

Special Purpose Annual Report

LegaSea Limited
For the year ended 30 June 2021

Prepared by Phibbs & Co Limited

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Directory

Legasea Limited

For the year ended 30 June 2021

Nature of Business

Ecological and Fisheries Protection

Registered Office

Phibbs & Co Limited, 8 Murdoch Road, Grey Lynn, Auckland 1021

Incorporation Number

3674320

Directors

Peter Campbell
Mark Connor

Chartered Accountant

Phibbs & Co Limited, 8 Murdoch Road, Grey Lynn, Auckland 1021

Bankers

ASB Bank

Shareholders

| | |
|--|------------|
| New Zealand Sport Fishing Council Incorporated | 100 Shares |
|--|------------|

Legasea Governance Advisory Standing Committee

Peter Campbell (Chair)

Mark Connor

Lewis Avenell

Ross Lucas

Scott Macindoe

Bob Gutsell

Richard Baker

Dirk Sieling

Approval of Financial Report

LegaSea Limited

For the year ended 30 June 2021

The Directors are pleased to present the approved financial report including the historical financial statements of LegaSea Limited for year ended 30 June 2021.

APPROVED

For and on behalf of the Board of Directors.



Peter Campbell

Date 2/9/21



Mark Connor

Date 2/9/21

Statement of Income and Expenditure

LegaSea Limited

For the year ended 30 June 2021

| | NOTES | 2021 | 2020 |
|--|-------|------------------|------------------|
| Revenue | | | |
| Donations Received - Advocacy, Research, Education & Alignment | | | |
| LegaSea Legends | | 111,605 | 107,101 |
| Donations - Events | | 8,782 | 6,334 |
| Grants to be distributed for Fisheries Management | 5 | 15,000 | - |
| Public | | 19,920 | 12,479 |
| Unaffiliated Clubs | | 3,906 | 11,730 |
| Total Donations Received - Advocacy, Research, Education & Alignment | | 159,213 | 137,644 |
| Distributions Allocated - Advocacy, Research, Education & Alignment | | | |
| Distributions Remitted - NZSFC | | (155,974) | (133,448) |
| Distributions Remitted - LegaSea Hawke's Bay | 3 | (3,239) | (4,196) |
| Total Distributions Allocated - Advocacy, Research, Education & Alignment | | (159,213) | (137,644) |
| Other Income | | | |
| Platinum Partners | | 111,527 | 118,800 |
| Gold Partners | | 70,128 | 65,261 |
| Hawkes Bay Building LegaSea & LegaSea Works | | 6,250 | 5,724 |
| Building LegaSea Sponsors | | 22,650 | 25,226 |
| Sponsorship Income Distributed - LegaSea Hawke's Bay | 4 | (5,000) | (4,579) |
| LegaSea Works Sponsors | | 8,598 | 12,146 |
| Donations - Affiliated Clubs | | 7,013 | 2,835 |
| Merchandise Sales | | 15,233 | 36,457 |
| Grants Received for LegaSea projects and running costs | 5 | 451,940 | 559,569 |
| Discounts Received | | - | 6,463 |
| Grants received for debt reduction | 5 | 105,000 | - |
| Total Other Income | | 793,340 | 827,901 |
| Kai Ika Income | | | |
| Kai Ika Donations | | 11,768 | 857 |
| Kai Ika Filleting Income | | 44,174 | 9,589 |
| Kai Ika Grants Received | 5 | 141,374 | - |
| Kai Ika Interest Received | | 876 | - |
| Kai Ika Logistics Income | | 12,897 | - |
| Total Kai Ika Income | | 211,088 | 10,445 |
| Total Revenue | | 1,004,428 | 838,346 |
| Gross Profit | | 1,004,428 | 838,346 |
| Expenditure | | | |
| Kai Ika | | | |
| Kai Ika Depreciation | | 8,449 | 4,564 |
| Kai Ika Distribution of Kai | | 48,297 | 12,523 |
| Kai Ika Feasibility | | - | 6,860 |

The accompanying notes form part of, and are to be read in conjunction with, this financial report and auditors report.

