



# Annual Report

Innovative Waste Kaikoura Ltd  
For the year ended 30 June 2018

Prepared by WK Advisors and Accountants Limited

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# Directory

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2018

### Date of Incorporation

30 June 2000

### Company Number

CH1045695

### Registered Office

Innovative Waste Kaikoura Limited  
80 Scarborough Street  
Kaikoura

### Company Status

Registered Company

### Issued Capital

100 Shares

### Shareholders

Kaikoura Enhancement Trust - 100 Ordinary Shares

### Directors

J Parfitt	Appointed on 16 October 2017
P Numan	Appointed on 16 October 2017
N Pablecheque	Appointed on 10 March 2017 - Resigned on 27 July 2017, Re-appointed on 16 October 2017
C Gregory	Appointed on 16 October 2017
G Harmon	Appointed on 06 May 2018
J G Diver	Appointed on 09 March 2006 - Resigned on 13 October 2017
S Grant	Appointed on 09 April 2008 - Resigned on 13 October 2017
C Mackle	Appointed on 10 March 2017 - Resigned on 28 July 2017

### Business Location

80 Scarborough Street  
Kaikoura 7300

### Nature of Business

Operation of Kaikoura Recovery Centre & Landfill.

Contracted maintenance service for Council's Three waters assets.

### IRD Number

76-884-188

### **GST Status**

Payments Basis, Two Monthly Returns, Coinciding with Balance Date

### **Chartered Accountants**

WK Advisors and Accountants Limited  
P O Box 349  
Blenheim 7240  
Contact - Neil Sinclair

### **Auditors**

Audit New Zealand on behalf of Auditor-General

### **Barrister and Solicitors**

Hardy Jones Clark  
Blenheim

### **Bankers**

Bank of New Zealand  
Kaikoura

# Directors Report - Disclosure

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2018

The Directors present their annual report including the financial statements of the company for the year ended 30 June 2018

### Principal activities

The business of the company is operation of the Kaikoura resource recovery centre & landfill. The company also has a five year contract to provide contractual maintenance services in Kaikoura for the Council for storm water, waste water and water supply.

The nature of the company's business has not changed during the year.

### Auditors

The company's Auditors were Audit New Zealand of behalf of Auditor-General.

Audit New Zealand are willing to continue as the company auditors.

### Directors Disclosures

**There were no entries recorded in the Register of Interests.**

**No Director acquired or disposed of any interest in shares in the company.**

### The following Directors held office:

J Parfitt  
P Numan  
N Pablecheque  
C Gregory  
G Harmon  
JG Diver  
S Grant  
C Mackle

No other person was a Director at any time.

### Directors' Remuneration

No Directors remuneration was paid by the Company during the year.

### The following Directors resigned:

	Date of Resignation
J G Diver Resigned	13 October 2017
S Grant Resigned	13 October 2017
N Pablecheque	27 July 2017
C Mackle	28 July 2017

**The Board of Directors received no notices from Directors wishing to use company information received in their capacity as Directors which would not have ordinarily been available.**

**Employee Remuneration**

No employee received remuneration and/or any other benefits exceeding \$100,000 during the year.

**Signed for and on behalf of the Board of Directors**

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Director  
Date:

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Director  
Date:

# Statement of Profit or Loss

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2018

	NOTES	2018 (\$)	2017 (\$)
<b>Revenue</b>			
Revenue	1	2,467,593	3,457,451
<b>Cost of goods sold</b>			
Cost of Goods Sold		1,609,797	2,657,883
<b>Gross Surplus / (deficit)</b>		<b>857,796</b>	<b>799,568</b>
<b>Expenses</b>			
Operating expenses	2	413,253	365,436
Finance costs	3	13,470	9,675
Depreciation	7	86,148	72,652
Loss / (Gain) on disposal of Property, Plant and Equipment		(740)	-
<b>Total Expenses</b>		<b>512,130</b>	<b>447,763</b>
<b>Operating surplus / (deficit) before Tax</b>		<b>345,666</b>	<b>351,805</b>
<b>Income Tax</b>			
Income tax for the year		97,160	98,505
<b>Net Surplus after Tax</b>		<b>248,506</b>	<b>253,300</b>
<b>Other comprehensive income / expenses</b>			
Other comprehensive Income / Expenses		-	-
<b>Total comprehensive surplus after tax</b>		<b>248,506</b>	<b>253,300</b>

