

FAR Annual Report

2024/2025



FOUNDATION FOR ARABLE RESEARCH INCORPORATED

GENERAL PURPOSE FINANCIAL REPORT

For The Year Ended 30 June 2025

FOUNDATION FOR ARABLE RESEARCH INCORPORATED
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For The Year Ended 30 June 2025

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**FOUNDATION FOR ARABLE
RESEARCH INCORPORATED
BUSINESS DIRECTORY
FOR THE YEAR ENDED 30 JUNE 2025**

Chief Executive	A Stewart
Chairman	S Bierema
Board Members	S Wilkins P Mackintosh G Wigley J Caradus V McMillan M Hedley R Dynes
Registered Office	Level 2 504 Wairakei Road Christchurch 8053
Independent Auditors	BDO Christchurch Audit Limited 287-293 Durham Street North Christchurch 8013
Accountants	Brown Glassford & Co Limited P O Box 39-195 Christchurch 8545 (S D Foster)



Statement of Service Performance 2025



The Foundation for Arable Research (FAR) is an applied research organisation funded by and responsible to New Zealand arable growers. FAR invests in research, development and extension to support positive change in the arable industry.

NZ arable growers are facing challenging times with increasing input costs, high interest rates, increasing environmental compliance costs and low commodity prices all impacting farm profitability. The ability to deliver added value to levy payers under these agronomic and economic pressures is challenging but FAR, as an agile and responsive agency, has reprioritized and refocused some of its key activities over the last year to better meet the needs of the growers.

This Statement of Service Performance reports on the progress that we have made in the final year of the 5 year plan developed in 2020. Changes made and outcomes achieved will inform the framework for the next 5 year plan.



Goal 1

Growers are reducing their on-farm input costs and farm environmental impact through efficient management of water and nutrients.

FAR has continued its strong focus on research to optimise the efficient management of water and nutrients. Ten projects were planned on different aspects of nitrogen and water management. Of those, eight were completed as anticipated, while the other two were not started due to logistical and funding issues.

A grower resource booklet was published that outlines nitrogen management strategies to determine the economic optima and indicators for arable crops and the biennial maize field event at FAR's northern crops research site included a number of key presentations on N management from both NZ and UK researchers. A technical report was published on the results and outcomes from a two year farm moisture monitoring project. This latter report describes the various soil moisture monitoring systems available to growers and highlights the pros and cons of each system and provides guidance to growers on the key factors to consider when adopting this technology.

To complement this specific work on nutrients and water, FAR also developed a resource booklet on climate change and greenhouse gases. This resource was created to provide growers with a basic understanding of climate science, and how the production of greenhouse gases from agricultural practices can impact on climate. This was a proactive activity to increase grower awareness and enable them to better manage upcoming legislation that will regulate farm GHG emissions.

The sustainable management of resources is a key component of FAR's updated Environment Strategy 2024-2030.



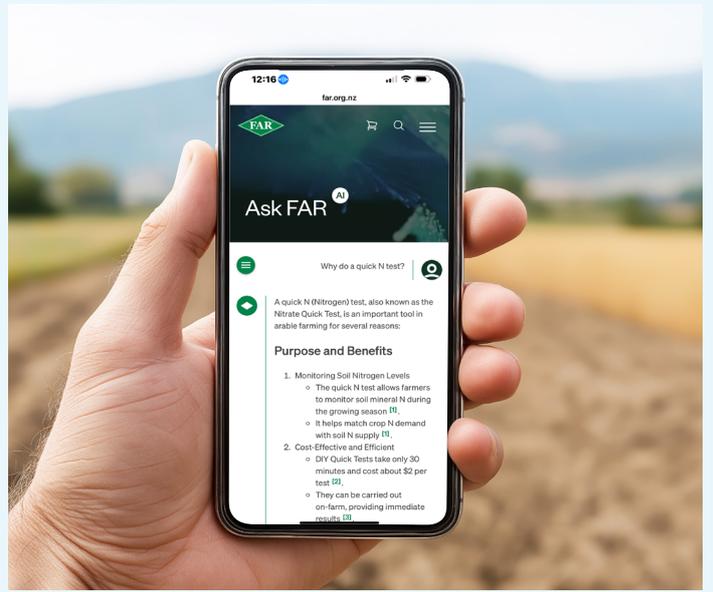
Goal 2

Arable growers are managing pests and diseases using effective crop protection technologies with a lighter touch on the environment.

FAR continues to invest in crop protection with major projects focused on weed, pest and disease management. The importance placed on this work is evidenced by an annual investment of approximately 30% of the total R&D budget. Two major outputs were delivered from this work in the current year. An updated Cropping Strategies book (Part 1 and 2) presents a detailed outline of recent research findings on disease control in wheat and barley, the two main foundational crops in an arable rotation. This is the go-to resource for cereal growers to understand the latest management strategies for cereal crops and how best to integrate control methods for optimum crop performance. Similarly, a substantial report was published on Maize weed management that describes problem weeds and their control measures. Recommendations on management strategies to minimize the risk of the development of herbicide resistance is a key focus of the report.

Responding to market demands for low pesticide production systems, FAR is continuing its collaborative work with other plant sectors in the 'A Lighter Touch' programme and is also conducting additional arable specific research on integration of cultural, biological and chemical technologies. In 2025, 17 projects were conducted that evaluated alternative strategies to agrichemical use. This represented 53% of the total crop protection programme compared to 43% in 2024.

While the long-term goal of this work is to reduce the arable sectors reliance on agrichemicals to create a lighter environmental footprint, it has to be done in a way that does not negatively impact on growers profitability.



Goal 3

New value-add crop and/or business opportunities are identified to enhance the profitability of arable farm systems.

FAR continues to evaluate the potential of new crops in NZ but there are limited opportunities to make these economically viable and cost competitive with overseas growers due to our high land and labour prices. In 2024/25, FAR planned and conducted four value-add project plans and successfully progressed all of these projects. The optimisation of agronomic practices for oilseed rape and linseed are continuations of existing projects as is the expansion of our future farm system work to a new site at Knapdale, Southland. This 7 year project is comparing best practice conventional arable farming alongside an experimental future focused farm system that incorporates a range of exciting new cultivation techniques, cover crops and biological crop protection strategies.

To address increasing concerns about the profitability of NZ arable systems, FAR worked with its industry collaborators United Wheat Growers and Federated Farmers Arable Section to develop a NZ arable production growth strategy called Future Fields 2030. This identified three pillars of work that could contribute to the growth of the sector, namely Building Skills for Success, Verification of Excellence and Enabling Infrastructure. FAR is the primary agency delivering to the strategy and in the last year has commenced work in each of the three areas. Greatest progress has been made in pillar two with the creation of a NZ Grains Mark that can be used by millers, bakers and retailers to promote products that use NZ grown grain and meet the accreditation criteria of quality, safety and sustainability.

Goal 4

FAR is delivering more effective extension and upskilling activities that provide greater value to arable growers.

For research to have any value, it must be taken up and used by growers to improve their farm business. Effective extension and communication are therefore key components of FAR's business. In 2025, FAR successfully delivered 291 extension activities (107 events and 184 publications). This was 8% greater than reported for 2024 (269).

The resounding success of the Growers Leading Change programme that ran from 2021-2024 has resulted in FAR committing to the appointment of part-time regional facilitators and the establishment of a regional growers network. This will strengthen FAR's connections to the regions and provide regional specific research and extension activities. The aim of this is to drive greater adoption and uptake of FAR research in the regions.

FAR has continued to expand its use of digital technology with the delivery of multiple on-line grower meetings, seminars and webinars (for example a webinar on soil microbes by Prof Linda Kinkel from the University of Illinois). The 'Cut the Crop' podcast series delivered 50 talks covering a wide range of topics including cover crops, herbicide resistance, biosecurity, seed dressing losses and maize nutrition. The integration of a new AI platform into the FAR website (AskFAR^{AI}) has re-invigorated grower use of the website and made access to FAR data so much easier. We intend to improve this even further with the development of a mobile App link so that growers can access real-time data in the field.

FAR needs high performing staff to deliver on its goals and the provision of on-going staff training and development opportunities is the key to achieving continuous improvement. Staff have attended numerous workshops, conferences and seminars to obtain additional knowledge and skills in areas of relevance both from a technical and management/leadership point of view. Examples include workshops covering time management, effective communication and presentation skills.

The annual staff satisfaction survey provides valuable feedback on the company's performance as a good employer and pleasingly we have once again attained high scores (mean 8.2 out of 10) for three main assessment criteria (effective job support, respect in the workplace and likelihood to recommend FAR as a good employer).

Service performance measures*	2024-2025		2023-2024	
	Target	Actual	Target	Actual
1.1 Number of resource use efficiency research projects	10	8	10	10
1.2 Delivery of major grower resource booklet • Maize weed management • Cropping strategies 1, 2 • Cocksfoot seed production	3	3	1	1
2 Crop protection projects focused on reducing pesticide use (%)	53%	53%	46%	43%
3 Number of value-add projects	4	4	5	5
4 Extension activities (events and publications)	n/a	291 107 events 184 publications	n/a	269 114 events 155 publications
5 Staff satisfaction survey – average rating across 3 main criteria (out of 10)	>8	8.2	>8	7.9

* Key judgements

In compiling the Company's Statement of Service Performance (SSP), FAR has made judgements in relation to which outcomes and outputs best reflect the achievement of its performance for the Company's mission and strategic goals. Outputs and outcomes are derived from information reported in the annual report, extension reports and internal planning documents. The SSP covers those priority areas identified by levy payers (namely resource management, crop protection, value-add cropping and innovative knowledge exchange) rather than the business as usual agronomic activities that are conducted on a routine annual basis.



