group to credit risks consist of:

	Group	
	30 June 2021 $'000	*30 June 2020 $'000*
Cash and Cash Equivalents	**645**	341
Trade and Other Receivables	**1,902**	1,548
Loans, Advances and Investments	**1,285**	975

The following categories are not impaired, contain no past due balances, nor contain any impairment allowances: cash and cash equivalents and BNZ Short Term Deposits. A summary of impaired assets, past due assets, and allowances for impairment with respect to loans and advances and trade and other receivables is set out below:

Group	**Loans and Advances**		**Trade and Other Receivables**	
	30 June 2021 $'000	*30 June 2020 $'000*	***30 June 2021 $'000***	*30 June 2020 $'000*
Carrying Amount – Trade and Other Receivables	**-**	-	**1,902**	1,548
Carrying Amount – Rosa Foods Limited	**70**	225	**-**	-
Total Carrying Amounts	**70**	225	**1,902**	1,548
Past Due by 90 days but not Impaired	**70**	-	**5**	11
Neither Past Due nor Impaired	**-**	225	**1,897**	1,537
Impairment Allowance	**-**	-	**-**	-
Total Carrying Amount	**70**	225	**1,902**	1,548

Trade and other receivables totalling $5,450 (2020: $10,987) are greater than 90 days overdue. The Group has assessed the expected credit losses that should be recognised on the loans and advances as required by NZ IFRS9. The loans and advances did not deteriorate in credit quality and the amount of the probability-weighed expected credit losses is immaterial and therefore not disclosed separately.

Concentrations of Credit Risk

Concentration of credit risks arises where monetary assets are invested with a particular individual customer or in a particular industrial or geographic sector.

The Group has a concentration of credit risk in relation to trade receivables as 98% (2020: 97%) of total sales are made to two customers.

The Group manages concentration of credit risk by placing restrictions on the maximum amounts which may be deposited with a Registered Bank and ensuring that payments received from trade customers are made within prearranged payment parameters.

The Parent Company (Speirs Group Limited) has an approved Registered Bank maximum credit exposure limits of $1,500,000 (30 June 2020: $1,250,000) at any of BNZ, Westpac, ANZ , ASB, Rabobank and Kiwibank. At 30 June 2021 and 2020 the Group only had surplus funds deposited with the BNZ.

- At 30 June 2021 the amount invested with BNZ by the Parent Company (Speirs Group Limited) was $1,245,411 (30 June 2020: $790,850).
- At 30 June 2021 the amount invested with BNZ by the Group was $1,860,000 (30 June 2020: $1,091,000).

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

Management of Liquidity Risk

The Group'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 Group's reputation.

The Group mitigates its liquidity risk through the holding of liquid cash reserves and by having supporting credit lines.

The Group has a debtor financing facility. See Note 21. At 30 June 2021 the undrawn facility on the debtor financing facility was $1,308,783 (30 June 2020: $1,179,920).

In September 2021 the 2021 Redeemable Preference Shares ("2021 RPS") amounting to $2,500,000 mature and are due for repayment.

In April 2021 the Group made a new offer of up to $2.2 million of 2025 Redeemable Preference Shares ("2025 RPS") to existing 2021 RPS holders and other eligible investors on similar terms and conditions to the maturing 2021 RPS. The dividend rate on the 2025 RPS will be 7.5% compared to the 9% that has been paid on the 2021 RPS.

The new offer was fully subscribed and the result of the new offer can be summarised as follows:

- The offer opened on 6 April 2021 and closed on 15 May 2021;
- On 31 May 2021 212,315 2025 RPS were issued to investors at $1 per 2025 RPS; and
- Existing investors irrevocably subscribed to convert 1,987,685 of their maturing 2021 RPS into the new issue of 2025 RPS on 30 September 2021.

On 30 September 2021 the Group will repay $512,315 of the maturing 2021 RPS in cash. Sufficient cash and short term deposits are available to meet this obligation.

The Group also has potential access to additional funds from:

- mortgaging land and buildings owned by the Group. The land and buildings owned by Speirs Group Limited and leased to Speirs Foods (2018) LP are unencumbered and mortgage finance could be sought. In November 2019 an independent valuation placed a market value on the land and buildings of $1,380,000 on an "as occupied" basis.
- The partial or full sale of EL&F shares currently held by the Group and valued at $2,761,000 at 30 June 2021 (See Note 15 above).

