



Annual Report

Innovative Waste Kaikoura Ltd
For the year ended 30 June 2021

Prepared by WK Advisors and Accountants Limited

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Directory

Innovative Waste Kaikoura Ltd For the year ended 30 June 2021

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

NS Pablecheque	Appointed on 10 March 2017 - Resigned on 27 July 2017, Re-appointed on 16 October 2017
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 2021

The Directors present their annual report including the financial statements of the company for the year ended 30 June 2021.

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.

The Company was required under section 67(5) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 30 November 2021. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

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:

NS Pablecheque
GC Harmon
GR Hughes
JM Howden
LJ Buurman

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
JM Howden	28 July 2020

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

Director
Date:

Director
Date:

Statement of Profit or Loss

Innovative Waste Kaikoura Ltd For the year ended 30 June 2021

	NOTES	2021 (\$)	2020 (\$)
Revenue			
Revenue	1	2,768,997	2,268,731
Direct Expenses			
Wages		1,333,905	1,260,408
Direct Costs		703,684	486,684
Total Direct Expenses		2,037,589	1,747,092
Gross Surplus		731,408	521,639
Other Income			
Wage Subsidy		-	151,822
Total Other Income		-	151,822
Expenses			
Operating Expenses	2	367,360	448,419
Finance Costs	3	887	2,743
Depreciation	7	165,178	117,332
Loss / (Gain) on disposal of Property, Plant and Equipment		1,558	151
Total Expenses		534,983	568,645
Operating surplus / (deficit) before Tax		196,425	104,815
Income Tax			
Income tax for the year	19	66,199	(56,916)
Net Surplus/ (deficit) after Tax		130,226	161,731
Total comprehensive surplus/ (deficit) after tax		130,226	161,731

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 2021

	NOTES	2021 (\$)	2020 (\$)
Equity at Start of Year			
Opening Balance		874,701	712,970
Total Comprehensive Revenue and Expense		130,226	161,731
Equity at End of Year		1,004,927	874,701

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 2021

	NOTES	2021 (\$)	2020 (\$)
Assets			
Current Assets			
Cash & Cash Equivalents	4	243,070	251,300
Debtors & Other Receivables	5	302,680	84,172
Work in Progress	6	-	50,805
Total Current Assets		545,749	386,277
Non-Current Assets			
Property, Plant & Equipment	7	999,262	864,221
Total Non-Current Assets		999,262	864,221
Total Assets		1,545,011	1,250,498
Liabilities			
Current Liabilities			
Trade & Other Payables	8	132,053	109,155
Employee Benefit Liabilities	9	190,609	170,286
Income Tax	19	43,552	35,069
Loans	10	95,000	14,854
GST		57,663	23,326
Total Current Liabilities		518,878	352,690
Non-Current Liabilities			
Deferred Tax Liability	19	21,206	23,107
Total Non-Current Liabilities		21,206	23,107
Total Liabilities		540,084	375,798
Net Assets		1,004,927	874,701
Equity			
Share Capital	13	100	100
Retained Earnings	14	1,004,827	874,601
Total Equity		1,004,927	874,701

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 2021

	2021 (\$)	2020 (\$)
Cash Flows from Operating		
Cash was provided from		
Receipts from customers	2,576,153	2,359,066
Interest Received	131	72
MSD Wage Subsidy	-	151,822
Total Cash was provided from	2,576,284	2,510,960
Cash was applied to		
Payments to suppliers and employees	(2,301,892)	(2,234,660)
Interest paid	(342)	(2,743)
Net GST	1,875	(5,299)
Income Tax Paid	(59,617)	-
Total Cash was applied to	(2,359,976)	(2,242,701)
Total Cash Flows from Operating	216,308	268,259
Cash Flows from Investing		
Cash was provided from		
Receipts from sale of property, plant and equipment		
Motor Vehicles	-	24,000
Total Cash was provided from	-	24,000
Cash was applied to		
Payments to acquire property, plant and equipment	(309,685)	(110,185)
Total Cash was applied to	(309,685)	(110,185)
Total Cash Flows from Investing	(309,685)	(86,185)
Cash Flows from Financing		
Cash was provided from		
Proceeds from loans borrowed from other parties	87,282	12,718
Total Cash was provided from	87,282	12,718
Cash was applied to		
Repayments of loans borrowed from other parties	(2,136)	(37,963)
Total Cash was applied to	(2,136)	(37,963)
Total Cash Flows from Financing	85,146	(25,244)
Net Increase/ (Decrease) in Cash	(8,231)	156,830
Cash Balances		
Cash and cash equivalents at beginning of period	251,300	94,471
Cash and cash equivalents at end of period	243,070	251,300
Net change in cash for period	(8,231)	156,830

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 2021

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 2021 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 2021 and were authorised for issue by the directors on 17 December 2021.