Adding value to the business of cropping

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FOUNDATION FOR ARABLE RESEARCH INCORPORATED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2025

	NOTE	2025 \$	2024 \$
Revenue			
Revenue from non-exchange transactions			
Levy income			
Arable Crops		5,881,329	6,189,022
Maize		682,404	890,548
Cereal Silage		8,291	11,422
Total levy income		<u>6,572,024</u>	<u>7,090,992</u>
Project income			
Cereals		279,458	321,128
Maize		90,000	90,000
X Crop (all crops)		151,151	868,164
Seed Industry Research Centre Incorporated		1,264,560	1,257,000
Total project income		<u>1,785,169</u>	<u>2,536,292</u>
Total revenue from non-exchange transactions	6	8,357,193	9,627,284
Other income	7	<u>908,300</u>	<u>885,541</u>
Total revenue		<u>9,265,493</u>	<u>10,512,825</u>
Expenses			
Levy commissions		59,452	64,098
Research	9	5,197,933	5,951,271
Extension	10	2,446,516	2,096,938
Administration and operation	11	2,847,057	2,382,107
Other expenses	13	-	1,210
Total expenses		<u>10,550,958</u>	<u>10,495,624</u>
Surplus/(deficit) before financing costs		(1,285,465)	17,201
Finance income	14	411,134	447,521
Finance costs	14	<u>(73,511)</u>	<u>(110,496)</u>
Net finance costs		337,623	337,025
Surplus/(deficit) for the year		<u>(947,842)</u>	<u>354,226</u>
Other comprehensive revenue and expense		-	-
Total other comprehensive revenue and expense for the year		-	-
Total comprehensive revenue and expense for the year		<u>(947,842)</u>	<u>354,226</u>
Surplus/(deficit) attributable to:			
Owners of the controlling entity		<u>(947,842)</u>	<u>354,226</u>
Total comprehensive revenue and expense attributable to:			
Owners of the controlling entity		<u>(947,842)</u>	<u>354,226</u>

The Statements should be read in conjunction with the Notes to the Financial Statements and Independent Auditors Report

FOUNDATION FOR ARABLE RESEARCH INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Accumulated Comprehensive Revenue and Expenses	Total Net Assets/Equity
	\$	\$
2024		
Balance as at 1 July 2023	10,105,248	10,105,248
Total comprehensive revenue and expense for the year	354,226	354,226
Balance as at 30 June 2024	<u>10,459,474</u>	<u>10,459,474</u>
2025		
Balance as at 1 July 2024	10,459,474	10,459,474
Total comprehensive revenue and expense for the year	(947,842)	(947,842)
Balance as at 30 June 2025	<u>9,511,632</u>	<u>9,511,632</u>

The Statements should be read in conjunction with the Notes to the Financial Statements and Independent Auditors Report

FOUNDATION FOR ARABLE RESEARCH INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	NOTE	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	15	1,040,814	2,664,170
Recoverables (from non-exchange transactions)	16	2,049,687	2,293,793
GST		30,579	-
Inventories	17	40,000	10,000
Prepayments		3,810	3,395
Short term investments	18	6,488,374	6,703,552
NZ Seeds Authority Incorporated loan	20	207,433	300,734
Intangibles	24	<u>20,000</u>	<u>-</u>
Total current assets		9,880,697	11,975,644
Non-current assets			
Property, plant and equipment	23	584,390	452,394
Cultivate Ventures Limited Partnership investment	21	2,761,994	2,835,504
Other investments	19	<u>522</u>	<u>522</u>
Total non-current assets		3,346,906	3,288,420
Total assets		<u>13,227,603</u>	<u>15,264,064</u>
Liabilities			
Current liabilities			
Payables (from exchange transactions)	25	1,384,506	1,959,922
GST		-	68,052
Employee benefit liability	26	381,465	376,616
Cultivate Ventures Limited Partnership committed capital	22	<u>1,950,000</u>	<u>2,400,000</u>
Total current liabilities		3,715,971	4,804,590
Total liabilities		<u>3,715,971</u>	<u>4,804,590</u>
Net assets / equity			
Accumulated revenue and expenses		<u>9,511,632</u>	<u>10,459,474</u>
Total net assets / equity		9,511,632	10,459,474
Total net assets / equity and liabilities		<u>13,227,603</u>	<u>15,264,064</u>

Board Member



Board member



The Statements should be read in conjunction with the Notes to the Financial Statements and Independent Auditors Report

FOUNDATION FOR ARABLE RESEARCH INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
<u>Cash flows from operating activities</u>			
Cash was provided from:			
Receipts from growers		6,712,223	6,981,562
Receipts from government and other organisations		1,759,419	2,536,294
Receipts from other activities		963,724	760,328
Net GST received		-	52,721
Cash inflow		<u>9,435,366</u>	<u>10,330,905</u>
Cash was applied to:			
Research expenditure - projects		(4,293,862)	(4,401,957)
Research expenditure - info transfer		(1,442,638)	(1,092,757)
Payments to suppliers and employees		(5,203,760)	(4,371,043)
GST		<u>(152,655)</u>	-
Cash outflow		<u>(11,092,915)</u>	<u>(9,865,757)</u>
Net cash inflow (outflow) from operating activities	30	(1,657,549)	465,148
<u>Cash flows from investing activities</u>			
Cash was provided from/(applied to):			
Interest received		442,269	423,194
Intangibles		(20,000)	-
Short Term Investments		215,178	(306,339)
NZ Seeds Authority Incorporated loan		100,000	150,000
Cultivate Ventures Limited Partnership investment		(450,000)	(600,000)
Property, plant and equipment		<u>(253,255)</u>	<u>(135,929)</u>
Net cash inflow (outflow) from investing activities		34,192	(469,074)
<u>Cash flows from financing activities</u>			
Net cash inflow (outflow) from financing activities		-	-
<u>Net increase (decrease) in cash and cash equivalents</u>		(1,623,357)	(3,926)
<u>Cash and cash equivalents at beginning of the year</u>		2,664,170	2,668,096
<u>Cash and cash equivalents at end of the year</u>	15	<u><u>1,040,813</u></u>	<u><u>2,664,170</u></u>

The Statements should be read in conjunction with the Notes to the Financial Statements and Independent Auditors Report

**FOUNDATION FOR ARABLE
RESEARCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

1. REPORTING ENTITY

Foundation for Arable Research Incorporated (the Society) is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013). For the purpose of financial reporting, it is a public entity.

The Society is a reporting entity for the purposes of the Commodity Levies Act 1990 and the Commodity Levies (Arable Crops, Maize & Cereal Silage) Order 2018, the Society is an incorporated society incorporated and domiciled in Templeton New Zealand.

The Society's principal activity is:

- a) To develop an overall research strategy, determine information needs (research priorities) and allocate funding in relation to those needs
- b) To collect information by reviewing completed research or from completing research projects
- c) To disseminate information to levy payers
- d) To collect levies from growers

The financial statements for the Society are for the year ended 30 June 2025. The

financial statements were authorised for issue on 17 November 2025 by the Board Members.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The Society qualifies as a Tier 2 reporting entity as it is not large (operating expenditure has been between \$5m and \$33m in the current and prior period).

(b) Measurement basis

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Financial instruments at fair value through surplus or deficit

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the Society's functional currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Society during the year.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Society, except as explained in Note 5, which addresses changes in accounting policies.

**FOUNDATION FOR ARABLE
RESEARCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

3. MATERIAL ACCOUNTING POLICIES (CONT)

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Society at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in surplus or deficit, except for the following difference which are recognised in other comprehensive revenue and expense: those arising on the retranslation of equity investments that have been irrevocably classified as at fair value through other comprehensive revenue and expense.

(b) Revenue

Revenue is recognised when the amount of revenue can be measured reliably, and it is probable that economic benefits will flow and are measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Society's revenue streams must also be met before revenue is recognised.

i) Revenue from non-exchange transactions

Non-exchange transactions are those where the Society receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of *services-in-kind*, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and;
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and;
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Society's non-exchange transaction revenue streams must also be met before revenue is recognised.

**FOUNDATION FOR ARABLE
RESEARCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

3. MATERIAL ACCOUNTING POLICIES (CONT)

Grants, Donations, and Projects

The recognition of non-exchange revenue from *Grants, Donations, and Projects* depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Society to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a *non-exchange liability* that is subsequently recognised as *non-exchange revenue* as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Society to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a *non-exchange liability*, which results in the immediate recognition of *non-exchange revenue*.

Levy Revenue

Revenue is recognised over the period of the levy (usually 12 months). Amounts received in advance for levies relating to future periods are recognised as a liability until such time as that period covering the levy occurs.

(c) Other Income

Outside Work

Revenue from outside work is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date. The stage of completion is assessed by reference to the terms and schedule of the project. Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Research and Development Tax Incentive

Revenue from the research and development tax incentive is recognised in surplus or deficit when:

- It is considered probable that the claim will be approved, which is based on the advice of the Society's tax advisors
- The value of the claim can be measured reliably

The research and development tax incentive revenue relates to a claim made for a 15% credit on eligible research and development expenditure.

(d) Employee benefits

i) Short-term employee benefits

Short-term employee benefit liabilities are recognised when the Society has a legal or constructive obligation to remunerate employees for services provided and that are expected to be settled wholly before 12 months after reporting date.

Short-term employee benefits are measured on an undiscounted basis and expensed in the period in which employment services are provided. Liabilities for non-accumulated sick leave are recognised when the leave is taken, and measured rates paid or payable.