*These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors report*

# Statement of Movement in Equity

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2018

	NOTES	2018 (\$)	2017 (\$)
<b>Equity at Start of Year</b>			
Opening Balance		509,927	256,626
Total comp revenue and expense for year		248,506	253,300
<b>Equity at End of Year</b>		<b>758,433</b>	<b>509,927</b>

*These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors report*



# Balance Sheet

## Innovative Waste Kaikoura Ltd As at 30 June 2018

	NOTES	2018 (\$)	2017 (\$)
<b>Assets</b>			
<b>Current Assets</b>			
Cash & cash equivalents	5	218,130	370,196
Debtors & other receivables	6	177,586	471,802
<b>Total Current Assets</b>		<b>395,716</b>	<b>841,998</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	7	847,131	582,449
<b>Total Non-Current Assets</b>		<b>847,131</b>	<b>582,449</b>
<b>Total Assets</b>		<b>1,242,847</b>	<b>1,424,447</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	78,376	430,505
Employee benefit liabilities	9	135,390	127,215
Income Tax	18	6,021	103,503
Loans	10	56,745	66,591
GST		50,474	50,297
<b>Total Current Liabilities</b>		<b>327,006</b>	<b>778,112</b>
<b>Non-Current Liabilities</b>			
Loans	10	27,042	77,286
Deferred Tax Liability		130,365	59,123
<b>Total Non-Current Liabilities</b>		<b>157,408</b>	<b>136,409</b>
<b>Total Liabilities</b>		<b>484,414</b>	<b>914,521</b>
<b>Net Assets</b>		<b>758,433</b>	<b>509,927</b>
<b>Equity</b>			
Share Capital	13	100	100
Retained Earnings	14	758,333	509,827
<b>Total Equity</b>		<b>758,433</b>	<b>509,927</b>

Signed by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

Date: 21 March 2019

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# Statement of Cash Flows

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2018

	2018 (\$)	2017 (\$)
<b>Cash Flows from Operating</b>		
<b>Cash was provided from</b>		
Receipts from customers	2,478,790	3,145,646
Grants received	250,985	35,100
Interest Received	359	346
<b>Total Cash was provided from</b>	<b>2,730,133</b>	<b>3,181,092</b>
<b>Cash was applied to</b>		
Payments to suppliers and employees	(2,333,302)	(2,714,911)
Interest paid	(6,515)	(9,675)
Net GST	(11,909)	19,302
Income Tax Expense	(130,516)	(55,841)
<b>Total Cash was applied to</b>	<b>(2,482,242)</b>	<b>(2,761,125)</b>
<b>Total Cash Flows from Operating</b>	<b>247,891</b>	<b>419,967</b>
<b>Cash Flows from Investing</b>		
<b>Cash was provided from</b>		
Receipts from sale of property, plant and equipment	6,412	-
<b>Total Cash was provided from</b>	<b>6,412</b>	<b>-</b>
<b>Cash was applied to</b>		
Payments to acquire property, plant and equipment	(346,280)	(126,270)
<b>Total Cash was applied to</b>	<b>(346,280)</b>	<b>(126,270)</b>
<b>Total Cash Flows from Investing</b>	<b>(339,868)</b>	<b>(126,270)</b>
<b>Cash Flows from Financing</b>		
<b>Cash was provided from</b>		
Proceeds from loans borrowed from other parties	-	77,000
<b>Total Cash was provided from</b>	<b>-</b>	<b>77,000</b>
<b>Cash was applied to</b>		
Repayments of loans borrowed from other parties	(60,089)	(131,211)
<b>Total Cash was applied to</b>	<b>(60,089)</b>	<b>(131,211)</b>
<b>Total Cash Flows from Financing</b>	<b>(60,089)</b>	<b>(54,211)</b>
<b>Net Increase/ (Decrease) in Cash</b>	<b>(152,066)</b>	<b>239,486</b>
<b>Cash Balances</b>		
Cash and cash equivalents at beginning of period	370,196	130,710
Cash and cash equivalents at end of period	218,130	370,196
Net change in cash for period	(152,066)	239,486