Exposure to Liquidity Risk

The following tables set out the contractual cash flows for all financial assets and liabilities and derivatives that are settled on a gross cash flow basis:

30 June 2021	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Assets								
Cash and Cash Equivalents	**645**	**645**	**645**	-	-	-	-	-
Loans, Advances and Investments	**1,285**	**1,289**	-	**848**	**61**	**380**	-	-
Trade and Other Receivables	**1,902**	**1,902**	-	**1,902**	-	-	-	-
Total	**3,832**	**3,836**	**645**	**2,750**	**61**	**380**	-	-

30 June 2021	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Liabilities								
Trade and Other Payables	**2,073**	**2,073**	**-**	**2,073**	**-**	**-**	**-**	**-**
Borrowings	**3,683**	**4,470**	**-**	**613**	**82**	**233**	**320**	**3,222**
Total	**5,756**	**6,543**	**-**	**2,686**	**82**	**233**	**320**	**3,222**

30 June 2020	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Assets								
Cash and Cash Equivalents	341	341	341	-	-	-	-	-
Loans, Advances and Investments	975	999	-	349	293	357	-	-
Trade and Other Receivables	1,548	1,548	97	1,451	-	-	-	-
Total	2,864	2.888	438	1,800	293	357	-	-

30 June 2020	Carrying Amount	Gross Nominal Cash Flow	On Demand	Less than 3 Months	3-6 Months	6-12 Months	1-2 Years	2-5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-Derivative Liabilities								
Trade and Other Payables	1,658	1,658	-	1,606	22	30	-	-
Borrowings	2,500	2,781	-	56	56	113	2,556	-
Total	4,158	4,439	-	1,662	78	143	2,556	-

The Group had no contractual cash flows with respect to financial liabilities going out beyond 5 years at both reporting dates.

The above tables show the undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity.

Market Risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

Management of Market Risk

Equity price risk and credit spread risk (not relating to the obligor / issuer's credit standing) are not monitored by management in relation to all investments other than the Group's investment in Equipment Leasing and Finance Holdings Limited as they are not currently significant in relation to the overall results and the consolidated financial position of the Group. With regard to equity price risk for Equipment Leasing and Finance Holdings Limited, this is monitored via the review of regular management reporting information received from Equipment Leasing and Finance Holdings Limited.

Equity Price Risk Sensitivity

At 30 June 2021 and 2020 the Group is exposed to changes in the value of its investment in Equipment Leasing and Finance Holdings Limited.

The following table illustrates the sensitivity of profit and equity to a reasonable possible change in the share price of Equipment Leasing and Finance Holdings Limited of +/- 20 cents per share (2020: +/- 20 cents per share) (The carrying value at both 30 June 2020 was $1.55 per share and 30 June 2020 was $1.36 per share). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the share price for each period, and the shares held at each reporting date that are sensitive to changes in the share price. All other variables are held constant.

	Profit for the Year		Equity	
	+20 cents	*-20 cents*	***+20 cents***	*-20 cents*
30 June 2021 ($'000)	**356**	(356)	**356**	(356)
30 June 2020 ($'000)	**356**	(356)	**356**	(356)

Interest Rate Sensitivity

At 30 June 2021 and 2020 the Group is exposed to changes in market interest rates through debtor financing at variable interest rates. Other borrowings are at fixed interest rates. The Group's investments in Loans and Advances all pay fixed interest rates. The exposure to interest rates for the Group's short-term deposits is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonable possible change in interest rates of +/- 1% (2020: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the Year		Equity	
	+1%	*-1%*	***+1%***	*-1%*
30 June 2021 ($'000)	**4**	(4)	**4**	(4)
30 June 2020 ($'000)	**6**	(6)	**6**	(6)

Exposure to Interest Rate Risk

Interest rate margin risk arises as a result of mismatches between the repricing dates of advances and debt securities.