(e) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in surplus or deficit as incurred.

**FOUNDATION FOR ARABLE
RESEARCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

3. MATERIAL ACCOUNTING POLICIES (CONT)

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is recognised in surplus or deficit as there is no future economic benefit to the Society.

(f) Finance Income and finance costs

Finance income comprises interest income on financial assets, and fair value gains on financial assets at fair value through surplus or deficit. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

Finance costs comprise interest expenses on financial liabilities, and fair value losses on financial assets at fair value through surplus or deficit.

All borrowing costs are expensed in the period they are incurred.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

(g) Financial instruments

i) *Recognition and initial measurement*

Recoverables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Society becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through surplus or deficit (FVTSD), transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

ii) *Classification and subsequent measurement*

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

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

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

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

Financial assets at FVTSD: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in surplus or deficit.

**FOUNDATION FOR ARABLE
RESEARCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

3. MATERIAL ACCOUNTING POLICIES (CONT)

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method less expected credit losses. For trade receivables the Society uses the simplified expected credit loss (ECL) model.

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus of deficit.

iii) Derecognition

The Society derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

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

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

iv) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Society currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v) Impairment of non-derivative financial assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Society considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Society's historical experience and informed credit assessment and including forward-looking information. The Society assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Society considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Society in full, without recourse by the Society to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

(h) Inventory

Inventory is initially measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

**FOUNDATION FOR ARABLE
RESEARCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

3. MATERIAL ACCOUNTING POLICIES (CONT)

Inventories are subsequently measured at the lower of costs and net realisable value. The costs of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant, and equipment

i) *Recognition and measurement*

Items of property, plant and equipment are initially measured at cost.

Items of property, plant and equipment are subsequently measured under the cost model: costs less accumulated depreciation.

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

Any gain or loss on disposal of an item of property, plant, and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

ii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Society. Ongoing repairs and maintenance are expensed as incurred.

iii) *Depreciation*

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each component of an item of property, plant, and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Society will obtain ownership by the end of the lease term.

The estimated useful lives / diminishing value depreciation rates are:

- Plant and machinery 2 – 10 years / 10 – 50 % (2024: 2 – 10 years / 10 – 50%)
- Motor vehicles 3 – 8 years / 13 – 30 % (2024: 3 – 8 years / 13 – 30%)

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

(j) Intangible Assets

i) *Recognition and measurement*

Intangible assets are initially measured at cost.

Intangible assets are subsequently measured in accordance with the cost model, being cost less accumulated amortisation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed intangible assets includes the following:

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3. MATERIAL ACCOUNTING POLICIES (CONT)

- The cost of materials and direct labour, and
- Costs directly attributable to bringing the assets to a working condition for their intended use.

ii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in surplus or deficit as incurred.

iii) *Amortisation*

Amortisation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each amortisable intangible asset.

The estimated useful lives / diminishing values amortisation rates are:

- Software 2.5 years / 40 %

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis. However, Payables and Recoverables are inclusive of GST.

(l) Income Tax

The Society is a non-profit organisation. The parent has approval from the Inland Revenue Department for tax-exempt status. This status was approved on 25 August 1995 and applies from the date of incorporation, 3 June 1994. The Parent was registered under the Charities Commission on 30 June 2008. The registration number is CC32814.

(m) Leases

i) *Finance Leases*

Leases in terms of which the Society assumes substantially all the risks and rewards of ownership are classified as finance leases.

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments applicable to that asset and liability. Subsequent to initial recognition, the asset and liability are accounted for in accordance with the accounting policy applicable to that asset and liability. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding, using the effective interest method.

ii) *Operating leases*

Leases that are not finance leases are classified as operating leases. Operating leases are not recognised in the Society's statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(n) Impairment of Non-Financial Assets

Assets including property, plant and equipment are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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3. MATERIAL ACCOUNTING POLICIES (CONT)

The recoverable amount is assessed by the board annually. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

4. USE OF ESTIMATES AND JUDGMENTS

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

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

In compiling the statement of service performance, management have made judgements in relation to which performance measures best align to meeting the society's strategy. The performance measures selected are those that, in management's view, best evidence how the society's strategic objectives are being achieved.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the financial statements include the following:

- Levy, Grants and Project Income are recognised as non-exchange revenue
- Non-Exchange revenue in relation to each project is recognised at the point-in-time as each stipulated condition is satisfied
- Finance Leases are secured over the vehicles leased
- The Research and Development Tax Incentive revenue relating to expenditure incurred in 2025 (2024) has been recognised in 2025 (2024) as management are of the view that it is probable that the associated revenue will flow to the Society.
- Employee benefit apportionments disclosed in note 8 are subject to management's judgement based on employee roles.
- Depreciation cost apportionments disclosed in note 8 are subject to management's judgement based on the nature of fixed assets.

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements includes the following:

- Property, plant & equipment have a useful life of between 2 to 10 years; the depreciation method is diminishing values with rates of between 10 to 50%.
- Software has a useful life of 2.5 years; the depreciation method is diminishing value with a rate of 40%.
- Cultivate Ventures Limited Partnership's investment in underlying investee companies are valued at cost. The reporting standards require these to be measured at FVTSD as disclosed in note 20.

**FOUNDATION FOR ARABLE
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FOR THE YEAR ENDED 30 JUNE 2025

5. CHANGES IN ACCOUNTING POLICIES

There have been no material changes in accounting policies during the year, and no material changes expected from upcoming standards.

6. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2025	2024
	\$	\$
Revenue from non-exchange transactions include:		
<u>Levy revenue</u>		
Arable Crops	5,881,329	6,189,022
Maize	682,404	890,548
Cereal Silage	8,291	11,422
Total levy revenue	6,572,024	7,090,992
 <u>Project income</u>		
Cereals	279,458	321,128
Maize	90,000	90,000
Seed Industry Research Centre Incorporated	1,264,560	1,257,000
X Crop (all crops)	151,151	868,164
Total project income	1,785,169	2,536,292
 Total revenue from non-exchange transactions	8,357,193	9,627,284

The Society received government grants for the 2025 year of \$180,655 (2024 \$966,112) these grants are non-exchange restrictive revenue. These were received to enable research to be undertaken on sustainable farming. There are no unfulfilled conditions or other contingencies attached to this government assistance and the Society did not receive any non-monetary benefits (2024 Nil).

7. OTHER INCOME

Research and development incentive – current period	597,908	665,633
Conference	70,161	48,763
Sponsorships	75,690	-
Depreciation Recovered	15,369	-
Insurance Proceeds Received	19,546	-
 <u>Crop research sites</u>		
Canterbury Crop Research Site	8,000	12,352
North Island Crop Research Site	83,876	105,581
Lincoln Crop Research Site	32,070	45,890
Southland Crop Research Site	5,680	7,322
Total crop research sites	129,626	171,145
 Total	908,300	885,541

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8. EXPENDITURE BY NATURE

	2025	2024
	\$	\$
Direct operating expenses	5,441,871	5,873,983
Administration expenses	1,510,814	1,197,325
Other expenses	-	1,210
 <u>Employee benefits</u>		
Wages	2,469,356	2,320,343
PAYE	899,269	849,944
Student loan	25,182	25,948
Kiwisaver	67,840	98,808
Total employee benefits	<u>3,461,647</u>	<u>3,295,043</u>
 <u>Depreciation and amortisation</u>		
Loss on Sale	3,954	-
Office equipment	36,798	39,226
Plant and equipment	46,576	47,929
Vehicles	49,298	40,908
Total depreciation and amortisation	<u>136,626</u>	<u>128,063</u>
 Total expenditure by nature	 <u>10,550,958</u>	 <u>10,495,624</u>

For the year ended 30 June 2025 management estimates from the employee benefits that 35% relates to research (2024 36%), 29% relates to extension (2024 30%), and 36% relates to administration (2024 34%). This estimate is based on management's judgement of employee roles throughout the year. The judgement is subject to management's review each year.

For the year ended 30 June 2025 management estimates that depreciation and amortisation for plant and equipment relates to research, while office equipment and vehicles relates to administration. This estimate is based on management's judgement of the nature of the underlying fixed assets that are depreciated. The judgement is subject to management's review each year. The same estimates were applied in 2024.