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Auditors report

# Statement of Accounting Policies

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2018

### Reporting Entity

The financial statements are of Innovative Waste Kaikoura Limited (“the Company”). Innovative Waste Kaikoura Limited is a company incorporated in New Zealand registered under the Companies Act 1993. Innovative Waste Kaikoura Limited is engaged in the business of operation of Kaikoura resource recovery centre & landfill. The company secured a five year contract in July 2015 to provide contractual maintenance services in Kaikoura to the Council for the storm water, wastewater and water supply. The company is wholly owned by Kaikoura Enhancement Trust, a subsidiary of Kaikoura District Council, therefore the company is a council controlled organisation as defined in section 6 of the Local Government Act 2002.

The financial statements of Innovative Waste Kaikoura Limited have been prepared in accordance with the reporting requirements of Section 11 of the Financial Reporting Act 1993.

The primary objective of the company is to contribute to a sustainable Kaikoura through sustainable resource recovery and waste management processes and practices, rather than making a financial return. Accordingly, the company has designated itself as a public benefit entity for financial reporting purposes.

The financial statements for the company are for the year ended 30 June 2018 and were authorised for issue by the directors on the 21 March 2019.

### Measurement Base

The financial statements of Innovative Waste Kaikoura Limited have been prepared on an historical cost basis, except as noted otherwise below. The statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the period.

The financial statements have been prepared in accordance with NZ PBE IPSAS Tier 2 RDR accounting standards. They comply with New Zealand generally accepted accounting practices (NZ GAAP). The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the company is New Zealand dollars.

### 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.

### Significant Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

## 1. Property, Plant & Equipment

The entity has the following classes of Property, Plant & Equipment. Depreciation is calculated using the straight line basis, apart from site development, to allocate their cost over their useful life. The following rates have been used:

Asset type	2018 (%)
Site development	0.0%
Buildings	2.0% - 3.0% SL
Motor vehicles	6.5% - 13.5% SL
Office equipment	6.5% - 25.0% SL
Plant & equipment (yard)	4.0% - 33.0% SL

All property & equipment is stated at cost less depreciation and impairment, except for land that is not depreciated.

Leased assets are depreciated over the unexpired term of the lease or over the estimated useful life, whichever is shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

An item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit.

### Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

## 2. Impairment

Assets with a finite useful life 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the company would, if deprived of the asset, replace its remaining future economic benefits or service potential. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of an asset is reduced to its recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment is recognised in surplus or deficit.

### **3. Goods and Services Tax**

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net GST paid to, or received from the Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### **4. Income Tax**

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

### **5. Leases**

#### ***Operating Leases***

Operating leases are those which all the risks and benefits are substantially retained by the lessor. Operating lease payments are expensed in the periods the amounts are payable.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

### **Finance Leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the company recognises finance leases as assets and liabilities in the Balance Sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the company will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

## **6. Cash and Cash Equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the balance sheet as current liabilities within short term borrowings.

## **7. Financial Assets**

Financial assets are initially recognised at fair value on the trade date, which includes transaction costs when the contractual rights or obligations exist. After initial recognition, financial instruments are measured as set out below:

### **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method.

### **Impairments**

The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in the surplus or deficit. Impairment is established when there is evidence that the company will not be able to collect amounts due according to the original terms.

### **De-recognition of Financial Instruments**

The de-recognition of a financial instrument takes place when the company sells the instrument, or all cash flows attributable to the instrument are passed to an independent third party.