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	2021 (%)
Site development	0.0%
Buildings	2.0% - 22.65% SL
Motor vehicles	6.5% - 13.5% SL
Office equipment	6.5% - 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 2021

	2021	2020
1. Operating revenue		
Sales		
Contract Income - Fixed	266,750	495,722
Contract Income - Variation	1,075,167	354,749
Landfill Management Fee	180,000	180,000
Other Maintenance Services	-	30,272
Landfill Sales and Services	871,817	752,173
Trees for Travellers	1,592	5,618
Resource Recovery Centre	202,862	93,979
3 Waters Recovery	170,678	356,146
Total Sales	2,768,866	2,268,659
Other Revenue		
Interest Income	131	72
Wage Subsidy	-	151,822
Total Other Revenue	131	151,894
Total Revenue	2,768,997	2,420,553

The Company's non-exchange revenue transactions in the 2020 financial 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.

	2021	2020
2. Operating expenses		
General Expenses	302,587	384,539
Audit Fees	25,799	24,910
Bad Debts written off	2,349	741
Insurance	36,625	32,042
Rents	-	6,188
Total Operating expenses	367,360	448,419

Direct costs and operating expenses have been restated in the 2020 comparatives. 2020 overall direct expenses have been increased by \$231,545 of administrative staff wages, and 2020 operating expenses have been decreased by a corresponding amount.

Additionally, direct expenses are now separated into wages expenditure and direct costs for reporting purposes, for both 2020 and 2021. This reclassification enabled comparison between the years of wages expenditure and direct costs not relating to wages.

	2021	2020
3. Finance Costs		
Interest Charges	887	2,743
Total Finance Costs	887	2,743
	2021	2020

4. Cash and cash equivalents

BNZ Bank Account	246,047	254,538
BNZ - Credit Card	(3,188)	(3,447)
Cash Float	210	210
Total Cash and cash equivalents	243,070	251,300
	2021	2020

5. Debtors and other receivables

Accounts Receivable	287,407	70,845
Payments in advance	15,273	13,326
Total Debtors and other receivables	302,680	84,172

Trade debtors are shown net of impairment losses arising from the likely non payment of a small number of customers.

As at 30 June 2021 all overdue receivables had been assessed for impairment an appropriate provisions applied. The ageing of receivables are as follows:

	2021			2020		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due - under 30 days	276	-	276	64	-	64
Past due - 30 to 60 days	11	-	11	3	-	3
Past due - 60 to 90 days	-	-	-	-	-	-
Past due - over 90 days	-	-	-	4	-	4
	287	-	287	71	-	71

Movement in the provision for impairments of receivables as follows:

	2021	2020
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 (2020: nil).

	2021	2020
6. Work in progress		
Work in Progress	-	50,805
Total Work in progress	-	50,805

7. Property, Plant & Equipment

	2021	2020
Buildings		
Cost		
Balance at 1 July	431,820	431,820
Disposals	(48,513)	-
Closing Balance at 30 June	383,307	431,820
Depreciation		
Balance at 1 July	160,601	152,210
Current year depreciation	8,391	8,391
Depreciation recovered	(48,513)	-
Balance at 30 June	120,479	160,601
Total cost less accumulated depreciation	262,828	271,219

	2021	2020
Motor Vehicles		
Balance at 1 July		
Opening Balance	360,287	347,570
Additions	218,395	52,417
Disposals	(3,111)	(39,700)
Balance at 30 June	575,570	360,287
Depreciation		
Balance at 1 July	162,927	153,866
Current year depreciation	43,801	24,610
Depreciation recovered	(3,111)	(15,549)
Balance at 30 June	203,618	162,927
Total cost less accumulated depreciation	371,953	197,359
	2021	2020

Equipment

Cost		
Balance at 1 July	164,275	153,293
Additions	41,192	10,983
Disposals	(10,759)	-
Balance at 30 June	194,708	164,275
Depreciation		
Balance at 1 July	70,195	44,733
Current year depreciation	43,418	25,461
Depreciation recovered	(8,345)	-
Balance at 30 June	105,268	70,195
Total cost less accumulated depreciation	89,441	94,080