The interest rate gap position is calculated based on the earlier of the underlying instruments' maturity date or repricing date. A summary of the interest rate gap positions is as follows:

30 June 2021	**Carrying Amount**	**Non-Interest Bearing**	**Less than 3 Months**	**3-6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**
	$'000	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and Cash Equivalents	**645**	**306**	**339**	**-**	**-**	**-**	**-**
Loans, Advances and Investments	**1,285**	**-**	**845**	**60**	**380**	**-**	**-**
	1,930	**306**	**1,184**	**60**	**380**	**-**	**-**
Borrowings	**3,683**	**-**	**546**	**34**	**139**	**139**	**2,825**
	3,683	**-**	**546**	**34**	**139**	**139**	**2,825**
	(1,753)	**306**	**638**	**26**	**241**	**(139)**	**(2,825)**

30 June 2020	**Carrying Amount**	**Non-Interest Bearing**	**Less than 3 Months**	**3-6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**
	$'000	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and Cash Equivalents	**341**	**311**	**30**	**-**	**-**	**-**	**-**
Loans, Advances and Investments	**975**	**-**	**340**	**285**	**350**	**-**	**-**
	1,316	**311**	**370**	**285**	**350**	**-**	**-**
Borrowings	**2,500**	**-**	**-**	**-**	**-**	**2,500**	**-**
	2,500	**-**	**-**	**-**	**-**	**2,500**	**-**
	(1,184)	**311**	**370**	**285**	**350**	**(2,500)**	**-**

Capital Management

The Group's capital includes share capital, accumulated deficits and a non-controlling interest.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. To achieve this the Directors and management monitor such matters as profitability and capital held on a monthly basis.

The Group's equity at the reporting dates comprises:

	30 June 2021 $'000	*30 June 2020 $'000*
Capital	**12,925**	12,925
Accumulated Deficits	**(9,202)**	(9,276)
Equity Available to Ordinary Shareholders	**3,723**	3,649
Non-Controlling Interest	**551**	540
Total Equity Balance at Period End	**4,274**	4,189

There have been no material changes in the Group's management of capital during the period. There are no externally imposed capital requirements.

26 INVESTMENT IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy 2.2.

All subsidiaries are incorporated in New Zealand.

Name of Entity	**Principal Activity**	**Equity Holding**	
		30 June 2021	**30 June 2020**
Speirs Securitisation Management Limited	General Partner for Speirs Investments LP	100%	100%
Speirs Investments LP	Limited Partnership holding a 2.27% investment in EL&F Holdings Limited	100%	100%
Speirs Foods (2018) LP	Food processing entity	67%	67%
Speirs Foods General Partner Limited	General Partner for Speirs Foods (2018) LP	67%	67%

Subsidiary with Material Non-Controlling Interests

The Group includes one subsidiary, Speirs Foods (2018) LP with material non-controlling interests (NCI). The table below and the associated table showing the comparative prior year information is derived after any intragroup eliminations have been accounted for

30 June 2021

Name	Proportion of Ownership Interests and Voting Rights held by the NCI	Total Comprehensive Income Allocated to the NCI	Accumulated NCI
	%	$'000	$'000
Speirs Foods (2018) LP	33	11	551

30 June 2020

Name	Proportion of Ownership Interests and Voting Rights held by the NCI	Total Comprehensive Income Allocated to the NCI	Accumulated NCI
	%	$'000	$'000
Speirs Foods (2018) LP	33	269	540

A distributions were declared to the NCI during the year ended 30 June 2021 of $Nil (30 June 2020: $148,500).

Summarised financial information for Speirs Foods (2018) LP, before intragroup eliminations, is set out below:

	30 June 2021 $'000	30 June 2020 $'000
Non-Current Assets	**2,925**	2,854
Current Assets	**3,199**	2,458
Total Assets	**6,124**	5,312
Non-Current Liabilities	**1,189**	607
Current Liabilities	**2,420**	1,959
Total Liabilities	**3,609**	2,566
Equity Attributable to Owners of the Parent	**1,685**	1,840
Non-Controlling Interests	**830**	906
	30 June 2021 $'000	*30 June 2020 $'000*
Revenue	**18,179**	17,058
Profit/(Loss) for the Year Attributable to Owners of the Parent	**(155)**	353
Profit/(Loss) for the Year Attributable to NCI	**(76)**	174
Profit for the Year	**(231)**	527
Other Comprehensive Income for the Year		
Total Comprehensive Income for the Year Attributable to Owners of the Parent	**20**	547
Total Comprehensive Income for the Year Attributable to NCI	**11**	269
Total Comprehensive Income	**31**	816
Net Cash From Operating Activities	**176**	1,334
Net Cash From/(to) Investing Activities	**(705)**	23
Net Cash From/(to) Financing Activities	**843**	(1,121)
Net Cash Inflow/(Outflow)	**314**	236