## **8. Revenue**

Revenue is measured at the fair value of consideration received.

## Grants

Council, government and non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when conditions of the grant are satisfied.

## Other Revenue

Products held for sale are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in gate expenses.

Where a physical asset is donated or vested in the company for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the company are recognised as revenue when control over the asset is obtained.

Volunteer services received are not recognised as revenue or expenditure as the company is unable to reliably measure the fair value of the services received.

Interest income is recognised using the effective interest method.

Revenue from a contract to provide services is recognised by reference to stage of completion of the contract at year end balance date.

## 9. Receivables

Trade and other receivables are recorded at their fair value less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

## 10. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected using an appropriate discount rate.

## 11. Employee Entitlements

A liability for holiday pay entitlements is recognised in the balance sheet.

Where the payment is expected to be longer than 12 months of balance date, the liability is recorded at its present value. Where the payment is expected to be less than 12 months, the provision is the amount expected to be paid.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

## **12. Finance Costs**

Finance costs are recognised as an expense in the period in which they are incurred.

## **13. Creditors and Other Payables**

Short-term creditors and other payables are recorded at their face value.

## **14. Borrowings**

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after balance date. Borrowings where the company has an unconditional right to defer settlement of the liability for at least 12 months after balance date are classified as non-current liabilities.



# Notes to the Financial Statements

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2018

	2018 (\$)	2017 (\$)
<b>1. Operating revenue</b>		
<b>Sales</b>		
Contract Income - Fixed	274,705	181,104
Contract Income - Variation	130,133	95,265
Landfill management fee	180,000	180,000
Other maintenance services	130,591	121,396
Landfill sales and services	886,759	529,052
Trees for Travellers	20,094	25,178
Kerbside recycling and public rubbish	128,722	102,000
3 Waters Recovery	456,116	2,188,010
<b>Total Sales</b>	<b>2,207,120</b>	<b>3,422,006</b>
<b>Other Revenue</b>		
Grants Received	250,985	35,100
Interest Income	359	346
Insurance Payout	9,130	-
<b>Total Other Revenue</b>	<b>260,474</b>	<b>35,446</b>
<b>Total Revenue</b>	<b>2,467,594</b>	<b>3,457,452</b>
	2018 (\$)	2017 (\$)
<b>2. Operating expenses</b>		
General Expenses	276,337	199,705
Audit Fees	22,500	22,612
Bad Debts written off	1,502	-
Insurance	25,144	21,182
Rents	4,950	5,104
Vehicle - Repairs & Maintenance	82,820	116,832
<b>Total Operating expenses</b>	<b>413,253</b>	<b>365,436</b>
	2018 (\$)	2017 (\$)
<b>3. Finance Costs</b>		
Interest Charges	13,470	9,675
<b>Total Finance Costs</b>	<b>13,470</b>	<b>9,675</b>
	2018 (\$)	2017 (\$)
<b>4. Dividends paid</b>		
Dividend paid to owners	-	-

	2018 (\$)	2017 (\$)
<b>5. Cash and cash equivalents</b>		
BNZ Bank	218,020	370,196
Cash Float	110	-
<b>Total Cash and cash equivalents</b>	<b>218,130</b>	<b>370,196</b>
	2018 (\$)	2017 (\$)

**6. Debtors and other receivables**

Accounts Receivable	176,458	427,404
Other receivables	-	42,975
Payments in advance	1,128	1,423
<b>Total Debtors and other receivables</b>	<b>177,586</b>	<b>471,802</b>

Trade debtors are shown net of impairment losses arising from the likely non payment of a small number of customers. As at 30 June 2018 all overdue receivables had been assessed for impairment an appropriate provisions applied. The ageing of receivables are as follows:

	2018			2017		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due - under 30 days	154	-	154	416	-	416
Past due - 30 to 60 days	1	-	1	3	-	3
Past due - 60 to 90 days	10	-	10	1	-	1
Past due - over 90 days	11	-	11	7	-	7
	<b>176</b>	-	<b>176</b>	427	-	427

Movement in the provision for impairments of receivables as follows:

	2018	2017
Opening balance	-	-
Plus: Increase of provision	1,500	-
Less: Receivables written off	(1,500)	-
Balance as at 30 June	-	-

All receivables are from exchange transactions. No receivables are considered impaired (2017: nil).