9. RESEARCH EXPENSES

	2025	2024
	\$	\$
<u>Project expenses</u>		
Breakcrop	189,781	199,709
Cereals	1,376,096	1,366,714
Herbage	345,490	388,488
Maize	323,879	221,211
Seed Industry Research Centre Incorporated	1,000,000	1,000,000
X Crop (all crops)	672,615	1,502,892
Total	<u>3,907,861</u>	<u>4,679,013</u>

**FOUNDATION FOR ARABLE
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FOR THE YEAR ENDED 30 JUNE 2025

9. RESEARCH EXPENSES (CONT)

Scholarships	31,919	38,114
Employee benefits - research	1,211,577	1,186,215
Depreciation and amortisation - research	46,576	47,929
Total	5,197,933	5,951,271

10. EXTENSION EXPENSES

<u>Crop research sites</u>		
Canterbury Crop Research Site	241,952	132,243
North Island Crop Research Site	135,532	160,943
Lincoln Crop Research Site	69,418	86,365
Southland Crop Research Site	13,011	12,298
Field expenses	15,183	6,108
Total crop research sites	475,096	397,957

Loss on Books	18,657	15,668
Publications	345,831	241,180
Committee expense	46,564	21,654
Events	506,712	381,476
Contract expenses	49,779	50,490
Employee benefits – extension	1,003,877	988,513
Total	2,446,516	2,096,938

11. ADMINISTRATION EXPENSES

Staff expenses	173,463	123,268
Lease expenses	159,843	159,843
Motor vehicle expenses	83,591	90,952
Professional fees	439,746	225,594
Business Insurance	73,854	71,659
Staff Insurance	108,706	121,585
General administration	268,056	241,608
Board expenses	178,925	145,089
New opportunity cost	24,630	2,059
Employee benefits – administration	1,246,193	1,120,315
Depreciation and amortisation – administration	90,050	80,134
Total	2,847,057	2,382,106

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12. AUDITOR REMUNERATION

The following amounts were paid or payable to the auditors of the Society during the year:

Audit of Financial Statements - BDO	22,000	21,000
Total	<u>22,000</u>	<u>21,000</u>

13. OTHER EXPENSES

Cultivate Ventures Limited Partnership - Expenses	-	1,210
Total	<u>-</u>	<u>1,210</u>

14. NET FINANCE COSTS

Finance Income

Interest income on loans, investments, and recoverables	411,134	447,521
Total finance income	<u>411,134</u>	<u>447,521</u>

Finance Costs

Cultivate Ventures Limited Partnership – loss	(73,511)	(110,496)
Total Finance Costs	<u>(73,511)</u>	<u>(110,496)</u>

Net Finance Costs	<u>337,623</u>	<u>337,025</u>
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15. CASH AND CASH EQUIVALENTS

<u>Cash and Cash Equivalents</u>	Interest Rate	2025	2024
		\$	\$
ANZ Bank Cheque Account	0.40%	230,134	216,051
ANZ Bank ACE Account	1.75%	112,529	369,699
ANZ Bank Levy Clearing Account	1.75%	543,156	2,019,945
ANZ Bank Premium Account	1.75%	154,995	58,475
Total cash and cash equivalents in the statement of cash flows		<u>1,040,814</u>	<u>2,664,170</u>

There are no restrictions over any of the cash and cash equivalents balances held by the Society.

16. RECOVERABLES – NON-EXCHANGE TRANSACTIONS

	2025	2024
	\$	\$
Recoverables	1,073,123	888,564
Additional levies	321,447	641,485
Interest receivables	60,277	98,111
Research and development incentive	594,840	665,633
Total	<u>2,049,687</u>	<u>2,293,793</u>

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17. INVENTORIES

Inventories – Books	40,000	10,000
Total	40,000	10,000

18. SHORT TERM INVESTMENTS

<u>Short Term Investments</u>	Interest Rate	Term (days)		
ANZ Term Deposit - 1095	4.25%	270	921,502	844,279
ANZ Term Deposit - 1097	4.05%	210	666,844	629,098
ANZ Term Deposit - 1098	3.90%	182	1,253,313	1,151,334
ANZ Term Deposit - 1099	3.90%	365	579,246	545,430
ANZ Term Deposit - 1100	4.50%	210	1,184,975	1,133,412
ANZ Term Deposit - 1103	4.50%	210	1,882,494	1,800,000
ANZ Term Deposit - 1104	-	-	-	600,000
Total short term investments in the statement of financial position			6,488,374	6,703,552

19. OTHER INVESTMENTS

ATS Shares	522	522
Total	522	522

20. NZ SEEDS AUTHORITY INCORPORATED LOAN

Current	207,433	300,734
Non-current	-	-
Total	207,433	300,734

NZ Seeds Authority Incorporated (NZSA) Loan of \$250,000 was advanced in May 2023 and was repayable six months from agreement date. Interest is charged at 5.95%. NZSA formally approached the Society to request an extension on the \$250,000 loan due November 2023 and were unable to meet the due date if the request was denied. The request was granted to extend the due date to May 2025, and NZSA repaid \$150,000 in May 2024.

NZ Seeds Authority Incorporated (NZSA) Loan of \$200,000 was advanced on 10 November 2022 and is repayable two years from agreement date. Interest is not charged. The purpose of the loan is for NZSA to upgrade their computer system. There is a General Security Agreement (GSA) in place, however given the negative equity of NZSA, the GSA alone does not provide adequate security. The loan is measured at amortised cost. There was \$50,000 repaid in February 2025 and April 2025. There is a new loan agreement in place dated 20 February 2025 and is repayable on 30 November 2025. Interest is charged at 5.95%.

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21. CULTIVATE VENTURES LIMITED PARTNERSHIP INVESTMENT

	2025	2024
	\$	\$
Opening	2,835,504	2,946,000
Share profit (loss)	(69,715)	(108,682)
Share of tax credits	(3,795)	(1,814)
Closing	<u>2,761,994</u>	<u>2,835,504</u>

3,000,000 Partnership Interest Shares in Cultivate Ventures Limited Partnership (CVLP) were issued 28 June 2023 to the Society as a limited partner in exchange for \$3,000,000 of committed capital. The value of the partnership interest shares on initial recognition is equal to the committed capital less the first close establishment fees. The purpose of the fund is to invest in innovative agri-tech and agri-food businesses to deliver innovation that serves the future needs of New Zealand growers and farmers. Capital contributions are to be made following the receipt of call notices. CVLP has attracted additional investment, as such the Society's ownership interest has reduced from 37.5% to 18.29%.

The Society's ownership interest in CVLP is 18.29% (2024: 37.5%). The Society considers that it does not have significant influence over CVLP given:

- (i) No representation on the governing body of the investee
- (ii) No participation in policy-making processes
- (iii) No material transactions between the Society and CVLP outside of the committed capital disclosed
- (iv) No interchange of managerial personnel; and
- (v) No provision of essential technical information

The investment is subsequently measured at fair value through surplus or deficit (FVTSD). The policy for CVLP is to record each investment at the lower of cost and fair value, accounting for any unrealised losses when there is evidence of a deterioration in value, but not accounting for any unrealised gains. Northington Partners (Fund Manager) notes no indication of evidence of a deterioration of value, and as such, CVLP's interest in the investee companies of Miruku Limited, Ruminant BioTech Corp Limited, Leaft Food Holdings Limited, and Hectare Group Limited have been recorded at cost value. The Society recognises its share of the operating loss of CVLP Investment.

The Society considers that it is practical for commercial reasons to hold the investments at cost for this financial year given:

- (i) The investments were made by CVLP within the previous and current financial years
- (ii) The Fund Manager has not indicated evidence of a deterioration of value below cost
- (iii) The cost value is considered conservative (understated)
- (iv) The relative difficulty of accurately valuing early-stage businesses
- (v) The relative expense of obtaining a valuation for early-stage businesses

Despite the practical reasons for recording the investment in CVLP at cost, the treatment does not meet the reporting requirement for the Society to record the investment at FVTSD. The treatment is technically a departure from the accounting standards and has resulted in the auditor issuing a modified/qualified audit report with respect to recognition of the investment in CVLP which is recorded at cost, rather than fair value as required by the relevant accounting standard.

CVLP's balance date is 31 March 2025.

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22. CULTIVATE VENTURES LIMITED PARTNERSHIP COMMITTED CAPITAL

	2025	2024
	\$	\$
Opening	2,400,000	3,000,000
Committed	-	-
Called	(450,000)	(600,000)
Total	<u>1,950,000</u>	<u>2,400,000</u>
Current	1,950,000	2,400,000
Non-Current	-	-
Total	<u>1,950,000</u>	<u>2,400,000</u>

3,000,000 Partnership Interest Shares in Cultivate Ventures Limited Partnership were issued 28 June 2023 to the Society as a limited partner in exchange for \$3,000,000 of committed capital. Capital contributions are to be made following the receipt of call notices. Given that the call notices could be issued at any time, the total liability is recorded as current. The liability is measured at amortised cost.

23. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Plant and Equipment	Total
	\$	\$	\$
<u>Cost</u>			
Balance at 1 July 2024	664,241	1,341,941	2,006,182
Additions	197,666	79,457	277,123
Disposals	(20,870)	(3,000)	(23,870)
Balance at 30 June 2025	<u>841,037</u>	<u>1,418,398</u>	<u>2,259,435</u>
<u>Accumulated Depreciation</u>			
Balance at 1 July 2024	565,651	988,137	1,553,788
Depreciation	49,298	83,374	132,672
Disposals	(13,318)	1,903	(11,415)
Balance at 30 June 2025	<u>601,631</u>	<u>1,073,414</u>	<u>1,675,045</u>
<u>Net Book Value</u>			
As at 30 June 2023	139,495	305,031	444,527
As at 30 June 2024	98,590	353,804	452,394
As at 30 June 2025	239,404	344,985	584,389

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24. INTANGIBLES

	Software	Intangibles Under Construction	Total
2025			
<u>Cost or Valuation</u>			
Balance at 1 July 2024	-	-	-
Additions (Acquired Externally)	-	-	-
Additions (Developed Internally)	-	20,000	20,000
Additions (Non-Exchange)	-	-	-
Transfer – Intangibles Under Construction	-	-	-
Disposals	-	-	-
Re-Classified to Assets Held for Sale	-	-	-
Balance at 30 June 2025	-	20,000	20,000
<u>Accumulated Amortisation and Impairment</u>			
Balance at 1 July 2024	-	-	-
Amortisation	-	-	-
Impairment	-	-	-
Reversal of Impairment	-	-	-
Disposals	-	-	-
Re-Classified to Assets Held for Sale	-	-	-
Balance at 30 June 2025	-	-	-
<u>Net Book Value</u>			
As at 30 June 2023	-	-	-
As at 30 June 2024	-	-	-
As at 30 June 2025	-	-	-

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25. PAYABLES – EXCHANGE TRANSACTIONS