| | NOTES | 2021 | 2020 |
|---|-------|----------------|----------------|
| Kai Ika Filleting Expenses | | 112,074 | 6,844 |
| Kai Ika Fundraising | | 15,756 | 13,690 |
| Kai Ika General Expenses | | 5,639 | - |
| Kai Ika Grants unspent & refunded | | 4,373 | - |
| Kai Ika Project Management | | 66,386 | 72,121 |
| Kai Ika Public Awareness | | 39,426 | - |
| Kai Ika Research & Development | | 23,378 | - |
| Loss on Disposal of Kai Ika Fixed Assets | | 1,314 | - |
| Free Fish Heads | | 3,116 | - |
| Total Kai Ika | | 328,209 | 116,602 |
| Public Outreach | | | |
| Communications Activities | | 67,152 | 64,907 |
| Social Media Programme | | 14,316 | 11,211 |
| Database Building, Research & Maintenance | | 10,322 | 10,969 |
| Brochures & Collateral | | 13,560 | 11,303 |
| Website Development & Maintenance | | 8,392 | 10,174 |
| Event Attendances, Followup & Reporting | 7 | 36,433 | 41,388 |
| Alignment Programme | | 3,103 | 2,593 |
| Volunteer Programme | | 3,703 | 4,347 |
| Merchandise Purchases & Expenses | | 3,490 | 15,844 |
| Shipping Costs - Packaging, Postage & Freight | | 1,135 | 1,296 |
| NZSFC Reporting & Club Relationships | | 10,280 | 8,637 |
| Total Public Outreach | | 171,884 | 182,667 |
| Fundraising | | | |
| Partner Programme | | 28,870 | 40,661 |
| Building LegaSea & LegaSea Works | | 4,908 | 4,889 |
| LegaSea Legends Sales & Collateral | | 11,475 | 10,477 |
| Public Donor Fundraising | | 12,132 | 30,149 |
| Grant Seeking - LegaSea establishment and running costs | | 11,061 | 9,170 |
| Total Fundraising | | 68,446 | 95,348 |
| Governance, Strategy & Planning | | | |
| Budgeting | | 4,919 | 7,660 |
| Governance | | 53,575 | 53,912 |
| Strategic Planning | | 23,822 | 23,780 |
| Total Governance, Strategy & Planning | | 82,317 | 85,351 |
| Administration | | | |
| Accountancy & Audit Fees | | 8,057 | 7,605 |
| Book Keeping | | 41,656 | 30,522 |
| IT Support | | 1,648 | 3,065 |
| LegaSea - Depreciation | | 19,621 | 16,333 |
| Office Expenses | | | |
| Office Expenses | | 7,168 | 6,801 |
| Eftpos Machine Maintenance Fee | | 341 | 336 |

The accompanying notes form part of, and are to be read in conjunction with, this financial report and auditors report.

| | NOTES | 2021 | 2020 |
|--|-------|----------------|-----------------|
| Bank Fees | | 38 | 22 |
| Credit Card Commissions & Processing Costs | | 5,862 | 6,316 |
| Recruitment Expenses | | 13,641 | 16,602 |
| Vega.Works Database Management System | | 6,578 | 11,073 |
| Total Office Expenses | | 33,628 | 41,150 |
| Total Administration | | 104,608 | 98,675 |
| Campaigns | | | |
| Rescue Fish | | 116,500 | 270,906 |
| Fishcare | | 5,976 | 19,533 |
| Other Campaigns | 6 | 24,231 | 588 |
| Total Campaigns | | 146,707 | 291,026 |
| Total Expenditure | | 902,171 | 869,670 |
| Net Surplus (Deficit) for the Year | | 102,257 | (31,323) |

The accompanying notes form part of, and are to be read in conjunction with, this financial report and auditors report.

Statement of Financial Position

LegaSea Limited As at 30 June 2021

| | NOTES | 30 JUN 2021 | 30 JUN 2020 |
|---|-------|------------------|------------------|
| Assets | | | |
| Current Assets | | | |
| Bank | | 47,114 | 69,799 |
| Trade and Other Receivables | | 8,850 | 11,604 |
| GST Receivable | | 27,147 | 24,115 |
| Inventories | | 4,251 | 11,035 |
| Income Tax Receivable | 8 | 247 | 1 |
| Shareholder Current Accounts | | - | 100 |
| Investments (current) | | - | 75,000 |
| Total Current Assets | | 87,609 | 191,655 |
| Non-Current Assets | | | |
| Computer Software, Websites, Plant & Equipment and Vehicles | | 122,099 | 105,207 |
| Total Non-Current Assets | | 122,099 | 105,207 |
| Total Assets | | 209,708 | 296,862 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | | 134,496 | 92,516 |
| Unspent Grants | 5 | 5,000 | 131,291 |
| Total Current Liabilities | | 139,496 | 223,807 |
| Non-Current Liabilities | | | |
| Loans | 10 | 255,000 | 410,000 |
| Shareholder Current Accounts | | 49,900 | - |
| Total Non-Current Liabilities | | 304,900 | 410,000 |
| Total Liabilities | | 444,396 | 633,807 |
| Net Assets | | (234,689) | (336,945) |
| Equity | | | |
| Share Capital | | 100 | 100 |
| Retained Earnings | | (234,789) | (337,045) |
| Total Equity | | (234,689) | (336,945) |

The accompanying notes form part of, and are to be read in conjunction with, this financial report and auditors report.