**7. Property, Plant & Equipment**

2018                      2017

	2018 (\$)	2017 (\$)
<b>Buildings</b>		
<b>Cost</b>		
Balance at 1 July	419,330	419,330
<b>Closing Balance at 30 June</b>	<b>419,330</b>	<b>419,330</b>
<b>Depreciation</b>		
Balance at 1 July	136,105	117,092
Current year depreciation	8,026	19,012
Disposal	-	-
<b>Balance at 30 June</b>	<b>144,131</b>	<b>136,105</b>
<b>Total cost less accumulated depreciation</b>	<b>275,199</b>	<b>283,225</b>

<b>Motor Vehicles</b>		
<b>Balance at 1 July</b>		
Opening Balance	215,993	188,993
Additions	146,687	27,000
Disposals	(15,110)	-
<b>Balance at 30 June</b>	<b>347,570</b>	<b>215,993</b>
<b>Depreciation</b>		
Balance at 1 July	113,315	98,411
Current year depreciation	27,899	14,904
Disposals	(15,110)	-
<b>Balance at 30 June</b>	<b>126,104</b>	<b>113,315</b>
<b>Total cost less accumulated depreciation</b>	<b>221,466</b>	<b>102,678</b>

<b>Equipment</b>		
<b>Cost</b>		
Balance at 1 July	70,970	48,422
Additions	32,002	22,548
Disposals	(17,000)	-
<b>Balance at 30 June</b>	<b>85,971</b>	<b>70,970</b>
<b>Depreciation</b>		
Balance at 1 July	33,605	29,007
Current year depreciation	8,903	4,598
Disposal	(12,523)	-
<b>Balance at 30 June</b>	<b>29,985</b>	<b>33,605</b>
<b>Total cost less accumulated depreciation</b>	<b>55,987</b>	<b>37,365</b>

	2018 (\$)	2017 (\$)
<b>Plant &amp; Equipment Yard</b>		
<b>Cost</b>		
Balance at 1 July	628,207	551,486
Additions	176,618	76,721
<b>Balance at 30 June</b>	<b>804,825</b>	<b>628,207</b>
<b>Depreciation</b>		
Balance at 1 July	469,026	434,888
Current year depreciation	41,320	34,138
Disposal	-	-
<b>Balance at 30 June</b>	<b>510,346</b>	<b>469,026</b>
<b>Total cost less accumulated depreciation</b>	<b>294,480</b>	<b>159,182</b>
	2018 (\$)	2017 (\$)

**Total Property, Plant and Equipment**

<b>Cost</b>		
Balance at 1 July	1,334,499	1,208,230
Additions	355,307	126,269
Disposals	(32,110)	-
<b>Balance at 30 June</b>	<b>1,657,696</b>	<b>1,334,499</b>
<b>Depreciation</b>		
Balance at 1 July	752,050	679,398
Current year depreciation	86,148	72,652
Disposal	(27,633)	-
<b>Balance at 30 June</b>	<b>810,565</b>	<b>752,051</b>
<b>Total cost less accumulated depreciation</b>	<b>847,131</b>	<b>582,449</b>

No impairment losses have been recognised for property, plant and equipment (2017: nil).