	2025	2024
	\$	\$
Operating payables (from exchange transactions)	292,782	475,813
Project payables (from exchange transactions)	1,091,724	1,484,109
Total	1,384,506	1,959,922

26. EMPLOYEE BENEFIT LIABILITY

Holiday pay accrued	241,229	295,862
PAYE accrued	112,069	64,811
Kiwisaver accrued	28,167	15,943
Total	381,465	376,616

27. FINANCIAL INSTRUMENTS

	Carrying Amount			
	Financial Assets		Financial Liabilities	
	Amortised Cost	FVTSD	Amortised Cost	FVTSD
	\$	\$	\$	\$
2024				
Cash and cash equivalents	2,664,170			
Recoverables	1,628,160			
Short term investments	6,703,552	-	-	-
Investments	522	-	-	-
NZSA loan	300,734	-	-	-
CVLP investment	-	2,835,504	-	-
Payables	-	-	(1,959,922)	-
Employee benefit liability	-	-	(376,616)	-
CVLP Committed Capital	-	-	(2,400,000)	-
Total	11,297,138	2,835,504	(4,736,538)	-
2025				
Cash and cash equivalents	1,040,814	-	-	-
Recoverables	1,454,847	-	-	-
Short term investments	6,488,374	-	-	-
Investments	522	-	-	-
NZSA loan	207,433	-	-	-
CVLP investment	-	2,761,994	-	-
Payables	-	-	(1,384,506)	-
Employee benefit liability	-	-	(381,465)	-
CVLP Committed Capital	-	-	(1,950,000)	-
Total	9,191,990	2,761,994	(3,715,971)	-

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28. RELATED PARTY TRANSACTIONS

i) *Key Management personnel remuneration*

The Society classifies key management personnel into one of three classes:

- Members of the governing body
- Senior executive officers, responsible for reporting to the governing body
- Chief operating officers, responsible for the operation of the Society's operating segments, and reporting to the Senior executive officers.

Members of the governing body are paid \$1,000 for each full day meeting, and \$500 for each half day meeting, attended during the year.

An honorarium of \$40,000 is paid annually to the Chairman. Senior executive officers and Chief operating officers are employed as employees of the Society, on normal employment terms.

The aggregate level of remuneration paid and number of persons (measured in "people" for members of the governing body, and "full time equivalent" (FTE's) for the senior executive officers and chief operating officers) in each class of key management personnel is presented below:

	2025		2024	
	Remuneration \$	Number of individuals	Remuneration \$	Number of individuals
Members of the governing body	106,250	8	87,000	8
Senior executive officers	400,276	1	374,589	1
Chief operating officers	483,467	3	525,035	3
Total	989,994	12	986,624	12

ii) *Other related parties*

John Caradus is the Chief Executive Officer of Grasslanz Technology Ltd, which the Society paid \$102,529 (2024 \$102,529). John is an executive member for NZPBRA, the Society paid \$1,933 (2024 \$1,933).

Steve Wilkins is a Director of NZ Rural Leadership Trust, which the Society paid \$30,000 (2024 \$30,000). Steve is a Director of United Wheatgrowers, which the Society paid \$Nil (2024 \$150).

Guy Wigley is a Director of United Wheatgrowers, which the Society paid \$Nil (2024 \$150).

The following board members are crop growers and pay levies: Paul Mackintosh, Steven Bierema, Guy Wigley, Val McMillan and Steve Wilkins.

The Society worked with the New Zealand seed industry to establish the Seed Industry Research Centre (SIRC) from 1 July 2017. SIRC has been established to coordinate industry good seed research, extension, and training in New Zealand. SIRC receive funds from the Society, seed companies and research organisations, which, by way of an Advisory Group, is being invested in activities to benefit the industry. The Society is represented with two members on the SIRC board and representatives on the Advisory Group. While the Society has an element of control over SIRC via the appointment of two out of six Board Members, the Society does not have an ownership interest in SIRC. The transactions during the year were the contribution received of \$1,264,560 (2024 \$1,257,000) and payments of \$1,000,000 (2024 \$1,000,000). Amounts outstanding were recoverables of \$363,617 (2024 \$361,387) and payables of \$287,500 (2024 \$287,500).

**FOUNDATION FOR ARABLE
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29. COMMITMENTS AND CONTIGENCIES

j) Commitments

Society as Lessee

There was a Deed of Lease for the premises with Rockwood Holdings Ltd, which renewed on 1 April 2024 to 1 April 2028.

There was a Deed of Lease for the land with N & L M S Copland, which renewed on 1 May 2024 to 1 May 2027.

There was Deed of Sub-Lease for the premises at Hamilton with The New Zealand Institute for Plant and Food Research Limited, which commenced on 28 November 2022 to 27 November 2025. There are two rights of renewal from 28 November 2025 to 27 November 2028 and 28 November 2028 to 27 November 2031.

There was a Deed of Lease for the 24ha rural land with J M Chynoweth, which commenced on 1 July 2025 to 30 June 2028. There are two rights of renewal from 1 July 2028 to 30 June 2031 and 1 July 2031 to 30 June 2034.

There was a Deed of Lease for the 11.1ha known as Kowhai Farm with Lincoln University, which renewed 1 May 2025 to 30 April 2028.

There was a Deed of Lease for the 2.20ha land with Knapdale School Board, which commenced on 20 November 2023, to 20 November 2026. There is one right of renewal from 20 November 2026 to 20 November 2029.

	2025	2024
	\$	\$
Within 12 Months	288,065	294,380
Between 1 & 5 years	658,721	494,039
Greater than 5 years	197,673	-
Total	<u>1,144,459</u>	<u>788,419</u>

ii) Contingent Liabilities

At reporting date, there are no known contingent liabilities (2024 Nil). The Foundation has not granted any securities in respect of liabilities payable by any other party whatsoever.

**FOUNDATION FOR ARABLE
RESEARCH INCORPORATED**
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

30. CASH FLOW FROM OPERATING ACTIVITIES

	2025	2024
	\$	\$
Surplus/(deficit) before financing costs	(1,285,465)	17,201
Add non-cash items:		
Depreciation, impairment and loss on disposal	121,256	128,063
	<u>(1,164,209)</u>	<u>145,264</u>
Add movements in other working capital items:		
(Increase)/decrease in recoverables	206,271	(251,058)
(Increase)/decrease in prepayments	(415)	(387)
(Increase)/decrease in inventories	(30,000)	10,000
Increase/(decrease) in payables	(570,564)	573,317
Increase/(decrease) in GST	(98,631)	(11,988)
	<u>(493,339)</u>	<u>319,884</u>
Net cash inflow (outflow) from operating activities	<u>(1,657,548)</u>	<u>465,148</u>

31. GOING CONCERN

The Board Members have based their opinion that the Society is a going concern on the strong cash and equity position the Society is in on the 30 June 2025.

Based on the assumption that the Society will have sufficient cash flow to meet its liquidity needs over the next twelve months from the date of signing this Annual Report. The Society is currently in a position where its assets exceed liabilities, it can pay its debts as, and when they fall due.

The Society Annual Report has been prepared on a going concern basis, the validity of which depends on the key assumptions set out above being realised in a manner consistent with the Society's expectations.

32. EVENTS AFTER REPORTING DATE

There are no material events after reporting date to disclose for the year ended 30 June 2025 (2024 Nil).

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FOUNDATION FOR ARABLE RESEARCH INCORPORATED**

Opinions

We have audited the general purpose financial report of Foundation for Arable Research Incorporated ("the society"), which comprises the financial statements on pages 6 to 29 and the statement of service performance on pages 2 to 5. The complete set of financial statements comprise the statement of financial position as at 30 June 2025, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion on the Statement of Service Performance

In our opinion, the accompanying general purpose financial report presents fairly, in all material respects, the statement of service performance for the year ended 30 June 2025, in that the service performance information is appropriate and meaningful and prepared in accordance with the society's measurement bases or evaluation methods, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Qualified Opinion on the Financial Statements

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on the Financial Statements* section of our report, the accompanying general purpose financial report presents fairly, in all material respects, the financial position of the society as at 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with PBE Standards RDR.

Basis for Qualified Opinion on the Financial Statements

As described in Note 21 to the financial statements, the society's investment in Cultivate Ventures Limited Partnership is recorded in the statement of financial position at its cost value of \$2,761,994 (2024: \$2,835,504). This is a departure from the requirements of PBE IPSAS 41 *Financial Instruments*, which requires the investment to be recorded at fair value through surplus or deficit. No assessment of fair value was performed by the society and therefore we were unable to obtain sufficient and appropriate audit evidence about the carrying value of the investment at 30 June 2025.

Consequently, we were unable to determine whether any adjustments to this amount or to the statement of comprehensive revenue and expense and statement of changes in net assets/equity for the year then ended, were necessary.

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)") and the audit of the statement of service performance in accordance with the ISAs (NZ) and New Zealand Auditing Standard 1 (NZ AS 1) (Revised) *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the General Purpose Financial Report* section of our report. We are independent of the society in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

The Board Members' Responsibilities for the General Purpose Financial Report

Board Members are responsible on behalf of the society for:

- (a) the preparation and fair presentation of the financial statements and statement of service performance in accordance with PBE Standards RDR;
- (b) the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present a statement of service performance that is appropriate and meaningful in accordance with PBE Standards RDR;
- (c) the preparation and fair presentation of the statement of service performance in accordance with the society's measurement bases or evaluation methods, in accordance with PBE Standards RDR;
- (d) the overall presentation, structure and content of the statement of service performance in accordance with PBE Standards RDR; and
- (e) such internal control as the Board Members determine is necessary to enable the preparation of the financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report, the Board Members are responsible on behalf of the society for assessing the society'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 Board Members either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 (Revised) 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 decisions of users taken on the basis of this general purpose financial report.

