



# Annual Reports

Innovative Waste Kaikoura Ltd  
For the year ended 30 June 2020

Prepared by WK Advisors and Accountants Limited

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# Directory

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2020

### Date of Incorporation

30 June 2000

### Company Number

CH1045695

### Registered Office

Innovative Waste Kaikoura Limited  
82 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 - Resigned 18 July 2019
NS Pablecheque	Appointed on 10 March 2017 - Resigned on 27 July 2017, Re-appointed on 16 October 2017
CM Gregory	Appointed on 16 October 2017 - Resigned 30 June 2019
GC Harmon	Appointed on 06 May 2018
JM Howden	Appointed 01 May 2019 - Resigned 28 July 2020
GR Hughes	Appointed 20 July 2018

LJ Buurman - Appointed 21 July 2020

### Business Location

82 Scarborough Street  
Kaikoura 7300

### Nature of Business

Operation of Kaikoura Recovery Centre & Landfill.

Contracted maintenance service for Council's 3 waters assets.

### IRD Number

076-884-188

### **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**

Duncan Cotterill  
148 Victoria Street  
Christchurch

### **Bankers**

Bank of New Zealand  
Kaikoura

# Directors Report - Disclosure

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2020

The Directors present their annual report including the financial statements of the company for the year ended 30 June 2020.

### 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 on 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  
NS Pablecheque  
GC Harmon  
GR Hughes  
JM Howden

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 Parfitt	18 July 2019

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.

**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 2020

	NOTES	2020 (\$)	2019 (\$)
<b>Revenue</b>			
Revenue	1	2,268,731	2,513,723
<b>Direct Costs</b>			
Direct Costs		1,515,547	1,719,271
<b>Total Direct Costs</b>		<b>1,515,547</b>	<b>1,719,271</b>
<b>Gross Surplus</b>			
		<b>753,184</b>	<b>794,452</b>
<b>Other Income</b>			
Wage Subsidy		151,822	-
<b>Total Other Income</b>		<b>151,822</b>	<b>-</b>
<b>Expenses</b>			
Operating Expenses	2	679,965	745,192
Finance Costs	3	2,743	4,912
Depreciation	7	117,332	105,563
Loss / (Gain) on disposal of Property, Plant and Equipment		151	(478)
<b>Total Expenses</b>		<b>800,191</b>	<b>855,188</b>
<b>Operating surplus / (deficit) before Tax</b>			
		<b>104,815</b>	<b>(60,736)</b>
<b>Income Tax</b>			
Income tax for the year	19	(56,916)	(15,273)
<b>Net Surplus/ (deficit) after Tax</b>			
		<b>161,731</b>	<b>(45,463)</b>
<b>Total comprehensive surplus/ (deficit) after tax</b>			
		<b>161,731</b>	<b>(45,463)</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 2020

	NOTES	2020 (\$)	2019 (\$)
<b>Equity at Start of Year</b>			
Opening Balance		712,970	758,433
Total Comprehensive Revenue and Expense		161,731	(45,463)
<b>Equity at End of Year</b>		<b>874,701</b>	<b>712,970</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 2020

	NOTES	2020 (\$)	2019 (\$)
<b>Assets</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	4	251,300	94,471
Debtors & Other Receivables	5	84,172	184,557
Work in Progress	6	50,805	-
<b>Total Current Assets</b>		<b>386,277</b>	<b>279,028</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	7	864,221	904,084
<b>Total Non-Current Assets</b>		<b>864,221</b>	<b>904,084</b>
<b>Total Assets</b>		<b>1,250,498</b>	<b>1,183,111</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8	109,155	106,848
Employee Benefit Liabilities	9	170,286	165,482
Income Tax	19	35,069	-
Loans	10	14,854	40,098
GST		23,326	42,621
<b>Total Current Liabilities</b>		<b>352,690</b>	<b>355,049</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liability	19	23,107	115,092
<b>Total Non-Current Liabilities</b>		<b>23,107</b>	<b>115,092</b>
<b>Total Liabilities</b>		<b>375,798</b>	<b>470,142</b>
<b>Net Assets</b>		<b>874,701</b>	<b>712,970</b>
<b>Equity</b>			
Share Capital	13	100	100
Retained Earnings	14	874,601	712,870
<b>Total Equity</b>		<b>874,701</b>	<b>712,970</b>