	2021	2020
Plant & Equipment Yard		
Cost		
Balance at 1 July	925,750	887,529
Additions	43,187	38,221
Disposals	(67,135)	-
Balance at 30 June	901,802	925,750
Depreciation		
Balance at 1 July	624,188	565,319
Current year depreciation	69,568	58,869
Depreciation recovered	(66,995)	-
Balance at 30 June	626,761	624,188
Total cost less accumulated depreciation	275,041	301,562
	2021	2020

Total Property, Plant and Equipment

Cost		
Balance at 1 July	1,882,132	1,820,212
Additions	302,773	101,620
Disposals	(129,518)	(39,700)
Balance at 30 June	2,055,387	1,882,132
Depreciation		
Balance at 1 July	1,017,911	916,128
Current year depreciation	165,178	117,332
Depreciation recovered	(126,964)	(15,549)
Balance at 30 June	1,056,125	1,017,911
Total cost less accumulated depreciation	999,262	864,221

No impairment losses have been recognised for property, plant and equipment (2020: nil).

	2021	2020
8. Trade and other payables		
Accounts Payable	66,324	93,339
Accrued Expenses	65,729	15,816
Total Trade and other payables	132,053	109,155

	2021	2020
9. Employee benefits and liabilities		
Accrued Wages & Salaries	13,008	6,514
PAYE Due	50,052	38,353
Provision for annual leave	127,549	125,419
Total Employee benefits and liabilities	190,609	170,286

	2021	2020
Salaries & Wages		
Salaries & Wages	1,333,905	1,260,408
Total Salaries & Wages	1,333,905	1,260,408

	2021	2020
10. Borrowings		
BNZ Term Loans	-	2,136
Current Loan - IQumulate Premium Funding	-	12,718
Kaikoura District Council - Term Loan	95,000	-
Total Borrowings	95,000	14,854

	2021	2020
Repayable as follows		
Not later than 1 year	20,000	14,854
Later than 1 year and not later than 5 years	75,000	-
Total Repayable as follows	95,000	14,854

11. Operating Lease commitments

	2021	2020
Non-cancellable operating leases		
Not later than 1 year	-	1,086
Later than 1 year and not later than 5 years	-	-
Total Non-cancellable operating leases	-	1,086

The lease commitment in the 2020 financial year related to the lease of two motor vehicles. The motor vehicle lease was for a 5 year term, commencing July 2015 and ceasing July 2020.

12. Related parties

The Company is owned by Kaikoura Enhancement Trust, which itself is owned by the Kaikoura District Council. As of July 2021, the Company has a five year contract with Kaikoura District Council to provide landfill management and 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:

	2021	2020
Sales to Kaikoura District Council		
Landfill management fee	180,000	180,000
Kerbside recycling and public rubbish fee	121,418	155,053
Other sales	1,355,255	949,552
Total Sales to Kaikoura District Council	1,656,673	1,284,605
	2021	2020
Purchases from Kaikoura District Council		
Rent	-	6,188
Other purchases	7,193	-
Total Purchases from Kaikoura District Council	7,193	6,188

Kaikoura District Council receivables of \$247,577 (2020: \$13,827)

Kaikoura District Council payables of \$11,238 (2020: \$5,693)

	2021	2020
Key management personnel		
Key management personnel compensation	247,258	244,582

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

During the year there have been the following transactions with companies owned by key management personnel:

Kaikoura Liquid Waste
 - Purchases \$6,651 (2020 - \$20,292)
 - Sales \$448 (2020 - nil).

There were no outstanding balances at year end.

13. Share capital

	Number of Shares	Amount (\$)	Number of Shares	Amount (\$)
	2021	2021	2020	2020
Balance as at 30 June	100	100	100	100

There was no consideration received for the shares.

	2021	2020
14. Retained earnings		
Opening balance	874,601	712,870
Net profit after tax	130,226	161,731
Retained earnings closing balance	1,004,827	874,601

15. Financial instruments categories

	2021	2020
Financial assets		
Cash and cash equivalents	246,257	254,748
Debtors and other receivables		
Accounts Receivable	287,407	70,845
Total Debtors and other receivables	287,407	70,845
Total loans and receivables	533,664	325,593
	2021	2020
Financial liabilities		
Trade and other payables	132,053	109,155
Borrowings - secured and unsecured	-	14,854
Total financial liabilities at amortized cost	132,053	124,009

16. Contingent assets and liabilities

As at 30 June 2021 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 2021 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 an '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

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Kaikoura District Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024. Currently there is uncertainty about likely impacts of the reform on the Company's operations.