A further description of our responsibilities for the audit of the general purpose financial report is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14-1/>

Who we Report to

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

BDO Christchurch Audit Limited

BDO Christchurch Audit Limited
Christchurch
New Zealand
17 November 2025



Chair's Report 2024/2025

2025 has been a challenging year for the arable industry. Increased input costs and constrained commodity prices have put pressure on the confidence in the industry and several regions had a difficult harvest due to poor weather. Although FAR can not change the market, it is evident that identifying cost reductions, optimising yield potential and market access opportunities and collaboration are as important as ever.

Changes in the Incorporated Society Act 2022 required a review of the FAR Constitution. While these required changes were being drafted, all growers were consulted a range of matters, including regional and Board election procedures. The revised Constitution was adopted by the FAR Members' Council in June 2025 and formally approved by the New Zealand Companies Office in July.

After seven years at the helm, FAR CEO Alison Stewart retired on the 31 June 2025. I would like to thank her on behalf of all arable growers for her diligence and focus on developing relationships and systems to support FAR being able to operate in a fast changing world. This effort, along her contributions to the wider farming community in general, were recognised in the King's Birthday Honours, when she was made a Dame Companion of the New Zealand Order of Merit.

On July 1 Scott Champion officially started as the CEO of FAR. He has a wealth of knowledge of the farming, having worked with various Ministries, Federated Farmers, the dairy industry, Beef + Lamb NZ and FAR. The FAR board is delighted to welcome Scott and look forward to working with him.

Health and safety is important component of any business and the team at FAR have built a safety conscious environment, recognising the need minimise risk and supporting each other to achieve that. By recognising and reporting near misses, the chances of a major accident are minimised.

In agreement with management, the board has approved the 2025 budget and formulated the organisation's KPIs. In a year with lower yield expectation and constrained prices, all levy income and some surplus from the past should be used to maximise the research budget. The best way to prioritise research programmes is to have good discussions with the growers. We do this via the seven Arable Research Groups (ARGs) and Research and Development Advisory Committee (RDAC).

After 25 years as a researcher at FAR, Richard Chynoweth has left to pursue a new career opportunity; luckily still in the arable industry. I would like to thank all of the FAR team, management and researchers, for the passionate work they do to get the research done and presented to us growers. I'd like to make particular mention of "the Combine Harvester Workshops" led by Chris Smith, which won the Innovation Award at the 2025 Primary Industry NZ Awards, and the Ask FAR^{AI} app which was launched last year. Ask FAR^{AI}'s innovative use of technology has attracted much national and international attention. A phone app of the tool is currently being developed.

With regard to internal systems, FAR has started to install a new IT system, to provide more effective and efficient accounting, levy management and research project management.

Cultivate Ventures, the investment fund with FAR as the cornerstone investor, is starting to get investments on the board. After due diligence, investments have been made in Ruminant Biotech, Miruku, Leafit Foods, Hectre, Aimer Farming and Bovonic. The second investment round has attracted new co-investors, including Agmardt.

Steve Wilkins will be stepping down after four terms on the Board and Guy Wigley is also stepping down, after two terms. Neither of these current members is seeking re-election. I would like to thank Steve and Guy for their support and their insight into the arable industry and its future. Rowland Ambler started this year as the associate director but then stepped back and has been replaced by Liam Martin.

I wish to thank my fellow board members for their enthusiasm and dedication to FAR and the arable industry.

A handwritten signature in black ink, appearing to read 'Steven Bierema', with a long horizontal line extending to the right.

Steven Bierema

FAR Board Chair



CEO's Report 2024/2025

Review of the Constitution

As part of the process in revising the constitution to meet the new requirements of the Incorporated Societies Act 2022, we took the opportunity to seek feedback from levy payers on improvements that could be made to FAR's governance and operations. As a result of this consultation, we made a number of procedural changes related to ARG, MC and Board elections. We believe that this will provide greater transparency and opportunities for levy payers to provide input into the running of FAR's business. These changes were approved by the MC at an EGM held on 22 June, and re-registration of the Society was formally approved by the New Zealand Companies Office in July.

Biosecurity

As a key partner in SGRR, FAR had substantial input into managing two ongoing biosecurity issues, namely black grass and fall armyworm. The latter has now transitioned to long-term management, and FAR successfully obtained SFFF funds to develop an integrated pest management programme for the pest. The existing Black grass programme is still in its response phase with ongoing surveillance required before the incursion is deemed to have been eradicated. The industry's contribution to the response costs are currently being collected through the recently enacted Arable Biosecurity Levy. Unfortunately, in May, another Black Grass incursion occurred and a second response programme was initiated. This is ongoing and will once again require industry contribution to the response costs.

Research Highlights

On a positive note, FAR accomplished many research highlights and achievements over the last year, including the completion of a number of substantial grower resource booklets, the running of numerous successful workshops, seminars and field events and the establishment of a number of key new initiatives.

For example, the crop production team compiled multiple years of research results on cocksfoot seed production into a FAR Focus resource booklet that has been well received by growers. They have also worked closely with Pure Oil to provide greater guidance on strategies to optimize oilseed rape yields and ran a highly successful maize field event that focused on best value maize management. In addition, several field talks and a newsletter article outlined strategies to optimize yield in modern perennial ryegrass seed crops.

In the environmental research space, we produced numerous grower updates on nitrogen use optimization for a number of arable crops and published a booklet on climate change and greenhouse gases: what arable farmers need to know. We also continued our work on the use of cover crops in arable systems to enhance soil quality and reduce nitrate leaching.

A major focus for the year was on the development of enhanced crop protection strategies. A Cropping Strategies Booklet presented a detailed update on disease control options for wheat and barley and a FAR Focus booklet on maize weed management was produced. Numerous other complimentary resources were produced on herbicide efficacy, fungicide/cultivar interactions, herbicide resistance management strategies and guidance for monitoring and managing fall armyworm.

The development of a FAR technology strategy in 2024 has resulted in a renewed focus on providing guidance and support to growers on the use of new agri-technologies including the use of soil moisture probes, mechanical weeding technology, pest scouting tools and precision agriculture equipment. Continuation of the highly successful 2024 combine harvester workshops aimed at showing growers how to reduce grain loss at harvest has illustrated the value in 'going back to the basics' and several other similar workshops are being planned for the future.

Extension

From an extension point of view, FAR has continued to deliver a wide variety of resources and events including field days, conferences, workshops, webinars, podcasts, research reports, grower handbooks and factsheets.

A major new initiative was the integration of artificial intelligence into the FAR website platform. In collaboration with Custom D, a NZ based technology company, we developed AskFAR^{AI} a unique search facility that can generate rapid and informative data. This has substantially improved the ease by which growers can access relevant information on the website and is creating real added value. We are currently in the process of developing a phone APP link that will enable growers to gain access to information in real time in the field.

Increased use of digital technology for communication to growers has been highly successful with more podcasts, webinars, WhatsApp groups being delivered. Feedback from growers, particularly the younger generation has been particularly positive and this is an area that we will continue to focus on.

The success of the Growers Leading Change programme that ran from 2021-2024 created the momentum to establish a more structured regional grower network with part-time facilitators being appointed to focus on regionally specific issues. The aim of this is to reinvigorate the ARG network, meet the needs of the regions more effectively and create a better feedback loop for research and extension prioritization.

Cultivate Ventures

FAR's externally managed Investment Fund had another successful year. Northington Partners has overseen three major investments since the Fund's inception, with contributions to Ruminant Bio (slow-release bolus to mitigate ruminant methane emissions), Miruku (precision fermentation for protein) and Leaf Foods (plant-based protein production). A strong pipeline of potential investment opportunities has been established and several new investments are under due diligence. A second fund raise round closed in March 2025 with total commitments now at \$16M. A number of prominent investors have joined the Fund as part of the second close including AGMARDT.

Finances

From a financial perspective, FAR effectively managed its operating budget with a deficit of \$947,842. This was substantially better than the original deficit forecast of \$1.6million. This positive outcome was due to greater than forecast levy income, slightly reduce operating costs and an increase in the R&D tax credit revenue. The delivery of a full portfolio of research projects, extension events and publications is testament to the value that FAR is able to deliver from its levy and leveraged funds.

Arable Industry Strategy

At a strategic level, FAR, UWG and Fed Farmers Arable Section collaborated on the development and implementation of an arable industry strategy. Bodies of work were commenced for each of the three pillars, Building Skills for Success, Verification of Excellence and Enabling Infrastructure. This included the completion of a grower survey to determine professional development and training needs and the identification of a suitable service provider, discussions on a number of accreditation and verification systems and support for a regional grower infrastructure initiative. Existing work being conducted by FAR on the development of a NZ Grains mark was integrated into the strategy and forms a key component of pillar two. This Certification mark has been trademarked by FAR and will be granted under license to end-users at no cost. The mark can be used to identify products that have been made with 100% locally grown grain.

International Collaborations

Our existing connections with AHDB and NIAB TAG in the UK are progressing well with numerous opportunities to exchange knowledge, resources and ideas. A new collaboration with the UK Maize Growers Association was established with senior researchers visiting NZ in February and presenting at the FAR Maize Field Event. In addition, we have renewed our collaboration agreement with INTA in Argentina and will be focusing this collaboration on herbicide resistance and no-till systems. In conclusion, 2024-2025 has been a highly successful and productive year for FAR. I believe that FAR is delivering top quality research and extension to its levy payers but its biggest challenge is and will continue to be getting this information out to as wide a cohort of growers as possible. The improvements in the Constitution, introduction of the regional facilitators and grower networks and the integration of more digital technology will hopefully address some of these challenges as we move forward.