27 NET TANGIBLE ASSETS PER SECURITY

	30 June 2021	30 June 2020
Net Tangible Assets Per Security - $ per security	**0.26**	0.25

28 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long Term Borrowings $'000	Short Term Borrowings $'000	Total $'000
Balance at 1 July 2020	2,500	-	2,500
Amount Owing from Debtor Finance Provider	**-**	**(97)**	**(97)**
Cash Flows			
- Repayments – Net	**-**	**-**	**-**
- Issue of 2025 Redeemable Preference Shares	**212**	**-**	**212**
- Proceeds – Net	**252**	**816**	**1,068**
Balance at 30 June 2021	**2,964**	**719**	**3,683**

	Long Term Borrowings $'000	Short Term Borrowings $'000	Total $'000
Balance at 1 July 2019	2,505	602	3,107
Non - Cash			
Amount Owing from Debtor Finance Provider	-	97	97
Cash Flows			
- Repayments – Net	(5)	(699)	(704)
- Proceeds – Net	-	-	-
Balance at 30 June 2020	2,500	-	2,500

29 LEASES

NZ IFRS 16 Leases

The Group has leases for motor vehicles, forklifts and some IT equipment. The lease liabilities are secured over the related underlying assets. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 17).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Lease liabilities are presented in the Consolidated Statement of Financial Position within Borrowings (see Note 19) as follows:

	30 June 2021 $'000	***30 June 2020 $'000***
Lease Liabilities (current)	**72**	84
Lease Liabilities (non-current)	**75**	125
	147	209

Future minimum lease payments are as follows:

Minimum Lease Payments Due

30 June 2021	**Within 1 Year**	**1 to 5 Years**	**After 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Lease Payments	**82**	**80**	**-**	**162**
Finance Charges	**(10)**	**(5)**	**-**	**(15)**
Net Present Values	**72**	**75**	**-**	**147**

30 June 2020	**Within 1 Year**	**1 to 5 Years**	**After 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Lease Payments	100	138	-	238
Finance Charges	(16)	(13)	-	(29)
Net Present Values	84	125	-	209

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the Consolidated Statement of Financial Position:

30 June 2021

Right-of-Use Asset	Number of Right-of-Use Assets Leased	Range of Remaining Terms	Average Remaining Lease Term	Number of Leases with Extension Options	Number of Leases with Options to Purchase	Number of Leases with Variable Payments Linked to an Index	Number of Leases with Termination Options
Computer Equipment	1	19 months	19 months	0	0	0	0
Vehicles	4	1 to 32 months	23 months	0	0	0	0
Other Plant and Equipment	3	25 to 39 months	30 months	0	0	0	0

30 June 2020

Right-of-Use Asset	Number of Right-of-Use Assets Leased	Range of Remaining Terms	Average Remaining Lease Term	Number of Leases with Extension Options	Number of Leases with Options to Purchase	Number of Leases with Variable Payments Linked to an Index	Number of Leases with Termination Options
Computer Equipment	2	13 to 31 months	22 months	0	0	0	0
Vehicles	4	10 to 29 months	19 months	0	0	0	0
Other Plant and Equipment	3	37 to 51 months	42 months	0	0	0	0

Lease Payments Not Recognised as a Liability
The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis.

Additional information on the right-of-use assets by class of assets is as follows:

30 June 2021

	Carrying Amount (Note 17) $'000	Depreciation Expense $'000	Impairment $'000
Computer Equipment	22	25	-
Vehicles	47	36	-
Other Plant and Equipment	68	28	-
Total Right-of-Use Assets	**137**	**89**	**-**

30 June 2020

	Carrying Amount (Note 17)	Depreciation Expense	Impairment
	$'000	$'000	$'000
Computer Equipment	48	25	-
Vehicles	56	31	-
Other Plant and Equipment	97	25	-
Total Right-of-Use Assets	**201**	**81**	**-**

30 REVENUE

The following table summarises some key characteristics of the Group's revenue streams.