Signed by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

Date:

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 Cash Flows

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2020

	2020 (\$)	2019 (\$)
<b>Cash Flows from Operating</b>		
<b>Cash was provided from</b>		
Receipts from customers	2,359,066	2,137,470
Grants received	-	381,488
Interest Received	72	46
MSD Wage Subsidy	151,822	-
<b>Total Cash was provided from</b>	<b>2,510,960</b>	<b>2,519,003</b>
<b>Cash was applied to</b>		
Payments to suppliers and employees	(2,234,660)	(2,433,397)
Interest paid	(2,743)	(6,703)
Net GST	(5,299)	(7,408)
Income Tax Paid	-	(6,501)
<b>Total Cash was applied to</b>	<b>(2,242,701)</b>	<b>(2,454,008)</b>
<b>Total Cash Flows from Operating</b>	<b>268,259</b>	<b>64,995</b>
<b>Cash Flows from Investing</b>		
<b>Cash was provided from</b>		
<b>Receipts from sale of property, plant and equipment</b>		
Motor Vehicles	24,000	-
P&E Yard Disposals	-	1,026
<b>Total Cash was provided from</b>	<b>24,000</b>	<b>1,026</b>
<b>Cash was applied to</b>		
Payments to acquire property, plant and equipment	(110,185)	(159,064)
<b>Total Cash was applied to</b>	<b>(110,185)</b>	<b>(159,064)</b>
<b>Total Cash Flows from Investing</b>	<b>(86,185)</b>	<b>(158,038)</b>
<b>Cash Flows from Financing</b>		
<b>Cash was provided from</b>		
Proceeds from loans borrowed from other parties	12,718	-
<b>Total Cash was provided from</b>	<b>12,718</b>	<b>-</b>
<b>Cash was applied to</b>		
Repayments of loans borrowed from other parties	(37,963)	(30,616)
<b>Total Cash was applied to</b>	<b>(37,963)</b>	<b>(30,616)</b>
<b>Total Cash Flows from Financing</b>	<b>(25,244)</b>	<b>(30,616)</b>
<b>Net Increase/ (Decrease) in Cash</b>	<b>156,830</b>	<b>(123,659)</b>
<b>Cash Balances</b>		
Cash and cash equivalents at beginning of period	94,471	218,130
Cash and cash equivalents at end of period	251,300	94,471
Net change in cash for period	156,830	(123,659)

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 2020

### 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 objectives of the company are to deliver excellent services, educate the community, be a good employer, be innovative and consider expansion and diversification within the District. 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 2020 and were authorised for issue by the directors on the 27 November 2020.

### 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	2020 (%)
Site development	0.0%
Buildings	2.0% - 22.65% SL
Motor vehicles	6.5% - 13.5% SL
Office equipment	5.0% - 67.0% SL
Plant & equipment	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. Work in Progress**

Work in progress is stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

## **8. 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.

## 9. 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.

## 10. 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.

## 11. 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.

## **12. 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.

## **13. Finance Costs**

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

## **14. Creditors and Other Payables**

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

## **15. 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 2020

	2020	2019
<b>1. Operating revenue</b>		
<b>Sales</b>		
Contract Income - Fixed	495,722	445,723
Contract Income - Variation	354,749	402,126
Landfill management fee	180,000	180,000
Other Maintenance Services	30,272	23,363
Landfill sales and services	752,173	849,445
Trees for Travellers	5,618	16,515
Resource Recovery Centre	93,979	85,714
3 Waters Recovery	356,146	128,997
<b>Total Sales</b>	<b>2,268,659</b>	<b>2,131,883</b>
<b>Other Revenue</b>		
Grants Received	-	381,488
Interest Income	72	353
Wage Subsidy	151,822	-
<b>Total Other Revenue</b>	<b>151,894</b>	<b>381,841</b>
<b>Total Revenue</b>	<b>2,420,553</b>	<b>2,513,723</b>

The Company's non-exchange revenue transactions this year include wage subsidy income. This revenue has conditions attached which specify that the future economic benefits or service potential is required to be consumed as specified (used to retain and pay employees) or must be returned to the transferor.