This is my last annual report as CEO of FAR and it would be remiss of me not to use this opportunity to express my thanks to those people who have made my time at FAR so productive and satisfying.

FAR could not function in a meaningful way to deliver value to its levy payers without the contribution and commitment from those growers who provide input to ARG's, RDAC and the Members Council. We rely on their contributions and feedback to make sure that we are focusing on what the growers need and want. While this is always a challenge to achieve, without grower input we would struggle to keep connected and relevant.

Over the last seven years I have seen a number of FAR Board members come and go but it is safe to say that I have appreciated the contributions from everyone. In particular, David Birkett, Hugh Ritchie and Steven Bierema, as the successive Chairs, have all been hugely supportive of me and had my back when things got tough. Having a CEO and Board working in close alignment and sharing a common vision is crucial for the success of any company and I have been very fortunate to experience this environment at FAR. Lastly, and most certainly not leastly, I would like to thank the senior management team and all of the FAR staff for the support that they have given me over the last seven years. They are a team of dedicated staff committed to delivering value to NZ arable growers and I have witnessed first hand many examples of staff going the extra mile to finish off pieces of work, respond to growers queries, deal with unexpected challenges and generally love the industry that they serve.

It has been an absolute pleasure and privilege for me to have lead FAR over the last seven years and I wish it and the growers all the best for the future.



Alison Stewart
CEO



Audit and Risk Chair's Report 2024/2025

Committee Members: Steve Wilkins (Chair), Val McMillan, Guy Wigley, supported by Steven Bierema and Alison Stewart.

During the financial year, the Audit & Risk Committee convened six times to oversee critical audit and risk governance matters. Key areas of focus included the review of draft and final budgets, systematic monitoring of financial performance, liaising with the auditor and accountant, providing recommendations to the Board regarding annual account sign-off, evaluating insurance and SIPO, and actively managing FAR's business risk processes.

Adherence to an efficient timeline for financial finalisation has supported informed decision-making for future investments and sustained organisational success. The accelerated schedule demanded greater diligence from all parties involved.

In 2025, Cultivate Ventures Limited Partnership further established itself as a reputable investment entity. The Committee anticipates continued investment activity by the Fund in the months ahead, which is expected to deliver enduring benefits to the arable industry as well as the wider agricultural sector.

The Committee maintained regular oversight of the Risk Matrix and FAR's Health and Safety programme throughout the year, with careful attention to the evolving environmental, social, and economic landscape. This diligence safeguards both business and staff wellbeing during periods of heightened external pressures.

FAR's ongoing eligibility for R&D tax credits continued to provide essential financial support, resulting in \$597,908 of additional income for new initiatives. This is well ahead of the \$500,000 budgeted. Tamara Reynolds deserves high commendation for her pivotal role in the success of this process.

Also a focus was FAR's investment in Cultivate Ventures (CV), particularly regarding valuation methodology. Investments are presently recorded on a cost basis, though there is scope to commission an independent valuation for a 'fair value' assessment at balance date. Notably, these investments are currently undervalued relative to their performance, and while the cost basis remains appropriate again for this year, the Committee will continue to monitor this and investigate the implications and value proposition of alternative methodologies in future reporting cycles.

Last year, the Board approved a deficit budget of \$1,600,000 for FAR for the 2025 year. It is with pleasure that I report FAR NZ achieved a \$947,842 deficit for 2025, a result significantly surpassing the budget forecast. Contributing factors included strong yield outcomes, retention of higher-priced contracts, and levy income exceeding the budget by approximately \$709,000. Other income was \$293,000 lower than budgeted. Expenses were \$397,101 less than budgeted. Prudent expense management, through ongoing scrutiny and reforecasting, also enhanced the financial result.

Strategic expansion in human resources, increased extension capability, and continued industry promotion have further strengthened FAR's operational position.

Looking ahead to 2025–26, the organisation anticipates reduced levy income due to market pressures and lower tonnages of some crops. Coupled with the need to continue providing uninterrupted value to growers, the Audit & Risk Committee recommended a projected deficit of \$527,000 for the 2026 financial year. This shortfall will be offset by previous surpluses and an estimated \$500,000 in tax credit refunds.

As at 30 June 2025, total cash reserves were \$9,880,697:

Including

- \$207,433 loan to NZ Seeds Authority

Not Including

- Cultivate Ventures Commitment

The utilisation of reserves to address a deficit aligns fully with FAR's policy to:

- Mitigate poor production seasons and/or low commodity prices impacting levy income.
- Underwrite long-term projects beyond the normal levy referendum cycle, thereby providing farmers with enhanced information.
- Invest in high-impact projects where benefits to farmers are deemed substantial.

My sincere thanks go to Tamara Reynolds for her attention to detail and exceptional stewardship of FAR's finances, which remain central to our continued success. I also wish to acknowledge the invaluable contributions of the Audit & Risk Committee members, Val McMillan, Guy Wigley, supported by Steven Bierema, Alison Stewart, and Mel Bond, alongside the entire FAR team for another highly successful year.

As this will be my last Annual Report as Audit & Risk Chair, following six years in the role, I would like to take a moment to reflect.

It has been a privilege to support FAR's continued commitment to robust governance, transparency, and accountability on behalf of levy payers. During my twelve years on the FAR Board, I've also had the opportunity to contribute to a period of substantial growth, strategic evolution, and organisational strengthening.

Key initiatives over this time have included the establishment of the Seed Industry Research Centre (SIRC), the formation of the Research and Development Advisory Committee (RDAC) to strengthen strategic oversight of FAR's research investment, FAR's commitment to the Government Industry Agreement (GIA) for biosecurity readiness and response, and the launch of Growers Leading Change (GLC), which has built a strong foundation for farmer-led extension across the regions. The establishment, and subsequent divestment, of FAR Australia was an area of focus during my mid tenure on the Board, as was the research and extension programme facilitated by FAR for Potatoes NZ

FAR has also completed several strategic refreshes and an External Performance and Management Review, each ensuring the organisation remains aligned with levy payer needs, industry direction, and evolving policy and environmental expectations.

A focus on developing talent pipelines has connected FAR more closely with universities and young professionals, helping to build capability and leadership for the future of the arable sector.

The creation of Cultivate Ventures has enabled FAR to co-invest in innovation and diversification opportunities, extending its reach and impact.

Continued investment in long-term trial sites and regional research hubs has further strengthened the evidence base for arable production, embedding robust science within local systems.

Throughout this period, I have had the opportunity to work with three Chief Executives—Nick Pyke, Alison Stewart, and Scott Champion—each bringing their own strengths to FAR's evolution. I was pleased to be involved in the recruitment and appointment of Scott Champion as the organisation's current CEO.

Collectively, these initiatives reflect a strong and forward-looking organisation that continues to serve growers through sound governance, strategic clarity, and the delivery of tangible value. I would like to acknowledge the Board, Senior Management Team, and staff for their professionalism, commitment, and collaboration over this time, and I wish them every success for the future as FAR continues to build on these foundations.

A handwritten signature in blue ink, appearing to read 'SW', with a stylized flourish at the end.

Steve Wilkins Chair
Chair Audit & Risk



Members' Council Report 2024/2025

This year FAR was required to update several clauses of its Constitution to meet the requirements of the Incorporated Societies Act (2022). The Members' Council (MC), as the representatives of the Members (Levy Payers), was required to oversee this in consultation with the Board and the CEO.

The opportunity was also taken to revisit the changes made in 2018 and discuss whether they had been effective. This included the reduction in the number of Board members and the structure of the Arable Research Groups (ARGs) and MC.

Valid concerns from members about a lack of engagement from the ARGs and an ongoing worry about the low voter turnout in the 2023 Levy Referendum were taken into consideration. A draft constitution was published and distributed to all members for consultation. Thank you to all who submitted.

ARG elections this year were heavily advertised, and this has resulted in new representatives. Hopefully the elections will become even more contested over time, resulting in greater enthusiasm and attention to members' needs. As well as effective and equitable representation across the Foundation.

An extra Board Member position has been added, and the Nomination and Remuneration Committee (NRC) were given a mandate to select Board Members with an eye to regional representation in conjunction with other qualifications. There is a busy year ahead for the NRC with two retirements at the board level, one rotational election and an extra spot to fill.

Congratulations to Liam Martin for his (early) addition as Associate Director.

Thank you to all of the ARG and MC representatives, the NRC and the FAR Board.

Thanks to the FAR staff, and welcome to Scott.

Matthew McEvedy
Chair Members' Council



Nominations and Remuneration Committee Report 2024/2025

The Nomination and Remuneration Committee (NRC) has had one selection and recommendation to the Members' Council (MC) this year.

The position of Associate Director to the board is an annual appointment. Rowland Ambler was recommended to the Members' Council as the most suitable applicant. Unfortunately, Rowland decided to change career paths and resigned from the board mid-term. A new associate was selected, Liam Martin, and appointed by the MC to the board. Liam runs a mixed arable farm at Southbridge in Canterbury.

A special thanks to independent Nomination and Remuneration Committee members Jacqueline Rowarth and Graeme Austin for their long-serving guidance. Both give their time to our organisation for the good of FAR. Also, a big thanks to Hugh Ritchie and Matt McEvedy for their wise thoughts.

There are a number of board resignations this coming year, so a busy year for the NRC.

Hope the weather and yields are good to us this season.