	2018 (\$)	2017 (\$)
<b>8. Trade and other payables</b>		
Accounts Payable	65,629	388,928
Accrued Expenses	12,747	41,577
<b>Total Trade and other payables</b>	<b>78,376</b>	<b>430,505</b>
	2018 (\$)	2017 (\$)

**9. Employee benefits and liabilities**

Accrued Wages & Salaries	35,597	26,412
Wages Deductions Payable	220	1,130
PAYE Due	25,019	18,359
Provision for annual leave	66,534	81,314

Fringe benefit tax payable	8,020	-
<b>Total Employee benefits and liabilities</b>	<b>135,390</b>	<b>127,215</b>
	2018 (\$)	2017 (\$)

### Salaries & Wages

Salaries & Wages	993,885	801,904
Increase / (decrease) in employee entitlements	8,175	37,172
<b>Total Salaries &amp; Wages</b>	<b>1,002,060</b>	<b>839,076</b>
	2018 (\$)	2017 (\$)

### 10. Borrowings

BNZ Term Loans	83,788	143,877
<b>Total Borrowings</b>	<b>83,788</b>	<b>143,877</b>
	2018 (\$)	2017 (\$)

### Repayable as follows

Not later than 1	56,745	66,591
Later than 1 year and not later than 5 years	27,042	77,286
<b>Total Repayable as follows</b>	<b>83,788</b>	<b>143,877</b>

### 11. Operating Lease commitments

	2018 (\$)	2017 (\$)
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### Non-cancellable operating leases

Not later than 1 year	13,030	23,619
Later than 1 year and not later than 5 years	14,115	38,987
<b>Total Non-cancellable operating leases</b>	<b>27,145</b>	<b>62,606</b>

The lease commitment is the lease of the Company premises and three motor vehicles. The premises contract is for 5 years term commencing 1 April 2012 with review of the rental on a two yearly basis. The motor vehicle leases are for a 5 year term commencing 17 July 2015 with no right of renewal. On the 31 May 2018 the lease of the Holden Colorado #JEK204 was terminated and a termination fee of \$5,834 was paid

### 12. Related parties

The Company is owned by Kaikoura Enhancement Trust, which itself is owned by the Kaikoura District Council. The Company has a landfill management contract with Kaikoura District Council.

As of 01 July 2015 the Company also has a five year contract with Kaikoura District Council to provide contractual maintenance services for Council's storm water, sewerage and water supply infrastructure.

The total value of related party transactions for the current and prior year with the Kaikoura Enhancement Trust and Kaikoura District Council are as follows:

	2018 (\$)	2017 (\$)
<b>Sales to Kaikoura District Council</b>		
Landfill management fee	180,000	180,000
Kerbside recycling and public rubbish fee	128,722	102,000
Other sales	1,257,448	2,348,950
<b>Total Sales to Kaikoura District Council</b>	<b>1,566,170</b>	<b>2,630,950</b>

	2018 (\$)	2017 (\$)
<b>Purchases from Kaikoura District Council</b>		
Rent	4,950	5,104
Other purchases	31,236	1,011
<b>Total Purchases from Kaikoura District Council</b>	<b>36,186</b>	<b>6,115</b>

Kaikoura District Council receivables of \$125,081 (2017: \$359,688) and payables of \$460 (2017: \$2,846)

There was a change in Directors in October 2017. John Diver and Stuart Grant were removed and a Transitional Board was engaged which includes a Kaikoura District Councillor as Chair and three staff members of Kaikoura District Council make up the remaining Board.

Other Related party transactions for the year include:

John Diver Electrical until 13 October 2017, purchases \$60,100 (2017: \$82,046) and sales of \$117 (2017: \$977).

Director Stuart Grant (resigned 13 October 2017) provided relief operational oversight to the 3 Waters division of the Company following the November 2016 earthquake events.

S G Consulting charged \$6,863 of fees for the period up to 11 October 2017. (2017: \$36,302, payable at 30 June 2017 \$7,403) Any transactions by or with the directors were at normal terms and this disclosure is made for completeness purposes. No related party debtors have been written off or forgiven during the year. There are close family members of directors employed by the company for which a former General Manager had sought an opinion of the Company Solicitor regarding any conflict of interest prior to the employment of the close family member on 1 December 2012. The terms and conditions of those arrangements are no more favorable than the company would have adopted if there were no relationship to directors.