	2020	2019
<b>2. Operating expenses</b>		
General Expenses	616,085	685,081
Audit Fees	24,910	23,035
Bad Debts written off	741	-
Insurance	32,042	31,940
Rents	6,188	5,136
<b>Total Operating expenses</b>	<b>679,965</b>	<b>745,192</b>

Direct costs and administration expenses comparatives have been restated. 2019 Direct costs have been decreased by \$203,000 of indirect personnel expenditures and 2019 administration expenses have been increased by \$203,000 of indirect personnel expenditure. This reclassification enabled comparison of direct and administration costs between the years.

	2020	2019
<b>3. Finance Costs</b>		
Interest Charges	2,743	4,912
<b>Total Finance Costs</b>	<b>2,743</b>	<b>4,912</b>



2020 2019

**4. Cash and cash equivalents**

	2020	2019
BNZ Bank Account	254,538	90,826
BNZ - Credit Card	(3,447)	3,535
Cash Float	210	110
<b>Total Cash and cash equivalents</b>	<b>251,300</b>	<b>94,471</b>
	2020	2019

**5. Debtors and other receivables**

Accounts Receivable	70,845	169,936
Payments in advance	13,326	14,622
<b>Total Debtors and other receivables</b>	<b>84,172</b>	<b>184,557</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 2019 all overdue receivables had been assessed for impairment an appropriate provisions applied. The ageing of receivables are as follows:

	2020			2019		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due - under 30 days	64	-	64	140	-	140
Past due - 30 to 60 days	3	-	3	15	-	15
Past due - 60 to 90 days	-	-	-	3	-	3
Past due - over 90 days	4	-	4	12	-	12
	<b>71</b>	-	<b>71</b>	<b>170</b>	-	<b>170</b>

Movement in the provision for impairments of receivables as follows:

	2020	2019
Opening balance	-	-
Plus: Increase of provision		-
Less: Receivables written off		-
Balance as at 30 June	-	-

All receivables are from exchange transactions. No receivables are considered impaired (2019: nil).

2020 2019

**6. Work in progress**

Work in Progress	50,805	-
<b>Total Work in progress</b>	<b>50,805</b>	<b>-</b>

## 7. Property, Plant &amp; Equipment

	2020	2019
<b>Buildings</b>		
<b>Cost</b>		
Balance at 1 July	431,820	419,330
Additions	-	12,490
<b>Closing Balance at 30 June</b>	<b>431,820</b>	<b>431,820</b>
<b>Depreciation</b>		
Balance at 1 July	152,210	144,131
Current year depreciation	8,391	8,079
<b>Balance at 30 June</b>	<b>160,601</b>	<b>152,210</b>
<b>Total cost less accumulated depreciation</b>	<b>271,219</b>	<b>279,610</b>
	2020	2019
<b>Motor Vehicles</b>		
<b>Balance at 1 July</b>		
Opening Balance	347,570	347,570
Additions	52,418	-
Disposals	(39,700)	-
<b>Balance at 30 June</b>	<b>360,288</b>	<b>347,570</b>
<b>Depreciation</b>		
Balance at 1 July	153,866	126,104
Current year depreciation	24,610	27,762
Depreciation recovered	(15,549)	-
<b>Balance at 30 June</b>	<b>162,927</b>	<b>153,866</b>
<b>Total cost less accumulated depreciation</b>	<b>197,360</b>	<b>193,704</b>
	2020	2019
<b>Equipment</b>		
<b>Cost</b>		
Balance at 1 July	153,293	85,971
Additions	10,983	67,321
<b>Balance at 30 June</b>	<b>164,275</b>	<b>153,293</b>
<b>Depreciation</b>		
Balance at 1 July	44,733	29,985
Current year depreciation	25,461	14,749
<b>Balance at 30 June</b>	<b>70,195</b>	<b>44,733</b>
<b>Total cost less accumulated depreciation</b>	<b>94,080</b>	<b>108,559</b>

2020 2019

**Plant & Equipment Yard**

<b>Cost</b>		
Balance at 1 July	887,529	804,825
Additions	38,221	83,730
Disposals	-	(1,026)
<b>Balance at 30 June</b>	<b>925,750</b>	<b>887,529</b>
<b>Depreciation</b>		
Balance at 1 July	565,319	510,346
Current year depreciation	58,869	54,973
<b>Balance at 30 June</b>	<b>624,188</b>	<b>565,319</b>
<b>Total cost less accumulated depreciation</b>	<b>301,562</b>	<b>322,210</b>
	2020	2019