	2021	**2020**
Geographical Region	New Zealand - 100% of Revenue	New Zealand - 100% of Revenue
Type of Goods	Salads and fresh cut vegetables	Salads and fresh cut vegetables
Customers/Sales Channels	Supermarket Chains – 98% of Revenue	Supermarket Chains – 97% of Revenue
Timing of Transfer of Goods	Revenue from goods or services transferred to customers at a point in time – 100% of Revenue	Revenue from goods or services transferred to customers at a point in time – 100% of Revenue
Transaction Pricing	Each good sent to customers is individually priced on the associated invoice. Any payment discounts available to customers is netted off revenue in the month in which the sale took place.	Each good sent to customers is individually priced on the associated invoice. Any payment discounts available to customers is netted off revenue in the month in which the sale took place.
Timing of Revenue Recognition	When the customer takes undisputed control of the goods. This occurs when the goods are delivered to the customer.	When the customer takes undisputed control of the goods. This occurs when the goods are delivered to the customer.
Payment Terms	Generally 30 days after the goods have been supplied. There are no subsequent performance obligations.	Generally 30 days after the goods have been supplied. There are no subsequent performance obligations.
Key Assumptions and Judgements in Relation to Revenue Recognition	None	None
Credit Risk Associated with Revenue	Minimal	Minimal
Obligation to Provide a Credit Note for Returned Goods	Only in relation to goods which arrive in a damaged condition. These equate to approximately 2% of all sales made. At balance date the obligations to provide a credit note for returned goods was immaterial.	Only in relation to goods which arrive in a damaged condition. These equate to approximately 2% of all sales made. At balance date the obligations to provide a credit note for returned goods was immaterial.

31 IMPACT OF COVID-19

In preparing the 30 June 2021 Annual Report the directors have assessed the continuing impact of the Covid 19 pandemic on the businesses that the group is involved with and any consequent impacts upon the financial statements.

Please see below for a discussion relating to the key investment held by the Group:

- **Speirs Foods (2018) LP**

  The continuing Covid 19 pandemic has continued to affect the business of Speirs Foods (2018) LP in the year ended 30 June 2021, principally in the following ways:

  - **Turnover**
    The two lockdowns in the Auckland region (September 2020 and February 2021) and the uncertainty they cause around all of New Zealand impacted directly on sales volumes and reintroduced a degree of volatility in the ordering pattern of customers

  - **Changes in Customer Purchasing Behaviour**
    There has been a noticeable shift in customer demand to pre-packaged products. As these products can be more labour intensive in their production and may require the use of higher cost raw materials, this has had a detrimental impact on Speirs Foods (2018) LP's overall profitability in the 2021 year. To address this issue the business has made significant capital investments to assist in streamlining the production of these pre-packaged products in the 2021 year as well as holding ongoing pricing negotiations with customers.

  - **Raw Materials**
    Due to shipping and freight issues a number of Speirs Foods (2018) LP suppliers have been increasing their prices. Some suppliers have been unable to supply materials traditionally used by Speirs Foods (2018) LP due to global supply issues necessitating a change to alternative products, sometimes at a higher cost and requiring changes to Speirs Foods (2018) LP's manufacturing processes.

  - **Staffing**
    The measures put in place to protect our borders have meant that Speirs Foods (2018) LP has experienced difficulty in recruiting staff across all areas of the business. This staffing shortage and the continuing increase in the minimum wage has increased employees' remuneration expectations.

Independent auditor's report

To the shareholders of Speirs Group Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Speirs Group Limited (the Company) and its consolidated entities (the Group) on pages 8 to 44 which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Audit and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and 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 Group.

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 of the current period. We summarise below a matter, and our key audit procedures, to address that matter in order that the Company's shareholders, as a body, may better understand the process by which we arrived at our audit opinion. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Why the matter is significant	How our audit addressed the key audit matter
Equipment, Leasing & Finance Holdings Limited (EL&F) Investment classified as at fair value through profit or loss The Group holds investments in EL&F ordinary shares and preference shares (see Note 15). The investments are a key audit matter due to their significance to the Group's consolidated statement of financial position and the level of judgement involved in determining the fair value. Inputs used to determine the fair value are unobservable.	Our work focused on understanding the overall valuation methodology for compliance with NZ IFRS 13 *Fair Value Measurement* and evaluating significant inputs. In obtaining sufficient appropriate audit evidence, we: • discussed the basis for the valuation with management and Directors; • assessed the assumptions applied; • obtained, and read, a 3rd party valuation report; and • considered the adequacy of the related financial statement disclosures including consideration of sensitivity analysis in respect to the changes in value of the investment.