	2018 (\$)	2017 (\$)
<b>Key management personnel</b>		
Key management personnel compensation	75,394	95,725

Key Management personnel consistent of the Directors and the General Manager.

The General Manager left on the 1st February 2018, from 1 February 2018 - 24 June 2018 EcoCentral Ltd provided contract management.

The appointment of the new General Manager, started on the 25 June 2018.

**13. Share capital**

	Number of Shares	Amount (\$)	Number of Shares	Amount (\$)
	2018	2018	2017	2017
Balance as at 30 June	100	100	100	100

There was no consideration received for the shares.

	2018 (\$)	2017 (\$)
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**14. Retained earnings**

Opening balance	509,827	256,526
Net profit after tax	248,506	253,300
<b>Retained earnings closing balance</b>	<b>758,333</b>	<b>509,827</b>

**15. Financial instruments categories**

	2018 (\$)	2017 (\$)
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**Financial assets**

Cash and cash equivalents	218,130	370,196
<b>Debtors and other receivables</b>		
Accounts Receivable	176,458	427,404
Accrual Receivables	-	42,975
<b>Total Debtors and other receivables</b>	<b>176,458</b>	<b>470,379</b>
<b>Total loans and receivables</b>	<b>394,588</b>	<b>840,575</b>
	2018 (\$)	2017 (\$)

**Financial liabilities**

Trade and other payables	78,376	430,505
Borrowings - secured and unsecured	83,788	66,877
<b>Total financial liabilities at amortized cost</b>	<b>162,164</b>	<b>497,382</b>

**16. Contingent assets and liabilities**

As at 30 June 2018 there are no known contingent assets or liabilities. Innovation Waste Kaikoura Limited has not granted securities in respect of liabilities payable by any other party whatsoever.

As at 30 June 2017 the Company's assets are insured jointly through the wider insurance portfolio of Kaikoura District Council in order to benefit from the Council's combined purchasing power.

Currently, the Company has only made one insurance claim with the total value of \$49,937 incl which was settled in the year ended 30 June 2018.

**17. Significant events after balance date**

No significant events occurred after balance date (2017: nil)

**18. Taxation**

	2018 (\$)	2017 (\$)
<b>Components of tax expense recognised in statement of comprehensive revenue and expense:</b>		
<b>Income tax expense</b>		
Current Taxation	25,918	107,868
Deferred Taxation	71,242	(9,363)
<b>Income tax expense</b>	<b>97,160</b>	<b>98,505</b>
Components of deferred tax recognised directly in equity		
Income tax expense	97,160	98,505
	2018 (\$)	2017 (\$)

**Relationship between tax expense and accounting profit**

Surplus / (deficit) before tax	345,666	351,805
Tax at 28%	96,787	98,505
<b>Add/(less) tax effect of:</b>		
Prior period adjustments	-	-
(Non taxable Income)/Non Deductible Expenditure	374	-
<b>Total Add/(less) tax effect of:</b>	<b>374</b>	<b>-</b>
Income Tax Expense	97,161	98,505
	2018 (\$)	2017 (\$)

**Movement in tax (refund) / payable:**

Balance at start of year	103,504	51,476
Taxation (paid) / refunded	(123,401)	(55,840)
Provided for this year	25,918	107,868
<b>Balance at the end of the year</b>	<b>6,021</b>	<b>103,504</b>

**Movement in temporary differences**

	Balance 30 June 2017	Recognised in profit/loss	Recognised in equity	Balance 30 June 2018
Property, plant and equipment	(82,113)	(65,400)		(147,513)
Accruals	3,360	(3,360)		-
Employee benefits	19,630	(2,485)		17,145
	(59,123)	(71,244)	-	(130,367)



	Balance	Recognised	Recognised	Balance
	30 June 2016	in profit/loss	in equity	30 June 2017
Property, plant and equipment	(80,010)	(2,103)	0	(82,113)
Accruals		3,360	0	3,360
Employee benefits	11,524	8,106	0	19,630
	(68,486)	9,363	0	(59,123)

### 19. Breach of legislation

Innovative Waste Kaikoura Limited, under the Local Government Act 2002, is required to prepare an annual report and have it audited within four months of the end of financial year. This deadline was not met due to the impact of the earthquake on the Company's operations.