**Total Property, Plant and Equipment**

<b>Cost</b>		
Balance at 1 July	1,820,212	1,657,696
Additions	101,620	163,542
Disposals	(39,700)	(1,026)
<b>Balance at 30 June</b>	<b>1,882,132</b>	<b>1,820,212</b>
<b>Depreciation</b>		
Balance at 1 July	916,128	810,565
Current year depreciation	117,332	105,563
Depreciation recovered	(15,549)	-
<b>Balance at 30 June</b>	<b>1,017,911</b>	<b>916,128</b>
<b>Total cost less accumulated depreciation</b>	<b>864,221</b>	<b>904,084</b>

No impairment losses have been recognised for property, plant and equipment (2019: nil).

2020 2019

**8. Trade and other payables**

Accounts Payable	93,339	86,131
Accrued Expenses	15,816	20,717
<b>Total Trade and other payables</b>	<b>109,155</b>	<b>106,848</b>
	2020	2019

**9. Employee benefits and liabilities**

Accrued Wages & Salaries	6,514	40,544
PAYE Due	38,353	22,295
Provision for annual leave	125,419	102,643
<b>Total Employee benefits and liabilities</b>	<b>170,286</b>	<b>165,482</b>

	2020	2019
<b>Salaries &amp; Wages</b>		
Salaries & Wages	1,261,360	1,203,438
Increase / (decrease) in employee entitlements	-	30,092
<b>Total Salaries &amp; Wages</b>	<b>1,261,360</b>	<b>1,233,530</b>

	2020	2019
<b>10. Borrowings</b>		
BNZ Term Loans	2,136	27,074
Current Loan - IQumulate Premium Funding	12,718	-
MacQuarie Pacific Funding	-	13,024
<b>Total Borrowings</b>	<b>14,854</b>	<b>40,098</b>

	2020	2019
<b>Repayable as follows</b>		
Not later than 1	14,854	40,098
<b>Total Repayable as follows</b>	<b>14,854</b>	<b>40,098</b>

**11. Operating Lease commitments**

	2020	2019
<b>Non-cancellable operating leases</b>		
Not later than 1 year	1,086	13,030
Later than 1 year and not later than 5 years	-	1,085
<b>Total Non-cancellable operating leases</b>	<b>1,086</b>	<b>14,115</b>

The lease commitment is the lease of the two motor vehicles. The motor vehicle leases are for a 5 year term commencing 17 July 2015 with no right of renewal.

**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:

	2020	2019
<b>Sales to Kaikoura District Council</b>		
Landfill management fee	180,000	180,000
Kerbside recycling and public rubbish fee	155,053	127,492
Other sales	949,552	1,278,960
<b>Total Sales to Kaikoura District Council</b>	<b>1,284,605</b>	<b>1,586,452</b>

	2020	2019
<b>Purchases from Kaikoura District Council</b>		
Rent	6,188	5,136
Other purchases	-	91
<b>Total Purchases from Kaikoura District Council</b>	<b>6,188</b>	<b>5,227</b>

Kaikoura District Council receivables of \$13,827 (2019: \$104,433)

Kaikoura District Council payables of \$5,693 (2019: Nil)

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.

	2020	2019
<b>Key management personnel</b>		
Key management personnel compensation	244,582	230,670

In the current year Key Management personnel consistent of the Directors, the General Manager and the Utilities Manager.

### 13. Share capital

	Number of Shares	Amount (\$)	Number of Shares	Amount (\$)
	2020	2020	2019	2019
Balance as at 30 June	100	100	100	100

There was no consideration received for the shares.

	2020	2019
<b>14. Retained earnings</b>		
Opening balance	712,870	758,333
Net profit after tax	161,731	(45,463)
<b>Retained earnings closing balance</b>	<b>874,601</b>	<b>712,870</b>

### 15. Financial instruments categories

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents	254,748	90,936
<b>Debtors and other receivables</b>		
Accounts Receivable	70,845	169,872
<b>Total Debtors and other receivables</b>	<b>70,845</b>	<b>169,872</b>
<b>Total loans and receivables</b>	<b>325,593</b>	<b>260,807</b>

	2020	2019
<b>Financial liabilities</b>		
Trade and other payables	109,155	106,848
Borrowings - secured and unsecured	14,854	40,098
<b>Total financial liabilities at amortized cost</b>	<b>124,009</b>	<b>146,946</b>

## 16. Contingent assets and liabilities

As at 30 June 2020 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 2020 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.