Statement of Changes in Equity

LegaSea Limited

For the year ended 30 June 2021

| | 2021 | 2020 |
|------------------------|------------------|------------------|
| Equity | | |
| Opening Balance | (336,945) | (305,622) |
| Increases | | |
| Profit for the Period | 102,257 | - |
| Total Increases | 102,257 | - |
| Decreases | | |
| Loss for the Period | - | 31,323 |
| Total Decreases | - | 31,323 |
| Total Equity | (234,689) | (336,945) |

The accompanying notes form part of, and are to be read in conjunction with, this financial report and auditors report.

Shareholder Current Accounts

LegaSea Limited

For the year ended 30 June 2021

| | 2021 | 2020 |
|---|---------------|--------------|
| Shareholder Current Accounts | | |
| New Zealand Sport Fishing Council Incorporated | | |
| Opening Balance | (100) | (100) |
| Increases | | |
| Funds Introduced | 50,000 | - |
| Total Increases | 50,000 | - |
| Total New Zealand Sport Fishing Council Incorporated | 49,900 | (100) |
| Total Shareholder Current Accounts | 49,900 | (100) |

The accompanying notes form part of, and are to be read in conjunction with, this financial report and auditors report.

Depreciation Schedule

LegaSea Limited

For the year ended 30 June 2021

| ASSET TYPE | NAME | RATE | EXPENSE ACCOUNT | COST | OPENING VALUE | PURCHASES | DISPOSALS | DEPRECIATION | CLOSING ACCUM DEP | CLOSING VALUE |
|-------------------------------------|--|--------|------------------------|----------------|----------------|---------------|--------------|---------------|----------------------|----------------|
| Fixed Assets - Kai Ika | | | | | | | | | | |
| Plant & Equipment - Kai Ika | 1.00 IO-100 Knife Sharpener | 10.00% | Kai Ika Depreciation | 7,422 | 7,113 | - | - | 711 | 1,021 | 6,402 |
| Plant & Equipment - Kai Ika | Kai Ika Water Tank & Container Development | 8.00% | Kai Ika Depreciation | 20,099 | 19,697 | - | - | 1,576 | 1,978 | 18,121 |
| Plant & Equipment - Kai Ika | Skope TME1000 D/D Glass Chiller | 10.00% | Kai Ika Depreciation | 850 | 772 | - | 772 | - | - | - |
| Plant & Equipment - Kai Ika | Skope TME1000 D/D Glass Chiller | 10.00% | Kai Ika Depreciation | 850 | 772 | - | 772 | - | - | - |
| Plant & Equipment - Kai Ika | Toshiba Tecra Z30t-B | 50.00% | Kai Ika Depreciation | 649 | 311 | - | - | 155 | 494 | 155 |
| Motor Vehicle - Kai Ika | 1999 Isuzu Elf - LRF281 | 16.00% | Kai Ika Depreciation | 15,826 | 11,876 | - | - | 1,900 | 5,850 | 9,976 |
| Motor Vehicle - Kai Ika | Kai Ika Filleting Trailer | 13.00% | Kai Ika Depreciation | 29,114 | - | 29,114 | - | 315 | 315 | 28,799 |
| Motor Vehicle - Kai Ika | Kai Ika Filleting Trailer | 13.00% | Kai Ika Depreciation | 25,937 | 24,813 | - | - | 3,226 | 4,350 | 21,587 |
| Motor Vehicle - Kai Ika | Trailer with attached chiller | 13.00% | Kai Ika Depreciation | 17,391 | - | 17,391 | - | 565 | 565 | 16,826 |
| Total Fixed Assets - Kai Ika | | | | 118,139 | 65,354 | 46,505 | 1,544 | 8,449 | 14,572 | 101,867 |
| Fixed Assets - LegaSea | | | | | | | | | | |
| Plant and Equipment - LegaSea | LegaSea instant Marquee | 25.00% | LegaSea - Depreciation | 4,418 | 1,223 | - | - | 306 | 3,501 | 917 |
| Computer Software - LegaSea | Website - Rescue Fish | 50.00% | LegaSea - Depreciation | 27,245 | 24,975 | - | - | 12,487 | 14,758 | 12,487 |
| Computer Software - LegaSea | Websites | 50.00% | LegaSea - Depreciation | 34,497 | 13,655 | - | - | 6,828 | 27,669 | 6,828 |
| Total Fixed Assets - LegaSea | | | | 66,160 | 39,853 | - | - | 19,621 | 45,928 | 20,232 |
| Total | | | | 184,299 | 105,207 | 46,505 | 1,544 | 28,070 | 60,500 | 122,099 |

The accompanying notes form part of, and are to be read in conjunction with, this financial report and auditors report.