Information Other than the Financial Statements and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the Reporting by Directors, Purpose, Goals and Strategy, Statutory Information and the Directory but does not include the consolidated financial statements on pages 8 to 44 and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Directors' responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body 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 Group and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited

Grant Thornton

B R Smith
Wellington
4 October 2021

Statutory Information

Principal activities

Speirs Group Limited (the Company) operates as a holding company. At 30 June 2021 its principal interests are in:

Entity	Interest	Principal Activity
Speirs Foods (2018) LP	Majority (67%) owned subsidiary	Fresh food production and distribution
Speirs Investments LP	Speirs Group Limited is the sole Limited Partner	Holding an investment in Equipment, Leasing and Finance Holdings Limited

Directors' shareholdings – ordinary shares

The number of shares held by Directors of Speirs Group Limited at 30 June 2021:	Beneficial Holdings	Non-Beneficial Holdings
Nelson Speirs	1,047,678	1,409,638
Derek Walker	-	-
Fred Hutchings	-	-
David Speirs	-	271,388
David Speirs (as Co-Trustee)	-	1,321,269

A Beneficial Holding records that the Director holds the shares in his own name. A Non-Beneficial Holding records that the Director(s) hold the shares in their capacity as a Trustee.

Directors' shareholdings – perpetual preference shares

The number of shares held by Directors of Speirs Group Limited at 30 June 2021:	Beneficial Holdings	Non-Beneficial Holdings
Nelson Speirs	389,000	-
David Speirs	290.000	-

A Beneficial Holding records that the Director holds the shares in his own name. A Non-Beneficial Holding records that the Director(s) hold the shares in their capacity as a Trustee.

Directors' shareholdings – redeemable preference shares

The number of shares held by Directors of Speirs Group Limited at 30 June 2021:	Beneficial Holdings	Non-Beneficial Holdings
Derek Walker	30,000	-

A Beneficial Holding records that the Director holds the shares in his own name. A Non-Beneficial Holding records that the Director(s) hold the shares in their capacity as a Trustee.

Disclosure of interests by directors

The following entries were made in the Interests Register during the year ended 30 June 2021:

- On 31 December 2020 Derek Walker declared:
  - His retirement as a director of The Factory NZ Limited and all associated companies.

- On 24 March 2021 Derek Walker, Fred Hutchings, Nelon Speirs and David Speirs declared:
  - Speirs Group Limited providing each director with an indemnity in relation to Clause 45 of the Company's Constitution and Section 162 of the Companies Act 1993

- On 19 April 2021 Derek Walker declared:
  - His appointment as a Trustee of the Palmerston North Hospital Medical Trust.

Governance positions held by directors at 30 June 2021

Director	Entity	Relationship
Derek Walker	Palmerston North Hospital Medical Trust	Trustee
	TBL Investments Limited	Director
	Elmira Consulting Limited	Director
	Wildbase Recovery Community Trust	Trustee
	Centralines Limited	Director
Nelson Speirs	Speirs Securitisation Management Limited	Director
	Equipment, Leasing & Finance Holdings Limited and Associated Companies	Director
Fred Hutchings	Amwell Holdings Limited	Director
	Walker Nominees Limited	Director
	Speirs Foods General Partner Limited	Director (Chair)
	Seeka Limited & Associated Companies	Director
	Commerce Commission Audit Finance and Risk Management	Convenor
David Speirs	-	-

Transfers of interests in Speirs Group Limited ordinary shares by directors during the year

- Nil

Directors' remuneration

Directors' remuneration received, or due and receivable during the year ended 30 June 2021, is as follows:

Name	Consultants Fees	Parent Company Directors Fees	Subsidiary/Associate Company Directors Fees	Total Remuneration	
Derek Walker	$ Nil	$30,000	$Nil	$30,000	Independent Director and Chair
Nelson Speirs	$ Nil	$12,000	$Nil	$12,000	Non-Independent Director
Fred Hutchings	$ Nil	$21,000	$10,000	$31,000	Independent Director
David Speirs	$ Nil	$10,000	$ Nil	$10,000	Non-Independent Director

Directors are reimbursed for travel and accommodation expenses and any other costs properly incurred by them in connection with the business of Speirs Group Limited.