## 17. Covid-19 Disclosure

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and remained in lockdown at Alert Level 3 until 13 May inclusive.

During Alert Levels 4 and 3, we reduced our operations to what was deemed necessary. In level 4 we were closed the Resource Recovery centre (RRC) to the public, operated on a 'on call' basis for 3 Waters and were able to reopen the RRC and start minor renewal works in Waters during level 3

The Directors have considered the effects on the financial statements caused either directly or indirectly by COVID-19:

- The Company saw a decrease in revenue during the COVID lockdown (due to the operations restrictions) and was granted the Government grant for wage subsidy.
- The effect on the overall revenue and expenses in FY20 was not material because of the very short period of the lockdown within this financial year, government grant for wage subsidy received and increased revenue after the lockdown period.

The Directors also considered the impact of the COVID-19 pandemic going forward and do not believe there will be any further significant effect on the business operations.

The Directors are continuing to closely monitor the COVID-19 situation and the Company is working closely with customers and contractors to ensure the appropriate actions are taken, with people's safety and wellbeing as the priority.

## 18. Significant events after balance date

No significant events occurred after balance date (2019: nil)

## 19. Taxation

	2020	2019
<b>Components of tax expense recognised in statement of comprehensive revenue and expense:</b>		
<b>Income tax expense</b>		
Current Taxation	35,069	-
Deferred Taxation	(91,985)	(15,273)
<b>Income tax expense</b>	<b>(56,916)</b>	<b>(15,273)</b>
Income tax expense	(56,916)	(15,273)

2020 2019

**Relationship between tax expense and accounting profit**

Surplus / (deficit) before tax	104,815	(60,736)
Tax at 28%	29,348	(17,006)
<b>Add/(less) tax effect of:</b>		
Deferred tax adjustment	(86,264)	1,734
<b>Total Add/(less) tax effect of:</b>	<b>(86,264)</b>	<b>1,734</b>
Income Tax Expense	(56,916)	(15,272)
	2020	2019

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

Balance at start of year	-	6,021
Taxation (paid) / refunded	-	(6,021)
Provided for this year	35,069	-
<b>Balance at the end of the year</b>	<b>35,069</b>	<b>-</b>

## Movement in temporary differences

	Balance	Recognised	Recognised	Balance
	30 June 2019	in profit/loss	in equity	30 June 2020
Property, plant and equipment	(164,775)	111,385	-	(53,390)
Losses to carry forward	23,011	(23,011)	-	-
Employee benefits	26,668	3,612	-	30,280
	(115,096)	91,986	-	(23,110)

	Balance	Recognised	Recognised	Balance
	30 June 2018	in profit/loss	in equity	30 June 2019
Property, plant and equipment	(147,513)	(17,262)	-	(164,775)
Losses to carry forward	-	23,011	-	23,011
Employee benefits	17,145	9,523	-	26,668
	(130,367)	15,272	-	(115,096)

# Statement of Service Performance

Innovative Waste Kaikoura Ltd  
For the year ended 30 June 2020

Target	Performance target to achieve the output	Achievements as at 30 June 2020
Client satisfaction	<p>98% of all urgent or callouts, applicable to the contract are responded to within one hour or two hours respectively from the time of the notification to the time that service personnel depart to the site. (1)</p> <p>98% of all non-urgent call outs, applicable to the contract are responded to within 48 hours from the time the notification to the time that service personnel attend site. (1)</p> <p>Service requests received about recycling collections is less than 20 per year.</p>	<p><b><u>Results not available</u></b></p> <p>All service requests are logged through KDCs Ozone programme and advised via phone and/or email to IWK.</p> <p>All responses are then checked and updated on a weekly/monthly basis with KDC.</p> <p>All Urgent requests are attended to immediately.</p> <p><b><u>Results not available</u></b></p> <p>All non-urgent call outs are responded to within 24 hours.</p> <p><b><u>Achieved</u></b></p> <p>Service Requests regarding recycling are rung through to KDC to be recorded in Ozone.</p> <p>3 received</p>