19. Taxation

	2021	2020
Components of tax expense recognised in statement of comprehensive revenue and expense:		
Income tax expense		
Current Taxation	68,100	35,069
Deferred Taxation	(1,901)	(91,985)
Income tax expense	66,199	(56,916)
Income tax expense	66,199	(56,916)

2021 2020

Relationship between tax expense and accounting profit

Surplus / (deficit) before tax	196,425	104,815
Tax at 28%	54,999	29,348
Add/(less) tax effect of:		
Deferred tax adjustment	11,200	(86,264)
Total Add/(less) tax effect of:	11,200	(86,264)
Income Tax Expense	66,199	(56,916)
	2021	2020

Movement in tax (refund) / payable:

Balance at start of year	35,069	-
Taxation (paid) / refunded	(59,617)	-
Provided for this year	68,100	35,069
Balance at the end of the year	43,552	35,069

Movement in temporary differences

	Balance	Recognised	Recognised	Balance
	30 June 2020	in profit/loss	in equity	30 June 2021
Property, plant and equipment	(53,390)	2,810	-	(50,580)
Losses to carry forward	-	-	-	-
Employee benefits	30,280	(909)	-	29,371
	(23,110)	1,901	-	(21,209)

	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)

Statement of Service Performance

Innovative Waste Kaikoura Ltd
For the year ended 30 June 2021

Target	Performance target to achieve the output	Achievements as at 30 June 2021
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><u>Results not available</u></p> <p>All service requests are logged through KDCs Ozone programme and advised via phone and/or email to IWK.</p> <p>KDC have implemented an Asset Management system to capture all calls and send direct to IWK, where IWK can update all info required, however the system is not yet fully operational.</p> <p>All 0800 calls are captured on job sheets (to be charged out).</p> <p>All Urgent requests are attended to immediately.</p> <p><u>Results not available</u></p> <p>All non-urgent call outs are responded to within 24 hours.</p>

	<p>Service requests received about recycling collections is less than 20 per year.</p> <p>Compliance with and provision of all KPI information as per contracts</p> <p>Obtaining an unqualified audit opinion</p>	<p><u>Achieved</u></p> <p>Service Requests regarding recycling are rung through or entered through the Service Request portal on KDCs website for KDC to record in Ozone.</p> <p>1 received</p> <p><u>Measure not relevant for 2021</u></p> <p>New contract for 3 Waters started 1 July 2020 (3 year term) – no further KPIs than service response attached.</p> <p>New contract for Resource Recovery implemented 1 October 2021 (5 year term) and has KPIs attached.</p> <p><u>Results not available</u></p> <p>Not achieved due to SSP audit qualification</p>
Service Performance	Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions.	<p><u>Achieved</u></p> <p>No non-compliance notices or infringements issued to KDC.</p>

	The number of complaints received per year being due to a service request not being actioned appropriately is less than 10. ⁽²⁾	0 complaints in total
Health & Safety	<p>5% reduction in TRIF (Total Recordable Incident Frequency) accident rates</p> <p>LTIFR (LTI per 200,000 hours worked) <6</p>	<p><u>Not Achieved</u></p> <p>TRIFR rate for 2019/20 was 0.00 (0 TRI x 200,000/26,572 (hours worked)).</p> <p>TRIFR rate for 2020/21 was 7.37 (1 TRI x 200,000/27,116 (hours worked)).</p> <p><u>Not Achieved</u></p> <p>LTIFR rate for 2020/21 was 7.37 (1 LTI x 200,000/27,116 (hours worked)).</p> <p>One injury to a staff member occurred (January 2021 – tweaked shoulder loading the baler, had the following day off work).</p>
Staff Engagement	Increase baseline of staff engagement through annual survey by 10% (2019/20 4.2)	<p><u>Not achieved</u></p> <p>Average engagement score of 4.0</p>
Financial Performance Targets	<p>Revenue \$2,256,399</p> <p>NPAT \$60,472</p> <p>Return on Equity 8%</p> <p>Equity \$734,875</p>	<p><u>Achieved</u></p> <p>\$ 2,765,450</p> <p>\$236,160 <u>Achieved</u></p> <p>21% <u>Achieved</u></p> <p>\$1,110,861 <u>Achieved</u></p>

	Liquidity ratio (excl Holiday pay accrual) 1.31 Wages as a % of revenue 53.37% R & M as a % of revenue 6.37%	3.01% <u>Achieved</u> 48.23% <u>Achieved</u> 1.54% <u>Achieved</u>
Landfill Diversion Rate	55% diversion of recyclable material from landfill	<u>Not achieved</u> There was 53.28% total diversion of recyclable material from landfill in this financial year against last year's 48.01%. Of the 1846.06 tonnes landfilled (471.9kg per head of population (3912)), 772.15 tonnes were from commercial customers, with domestic being 1073.91 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.