Use of Company information by directors

There were no recorded notices from directors requesting to use Company information received in their capacity as directors that would not otherwise have been available to them.

Directors' Loans

During the years ended 30 June 2021 and 30 June 2020, there were no loans to directors.

Indemnification and insurance of directors and officers

The Company has arranged policies of directors' and officers' liability insurance which together with an indemnity provided under the Company's constitution ensures that generally directors will incur no monetary loss as a result of actions taken by them as directors. Certain actions, such as penalties and fines which may be imposed in respect of breaches of the law, are excluded.

Employee Remuneration

Remuneration and other benefits exceeding $100,000 paid to employees during the years ended 30 June 2021 and 2020 were:

- **30 June 2021**
    - $100,000 to $110,000 2 employees
- **30 June 2020**
    - $100,000 to $110,000 1 employee

Disclosure in Relation to Shareholders

Twenty largest shareholders at 30 June 2021

	Fully Paid Ordinary Shares	*Percentage of Issued Voting Capital*
Nelson Speirs	**1,047,678**	**9.24%**
Jennifer Speirs	**929,560**	**8.20%**
B H Wallace	**821,682**	**7.25%**
Nelson Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	**705,489**	**6.22%**
Ann Nicholas, Sandra Baldwin, David Speirs and Markhams Wanganui Trustees Limited	**642,273**	**5.67%**
Nelson Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	**521,222**	**4.60%**
Keith Taylor	**500,000**	**4.41%**
Ann Nicholas, Sandra Baldwin, David Speirs and Markhams Wanganui Trustees Limited	**421,790**	**3.72%**
David Speirs, Rebecca Speirs	**271,388**	**2.39%**
Ann Nicholas, Sandra Baldwin, David Speirs and Markhams Wanganui Trustees Limited	**257,206**	**2.27%**
K Mody	**235,000**	**2.07%**
C M Tyler	**200,000**	**1.76%**
P O Belk, B J Belk	**132,395**	**1.17%**
T A Morgan, S Morgan	**124,885**	**1.10%**
Lee Simpson	**110,000**	**0.97%**
M Le Moigne	**109,385**	**0.97%**
M W Speirs	**102,994**	**0.91%**
M B Beale	**102,394**	**0.91%**
Nelson Speirs, Robert Speirs, Susan Le Moigne and Glendinnings Trustee Company Limited	**100,000**	**0.88%**
W Carson	**100,000**	**0.88%**
	7,435,341	**65.60%**

Shareholder Statistics at 30 June 2021

Ordinary Shares	*Holders*	*%*	*Shares*	*%*
1 to 999	27	6.18	14,054	0.12
1,000 to 4,999	198	45.31	438,789	3.87
5,000 to 9,999	64	14.65	457,511	4.04
10,000 to 99,999	128	29.29	2,988,881	26.37
100,000 and over	20	4.57	7,435,341	65.60
Total	437	100.00	11,334,576	100.00

Speirs GROUP

DIRECTORY

Directors

At 30 June 2021 the Board of Directors of Speirs Group Limited is comprised of four Non-Executive Directors. All Directors have served for the whole year.

Non-Executive Directors

Derek Walker (Chairman) , BE (Hons), BBS

Fred Hutchings (Deputy Chairman) BBS, FCA

Nelson Speirs, FCA

David Speirs

Company Secretary

Lee Simpson BBS, CA, FCG, FGNZ

Email: lees@speirs.co.nz

Registered Office

19 Lower High Street, Marton
P O Box 318, Palmerston North
Telephone: 06 350 6004

Securities Registrar

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142

Telephone:	09 488 8700
Facsimile:	09 488 8787
Investor Enquiries:	09 488 8777
Website:	www.computershare.co.nz
Email:	enquiry@computershare.co.nz

Production Facility Offices

Speirs Foods (2018) LP		
Hair Street		
Marton		
P O Box 108, Marton		
Telephone: 0800 366 324		
Facsimile: 06 327 5717		
Email: sales@speirs.co.nz Website: www.speirsfoods.co.nz		

Advisors/Service Suppliers

Independent Auditor	**Solicitors**
Grant Thornton	Chapman Tripp
Bankers	Fitzherbert Rowe
Bank of New Zealand	