Hew Dalrymple
Chair Nomination and Remuneration Committee



Research and Development Advisory Committee Chair's Report 2024/2025

During the 2024–25 year, the Research & Development Advisory Committee (RDAC) continued to provide strategic guidance to ensure FAR's research and development programme delivers value and remains aligned with levy payer needs. The Committee's work this year focused on strengthening the link between growers and research, as well as shaping priorities across major crop and system areas.

A key highlight was the Annual R & D Team Forum, held in Lincoln in July 2024. This two-day event brought together FAR's research staff, RDAC members, and invited speakers to review progress across the research portfolio and explore emerging opportunities. The forum reinforced the depth and diversity of FAR's science capability and showcased how research is being applied to support grower decision-making and industry resilience. RDAC members contributed actively through structured feedback sessions and workshops, offering practical insights into the effectiveness of key tools and initiatives. These sessions helped shape the next phase of work in areas such as on-farm soil assessment, pest and disease management, and decision-support platforms.

Day One featured a comprehensive series of technical updates, student presentations, and case studies across the four themes of Growers Leading Change, Maximising Productivity, Environmental and Social Best Practice, and Building Resilience in Arable Systems. The sessions highlighted the depth of FAR's research capability and showcased collaboration across industry and research partners. Guest speaker Hamish Marr, New Zealand's Special Agricultural Trade Envoy, provided an international perspective on emerging trade and market access issues for New Zealand's arable sector.

Day Two focused on structured RDAC feedback sessions, where members provided targeted input on FAR's R&D projects and delivery. Workshops reviewed the effectiveness and direction of key initiatives, including:

- MiniVSA and practical soil testing support for growers.
- Aphid Chat decision-support platform and next steps.

The forum concluded with a field tour of Kowhai Farm, Lincoln, ensuring RDAC remained up to date with FAR's on-site demonstration activities.

In December 2024, RDAC met in the Waikato, combining strategic discussion with a tour of the Northern Crop Research Site. This regional engagement enabled the Committee to connect directly with FAR's northern research team and observe firsthand the outcomes of ongoing trials. The visit provided valuable context for national investment decisions and highlighted the importance of locally relevant science across diverse growing regions.

Throughout the year, the Committee also contributed to several strategic processes, including prioritisation of seed research investments through the Seed Industry Research Council (SIRC) and a review of FAR's maize research programme. These discussions helped ensure that research direction and resources remain well-targeted with clear deliverables and measurable outcomes.

Across all activities, RDAC continued to support FAR's focus on:

- Aligning investment with grower-identified needs.
- Strengthening regional engagement through the Arable Research Groups (ARG).
- Leveraging partnerships with industry, research providers, and government; and
- Demonstrating tangible benefits and impact for levy payers.

The Committee acknowledges the contributions of all members and FAR staff, and extends particular thanks to outgoing members Hamish Marr and Mick Williams for their service. We also welcome George Lilley from Mid Canterbury.

As this will be my final report as Chair of RDAC, I want to take a moment to reflect on the past nine years. It has been a privilege to work alongside such dedicated committee members and FAR staff, supporting research that strengthens the resilience, productivity, and innovation of New Zealand's arable sector. Over this time, we have seen tremendous progress — from the development of new crop management tools and decision-support platforms to stronger industry collaboration and clearer alignment between research investment and grower needs. I am proud of what RDAC has achieved and grateful for the opportunity to contribute to FAR's important work, and I thank all members, staff, and levy payers who have made this journey so rewarding.

On behalf of the Committee, I would like to recognise the dedication and professionalism of FAR's research and extension teams, whose work continues to underpin a resilient arable sector.



Steve Wilkins
Chair RDAC



Events

1 July 2024 - 30 June 2025

FAR Levy Payer Events 2024-2025	
FAR events – online & in person	56
Growers leading Change events online and in-person	51
Total grower meetings and events	107

Month	Event	Location(s)
<i>July 2024</i>	Maize Winter Workshops	Whakatane, Gisborne, Hastings, Bulls, Dargaville 5
<i>August</i>	West Coast maize meeting	Greymouth 1
	A Lighter Touch workshops with Paul Horne	Gore, Ashburton, Timaru, Hastings, Bulls 5
	New Zealand Arable Awards	Christchurch 1
<i>September</i>	Spring field event series	Lincoln, St Andrews, Knapdale, Rakaia 4
	Cover crops/maize estab. trials field day	Ohaupo & Te Awamutu 2
<i>October</i>	Late spring field event series	Eiffelton, Mayfield, Darfield, N. Otago 4
	Cocksfoot field day	Highbank 1
<i>November</i>	North Island spring cereals and seed management	Martinborough, Marton, 2
	A Lighter Touch demo farm field day / IPM workshop	Pukekohe 1
	CROPS	Chertsey 1
<i>December</i>	Combine workshops	Martinborough, Te Awamutu, Palmerston North, Timaru, Ashburton, Oamaru and Greendale 7
	Southland trials tour	Drummond 1
<i>January</i>	Soil Microbes webinar	Webinar 1
	Maize field walks	Marton, Bulls, Whanganui 3
<i>February</i>	Maize field walks	Whakatane, Waikato, Onewhero 3
	Maize NCRS field day	Hamilton 1
<i>March</i>	West Coast grower visits	Ikamatua, Kumara Junction, Harihari, Kowhitirangi 4
	Autumn R&D road show	Dunsandel, Ashburton, Timaru, Palmerston North 4
<i>April</i>	Autumn R&D road show	Hawkes Bay, Methven, Gore 3
	Managing herbicide resistance pre-autumn sowing webinar	Online 1
<i>June 2025</i>	FAR Conference	Lincoln 1
<i>Total</i>		56

Grower Group Events

Group name	Region	Number of meetings/events
Alternative N for cereal crops	Canterbury	6
Biologicals/liquid injection	Canterbury	6
Canterbury maize	Canterbury	3
Ellesmere Arable Ys	Canterbury	5
Future-proofing arable systems	Canterbury	6
Machinery	Canterbury	4
Manawatu crop establishment	Manawatu	1
North Otago livestock integration	Otago	4
South Waikato soil quality	Waikato	1
Supporting arable businesses	Canterbury	5
Waipu maize	Northland	5
Other		5
Total		51

Publications

Publication	Number
Cut the Crop Podcast episodes	49
FAR Weekly e-news	51
From the Ground Up (newsletter)	4
CPT Cultivation Evaluation Booklets	2
FAR 2022/23 Annual Research Reports	4
Crop Action (electronic agronomic advisory)	24
Harvest Snippets	18
Arable Updates	21
Arable Industry Marketing Initiative reports	5
FAR Focus	2
FAR Strategy publication	3
Greenhouse gas update booklet for arable	1
Total publications	184

Cultivate Ventures

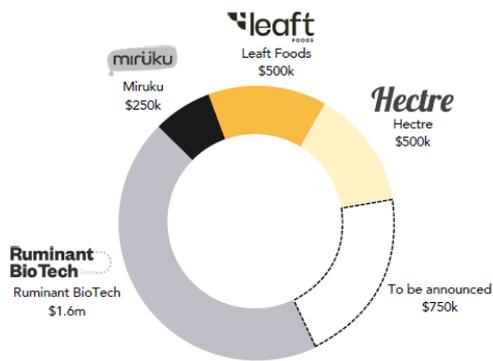
Cultivate Ventures was established in 2023 as a targeted venture fund to invest in emerging business concepts in the primary sector, with a primary focus, whenever possible, on companies that would benefit the arable sector. The agreed mandate for the fund stands unaltered; “Commercial development of innovation to transform the New Zealand arable sector, delivering new opportunities to arable industry growers which will drive financial returns to all investors.”

Cultivate Ventures is a limited partnership (LP) managed by Northington Partners. It has its own Board and FAR Inc was the cornerstone/foundation investor, with a commitment of \$3m. This is only drawn down as requested by the Fund Manager and to date FAR has invested \$1.35M to the Fund. Following two rounds of investment, the fund now has total committed capital from all investors, including FAR, of \$16.5M.

The aim of the Fund is to invest by taking a shareholding in target companies. If companies grow in value, so does the value of the Fund’s shareholding. Returns to FAR are realised by selling those shares and returning the proceeds to FAR (via Cultivate Ventures Ltd). No more than 15% of the Fund will be invested in any one initiative unless express permission is given by the Fund Partners. The initial term of the Fund is 10 years.

Investments to date

The Fund has made four investments to date: Ruminant Bio Tech, Miruku, Leaf and Hectre. A further two investments are currently being added to the portfolio and other potential additional investments being considered and / or going through due diligence.



Company	Focus Area	Investment Date	Co-Investors
Ruminant BioTech	Sustainable agriculture	July 2023 June 2025	Regeneration.VC, NZGIF, Elanco, AgriZero
Miruku	Novel Cultivars	December 2023	Movac, Icehouse ventures, Better Bite Ventures, NZ Growth Capital Partners, Motion Capital
leaf foods	Plant-based Products	June 2024	khosla ventures, KIW, AFP, NGAI TAMU Holdings, ERBACHER, GREENMOUNT
Hectre	AI / Predictive Analytics	March 2025	PACIFIC CHANNEL, Nuance, ANGEL INVESTORS, NZ GROWTH CAPITAL PARTNERS, Enterprise Angels

Next steps

The main focus for the coming year is to grow the Fund’s capital base and portfolio of high growth business in the food and fibre sector, with the Fund aiming to make four additional investments during this period. It is anticipated that a third investment round will reach a target fund size of \$40M.



ADDING VALUE TO THE BUSINESS OF CROPPING

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