Notes to the Financial Statements

LegaSea Limited

For the year ended 30 June 2021

1. Reporting Entity

LegaSea Limited is a company incorporated under the Companies Act 1993 and is engaged in the business of Ecological and Fisheries Protection.

This special purpose financial report was authorised for issue in accordance with a resolution of directors.

2. Statement of Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand.

The financial statements have been prepared for the owners and for the purposes of meeting the company's income tax requirements.

Historical Cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Upon derecognition, the asset revaluation reserve relating to the asset disposed shall be transferred to retained earnings.

The Websites are considered fixed assets classified as Computer Software because they generate ongoing value over the foreseeable future.

Depreciation

| Account | Method | Rate |
|-------------------|-------------------|----------|
| Computer Software | Diminishing Value | 50% |
| Plant & Equipment | Diminishing Value | 8 - 50% |
| Vehicles | Diminishing Value | 13 - 16% |

Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Going Concern Assumption

The Company is technically insolvent due to the value of liabilities and contingent liabilities exceeding the value of assets. The Directors acknowledges that the on-going viability of the entity is solely reliant on ongoing funding to be provided by its Shareholders.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The recognition of non-exchange revenue from Grants and Donations 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 company 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 company 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.

Bank Accounts and Cash

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

Accounts Receivables

There are no amounts overdue nor impaired as at year end relating to trade receivables from exchange and non-exchange transactions (2020:\$Nil).

The outstanding balances owed are receivable on normal trade terms and accordingly do not attract interest.

3. Donations from Hawke's Bay

80% of donations received from the Hawke's Bay region is remitted to LegaSea Hawke's Bay on a monthly basis.

4. Sponsorship Income from Hawke's Bay

80% of sponsor income received from the Hawke's Bay region is remitted to LegaSea Hawke's Bay on a monthly basis

5. Grants Received

| Funder | Project | Gross Received | Spent | Unspent |
|--|-------------------------------|------------------|------------------|----------------|
| Guardians of the Sea | Repayment of Debt | \$105,000 | \$105,000 | \$0 |
| Guardians of the Sea | Rescue Fish | \$15,000 | \$15,000 | \$0 |
| Guardians of the Sea | Establishment & Running Costs | \$360,000 | \$360,000 | \$0 |
| Guardians of the Sea | Establishment & Running Costs | \$50,000 | \$50,000 | \$0 |
| Bobby Stafford-Bush Foundation | Hi Ika playing cards | \$9,620 | \$9,620 | \$0 |
| Foundation North | Kai Ika | \$15,000 | \$15,000 | \$0 |
| Auckland Council Waste Minimisation Fund | Kai Ika | \$5,817 | \$5,817 | \$0 |
| Ministry of the Environment | Kai Ika | \$2,586 | \$ 2,586 | \$0 |
| Ministry of the Social Development | Kai Ika | \$15,000 | \$ 10,000 | \$5,000 |
| Opito Bay Ratepayers Association | Scallop Restoration | \$9,000 | \$9,000 | \$0 |
| Total | | \$587,023 | \$582,023 | \$5,000 |
| Funds brought forward from previous year | | \$131,291 | \$131,291 | \$0 |
| GRAND TOTAL | | \$718,314 | \$713,314 | \$5,000 |

The Bobby Stafford-Bush Foundation grant of \$22,000 had an unspent element of \$6,174 in 2020. The truck was sign written at a cost of \$1,801 and the balance of \$4,373 was returned to the Foundation.

The \$718,314 is shown in the financial statements in the following accounts:

| | 2021 | 2020 |
|--|----------------|----------------|
| Accounts | | |
| Grants to be distributed for Fisheries Management | 15,000 | - |
| Grants Received for LegaSea projects and running costs | 451,940 | 559,569 |
| Grants received for debt reduction | 105,000 | - |
| Kai Ika Grants Received | 141,374 | - |
| Unspent Grants | 5,000 | 131,291 |
| Total Accounts | 718,314 | 690,859 |

6. Other Campaigns

Other Campaigns are Scallop Campaign and Snapper8.