	<p>Compliance with and provision of all KPI information as per contracts</p> <p>Obtaining an unqualified audit opinion</p>	<p><b><u>Results not available</u></b></p> <p>No current contracts have any KPIs attached to them</p> <p><b><u>Results not available</u></b></p> <p>Audit still to be completed for 2019/20 year, however due to the ongoing issues with capturing the correct information in relation to Service Requests Performance Measures (above) .</p>
Service Performance	<p>Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions.</p> <p>The number of complaints received per year being due to a service request not being actioned appropriately is less than 10. <sup>(2)</sup></p>	<p><b><u>Achieved</u></b></p> <p>No non-compliance notices or infringements issued to KDC.</p> <p>0 complaints in total</p>
Health & Safety	<p>5% reduction in TRIF (Total Recordable Incident Frequency) accident rates</p>	<p><b><u>Achieved</u></b></p> <p>TRIFR rate for 2018/19 was 18.41 (3 TRI x 200,000/32,590 (hours worked)).</p> <p>TRIFR rate for 2019/20 was 0.00 (0 TRI x 200,000/26,572 (hours worked)).</p>

	LTIFR (LTI per 200,000 hours worked) <6	<b><u>Achieved</u></b>  LTIFR rate for 2019/20 was 0.00 (0 LTI x 200,000/26,572 (hours worked)).																																
Staff Engagement	Increase baseline of staff satisfaction through annual survey by 10% (2018/19 4.0)	<b><u>Not achieved</u></b>  Average engagement score of 4.2																																
Financial Performance Targets	<table border="0"> <tr> <td><b>Revenue</b></td> <td><b>\$1,953,864</b></td> <td>\$2,420,553</td> <td><b><u>Achieved</u></b></td> </tr> <tr> <td><b>NPAT</b></td> <td><b>\$9,116</b></td> <td>\$161,731</td> <td><b><u>Achieved</u></b></td> </tr> <tr> <td><b>Return on Equity</b></td> <td><b>1%</b></td> <td>8%</td> <td><b><u>Achieved</u></b> <sup>3</sup></td> </tr> <tr> <td><b>Shareholder Funds/Total Assets</b></td> <td><b>57%</b></td> <td>70%</td> <td><b><u>Achieved</u></b></td> </tr> <tr> <td><b>Equity</b></td> <td><b>\$669,866</b></td> <td>\$874,601</td> <td><b><u>Achieved</u></b></td> </tr> <tr> <td><b>Debt to Debt plus Equity</b></td> <td><b>9%</b></td> <td>2%</td> <td><b><u>Achieved</u></b></td> </tr> <tr> <td><b>Earnings per Share</b></td> <td><b>\$91</b></td> <td>\$1,671</td> <td><b><u>Achieved</u></b></td> </tr> <tr> <td><b>Dividend ratio</b></td> <td><b>10%</b></td> <td>0%</td> <td><b><u>Not achieved</u></b></td> </tr> </table>	<b>Revenue</b>	<b>\$1,953,864</b>	\$2,420,553	<b><u>Achieved</u></b>	<b>NPAT</b>	<b>\$9,116</b>	\$161,731	<b><u>Achieved</u></b>	<b>Return on Equity</b>	<b>1%</b>	8%	<b><u>Achieved</u></b> <sup>3</sup>	<b>Shareholder Funds/Total Assets</b>	<b>57%</b>	70%	<b><u>Achieved</u></b>	<b>Equity</b>	<b>\$669,866</b>	\$874,601	<b><u>Achieved</u></b>	<b>Debt to Debt plus Equity</b>	<b>9%</b>	2%	<b><u>Achieved</u></b>	<b>Earnings per Share</b>	<b>\$91</b>	\$1,671	<b><u>Achieved</u></b>	<b>Dividend ratio</b>	<b>10%</b>	0%	<b><u>Not achieved</u></b>	
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There was 48.01% total diversion of recyclable material from landfill in this financial year against last years 55.18%. Of the 1721.96 tonnes landfilled (440.17kg per head of population (3912)), 970.3 tonnes were from Commercial customers with domestic being 751.63 tonnes for the year.

- (1) These measures relate to our water maintenance activity as part of our contract with Kaikoura District Council
- (2) These measures relate to our services provided within the contract with Kaikoura District Council for water maintenance and rubbish collection activity.
- (3) Return on Equity has been calculated after excluding the impact of deferred tax on the Net Profit result