Further the company did not comply with section 64 and clause 3 of schedule 8 of the Local Government Act 2002, which requires the company's statement of intent for the period commencing 1 July 2017 to be completed by 30 June 2017

## Statement of Service Performance

For the year ended 30 June 2018

Target	Performance target to achieve the output	Achievements as at 30 June 2018
Client satisfaction	Maintain current level of client satisfaction through annual survey	<p>Kaikoura District Council conducts an annual survey which covers the Resource Recovery Centre, 3 Waters activities and Public Toilets.</p> <p><b><u>Not achieved</u></b></p> <p>The resource recovery centre achieved a percentage of 59% for 2018 (2017 result 69%)</p> <p>Stormwater drainage achieved a percentage of 41% (2017 result 46%)</p> <p>Public Toilets achieved a percentage of 56% (2017 results 60%)</p> <p><b><u>Achieved</u></b></p> <p>Sewerage achieved a percentage of 63% (2017 results 56%)</p> <p>Water Quality &amp; Supply achieved a percentage of 57% (2017 results 48%)</p> <p>Note: 2017 results were adjusted to align with new methodology. 2017 results included</p>

		<p>neutral responses whereas the adjusted 2017 results include only “satisfied” and “very satisfied” responses</p> <p>Stormwater drainage responses include Rooding stormwater drainage.</p>
Service Performance	<p>Monthly meetings with the Council CEO, Team Leader Operations and District Planner to discuss contract performance on Solid Waste, Rooding, Three Water and any other Council related services.</p> <p>For all activities provide service delivery without exceeding budget.</p> <p>Provide all relevant information to Council to report annually on compulsory performance benchmarks.</p> <p>Establish and encourage Community to be involved in Restoration Station.</p>	<p>Monthly meetings were initiated with the KDCs Asset Manager and contract engineers in January 2018.</p> <p>No official budgets set, however all activities have been undertaken within the fiscal envelope.</p> <p>Of the 19 reporting measures that IWK are responsible for, we have been unable to report on 11 of these as no time of call, time to site and time of resolution to Service Requests for 3 Waters activities has been recorded.</p> <p><b><u>Not achieved</u></b></p> <p>Did not eventuate, as there was a lack of interest from the community.</p>
Health & Safety	5% reduction in TRIF (Total Recordable Incident Frequency) accident rates	<p><b><u>Not Achieved</u></b></p> <p>TRIFR rate for 2017/18 was 28.98 (6 TRI x 200,000/41,406 (hours worked)).</p>

		The result for 2016/17 was not measured.
Staff Engagement	Maintain current level of staff satisfaction through annual survey	<b><u>Not Achieved</u></b> To be conducted.
Growth in service provision for the Council	Review the ability to efficiently deliver additional services for the Kaikoura District Council	<b><u>Not achieved</u></b> No review was undertaken.

The Company stayed consistent on around 78% of recyclable material was diverted from the landfill in this financial year based on diversion calculations as per previous years (75% in 2016/17). However of note is that this does include a clean-fill waste that increased significantly following the November 2016 Kaikoura earthquake. The clean-fill is separated from the landfill, and treated as diverted waste Total clean-fill for 2017/18 was 3521 tonnes from a total waste stream of 7300 tonnes (2016/17 – clean-fill was 4,712 tonnes from a total waste stream of 7,635 tonnes). The November 2016 earthquake has resulted in a large amount of demolition waste being stockpiled on site. Glass has also been stockpiled on site for a number of years and has been counted as diversion. In addition with the recent National Sword statement from China, plastics where there is no current market are also being stockpiled on site (plastic isn't counted as diversion unless it leaves site)