7. Public Outreach - Event Attendances, Follow Up & Reporting

Events attended in the 2021 financial year: Tairua Boat Show, Tauranga Home Show, Chesters Fishing Comp, Americas Cup, Eye on Nature, Hutchwilco Boat Show.

| | 2021 | 2020 |
|---|------------------|-------------|
| 8. Income Tax | | |
| Net Profit (Loss) Before Tax | 102,257 | (31,323) |
| Deductions from Taxable Profit | | |
| Losses Carried Forward | (336,790) | - |
| Total Deductions from Taxable Profit | (336,790) | - |
| Taxable Profit | (234,534) | (31,323) |
| Tax Payable at 28% | - | - |
| Deductions from Tax Payable | | |
| Opening Balance | (1) | (1) |
| Withholding Tax | (245) | - |
| Total Deductions from Tax Payable | (247) | (1) |
| Income Tax Payable (Refund Due) | 247 | 1 |
| | 2021 | 2020 |

9. Imputation Credit Account

Imputation Credit Account

Opening Balance

| | | |
|------------------------------|----------|----------|
| Opening Balance | 1 | 1 |
| Total Opening Balance | 1 | 1 |

Increases

| | | |
|-------------------------------|------------|----------|
| Income Tax Paid | - | - |
| Resident Withholding Tax Paid | 238 | - |
| Total Increases | 238 | - |

Decreases

| | | |
|------------------------|----------|----------|
| Income Tax Refund | - | - |
| Total Decreases | - | - |

| | | |
|--|------------|----------|
| Total Imputation Credit Account | 239 | 1 |
|--|------------|----------|

10. Related Parties

Scott Macindoe has advanced unsecured interest free loans to LegaSea Limited. During the year \$155,000 have been repaid. The loan at balance date was \$255,000 (2020:\$410,000). The Loans are only repayable from surpluses after all other expenses have been paid. On the 30th of July 2013 Scott took out a 10 year \$1,000,000 life insurance policy with a memorandum of understanding that \$500,000 would be available to LegaSea Limited in the event of his death. This insurance policy will expire on the 30th of July 2023.

The New Zealand Sports Fishing Council (NZSFC) is the sole shareholder of the company. Donations received by the company from the public and unaffiliated clubs are passed on to the NZSFC (2021 \$155,974 - 2020 \$133,448). The NZSFC invests these

monies in advocacy, education, research and alignment activities. Unspent monies are accounted for in a reserve for expenditure on future activities of this nature.

The Directors of LegaSea Ltd are Mark Connor and Peter Campbell. Mark is a past President of the New Zealand Sport Fishing Council (2012, 13, 14, 15) and is the current Zone 8 (South Island) Board Representative. He also serves on the LegaSea Governance Advisory Standing Committee and the Fisheries Management Standing Committee. Peter Campbell is a Vice President of the NZSFC. He Chairs the Finance Standing Committee and serves on the LegaSea Governance Advisory Standing Committee and Fisheries Management Standing Committee.

Scott Macindoe is a volunteer and acts in an advisory and support capacity to LegaSea. He is a co-opted Board Member to the NZSFC and serves on the LegaSea Governance Advisory Standing Committee and the Fisheries Management Standing Committee.

11. Shareholding Disclosure

At balance date, the New Zealand Sport Fishing Council Incorporated held 100 fully paid ordinary shares in Legasea Limited.

12. Contingent Liabilities

There are no contingent liabilities at the reporting date. (2020: \$Nil)

13. Contingent Commitments

There are no contingent commitments at the reporting date. (2020: \$Nil).

14. Events After Balance Date

The board is not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these special purpose financial statements that have significantly or may significantly affect the operations of the company. (2020: \$Nil).

INDEPENDENT AUDITOR'S REPORT

To the Directors of LegaSea Limited

Opinion

We have audited the financial statements of LegaSea Limited on pages 3 to 16, which comprise the balance sheet as at 30 June 2021, and the statements of profit or loss and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LegaSea Limited as at 30 June 2021, and its financial performance for the year then ended, in accordance with Special Purpose Financial Reporting Framework for For-Profit Entities (SPFR for FPEs), issued by Chartered Accountants Australia & New Zealand.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of LegaSea Limited in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Emphasis of Matter – Basis of Accounting

We draw your attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the owners and for the purposes of meeting the company's income tax requirements. As a result, the financial statements may not be suitable for other purposes.

Directors' Responsibility for the Financial Statements

The Directors are responsible on behalf of the entity for determining that the SPFR for FPE framework adopted is acceptable in LegaSea Limited's circumstances, the preparation of financial statements, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible on behalf of the entity for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

