



INNOVATIVE WASTE KAIKOURA LTD

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CONFIDENTIAL

**Innovative Waste Kaikoura Board
February 2021**

IWK SIX MONTHLY RESULT

Strategic Alignment:

Principles – Economic Viability, Sustainability

Objectives – Be a good employer, Deliver excellent services

Jacki Remihana

Recommendation: *That the six monthly financial report is forwarded to Kaikoura District Council and KET for their information.*



Management Report

Innovative Waste Kaikoura Ltd
As at 31 December 2020

Prepared by WK Advisors and Accountants Limited

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Directory

Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2020

Date of Incorporation

30 June 2000

Company Number

1045695

Registered Office

82 Scarborough Street,
Kaikoura 7300

Company Status

Registered Company

Issued Capital

100 Shares

Shareholders

Kaikoura Enhancement Trust - 100 shares

Business Location

82 Scarborough Street
Kaikoura

Nature of Business

Operation of Kaikoura Recovery Centre & Landfill.
Contracted maintenance services for Council's Three waters assets.

IRD Number

76-884-188

GST Status

Payments Basis, Two Monthly Returns, Con-incident 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
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045

Statement of Profit or Loss

Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2020

	NOTES	ACTUAL YTD	BUDGET YTD	ACTUAL YTD + FORECAST	FY BUDGET 2021	FY 2020
Revenue						
Revenue		1,229,353	1,120,024	2,365,725	2,256,399	2,268,731
Total Revenue		1,229,353	1,120,024	2,365,725	2,256,399	2,268,731
Cost of Sales						
Cost of Sales		853,238	651,375	1,451,605	1,327,517	1,466,080
3W - Admin recharge		-	-	-	-	92,169
RRC - Admin recharge		-	-	-	-	139,377
Total Cost of Sales		853,238	651,375	1,451,605	1,327,517	1,697,626
Gross Profit		376,116	468,649	914,120	928,882	571,105
Gross Profit %		31	42	39	41	25
Other Income						
Wage Subsidy		-	-	-	-	151,822
Total Other Income		-	-	-	-	151,822
Expenses						
Operating Expenses		199,483	372,226	618,628	738,478	488,212
Finance Costs		321	759	1,089	1,527	2,743
Total Expenses		199,804	372,985	619,717	740,005	490,955
EBITDA		176,312	95,664	294,403	188,877	231,972
Depreciation and Amortization						
Depreciation		84,474	63,833	149,047	128,405	127,157
Total Depreciation and Amortization		84,474	63,833	149,047	128,405	127,157
EBIT		91,838	31,831	145,356	60,472	104,815
Net Operating Profit (Loss) Before Distributions		91,838	31,831	145,356	60,472	104,815
Net Operating Profit (Loss) Before Tax		91,838	31,831	145,356	60,472	104,815
Income Tax						
Income tax for the year		-	-	-	-	(56,916)
Total Income Tax		-	-	-	-	(56,916)
Net Profit (Loss) for the Year		91,838	31,831	145,356	60,472	161,731

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Compilation Report.

Statement of Profit or Loss by Division

Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2020

	NOTES	3 WATERS	RESOURCE RECOVERY CENTRE	PUBLIC AMENITIES	ADMINISTRATION	TOTAL
Trading Income						
Revenue		506,963	666,058	53,260	1,874	1,229,107
Total Trading Income		506,963	666,058	53,260	1,874	1,229,107
Cost of Sales						
Cost of Sales		326,579	413,052	59,780	(70)	853,238
Total Cost of Sales		326,579	413,052	59,780	(70)	853,238
Gross Profit		180,384	253,006	(6,520)	1,944	375,869
Other Income						
Interest Income		-	-	-	97	97
Total Other Income		-	-	-	97	97
Expenses						
Operating Expenses		41,017	57,252	4,238	96,220	199,483
Finance Costs		-	-	-	8	321
Depreciation		23,382	7,658	521	22,030	84,324
Total Expenses		64,399	64,910	4,760	118,258	284,127
Net Profit (Loss) Before Taxation		115,985	188,095	(11,280)	(116,218)	91,838
Net Profit (Loss) for the Year		115,985	188,095	(11,280)	(116,218)	91,838

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Statement of Movement in Equity

Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2020

	JUL-DEC 2020	2020
Equity		
Opening Balance	874,701	712,970
Increases		
Profit for the Period	91,838	161,731
Total Increases	91,838	161,731
Total Equity	966,539	874,701

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Balance Sheet

Innovative Waste Kaikoura Ltd As at 31 December 2020

	NOTES	31 DEC 2020	30 JUN 2020
Assets			
Current Assets			
Bank Accounts		165,222	254,538
Cash Float		210	210
Trade and Other Receivables		103,518	70,845
Prepayments		33,600	13,326
Work in Progress		-	50,805
Total Current Assets		302,550	389,724
Non-Current Assets			
Fixed Assets as per Schedule		979,135	864,221
Total Non-Current Assets		979,135	864,221
Total Assets		1,281,686	1,253,945
Liabilities			
Current Liabilities			
Trade and Other Payables		89,697	147,509
GST		37,239	23,326
Payroll		137,425	131,933
Income Tax		22,769	35,069
Loans - Current Portion		-	12,718
BNZ - Credit Card		4,909	3,447
Total Current Liabilities		292,039	354,002
Non-Current Liabilities			
Loans		-	2,136
Deferred Tax Liability		23,107	23,107
Total Non-Current Liabilities		23,107	25,243
Total Liabilities		315,147	379,245
Net Assets		966,539	874,701
Equity			
Retained Earnings		966,439	874,601
Reserves		100	100
Total Equity		966,539	874,701

Signed by:

Director

Director

Date: 16 February 2021

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Compilation Report.

Actual + Forecast Profit or Loss Detail

Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2020

	NOTES	ACTUAL YTD	JAN 2021	FEB 2021	MAR 2021	APR 2021	MAY 2021	JUN 2021	TOTAL
Trading Income									
3 Waters		507,239	68,468	68,468	68,468	68,468	68,468	68,468	918,047
Administration		1,850	-	-	-	-	-	-	1,850
Public Amenities		53,260	10,246	10,246	10,246	10,246	10,246	10,246	114,736
Public Facilities		-	1,075	1,075	1,075	1,075	1,075	1,075	6,450
Resource Recovery Centre		666,758	114,086	108,711	108,711	108,711	108,711	108,711	1,324,399
Total Trading Income		1,229,107	193,875	188,500	188,500	188,500	188,500	188,500	2,365,482
Cost of Sales									
Cost of Sales		853,238	108,543	108,543	108,543	108,543	108,543	108,543	1,504,496
Total Cost of Sales		853,238	108,543	108,543	108,543	108,543	108,543	108,543	1,504,496
Gross Profit		375,869	85,332	79,957	79,957	79,957	79,957	79,957	860,986
Gross Profit %		31	44	42	42	42	42	42	287
Expenses									
Operating Expenses		176,507	60,980	60,980	60,980	60,980	60,980	60,980	542,387
Finance Costs		321	128	128	128	128	128	128	1,089
Staff Expenses		22,976	62	62	62	62	62	62	23,348
Total Expenses		199,804	61,170	61,170	61,170	61,170	61,170	61,170	566,824
EBITDA		176,065	24,162	18,787	18,787	18,787	18,787	18,787	294,162
Depreciation and Amortization									
Depreciation		84,324	10,762	10,762	10,762	10,762	10,762	10,762	148,896
Total Depreciation and Amortization		84,324	10,762	10,762	10,762	10,762	10,762	10,762	148,896

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	NOTES	ACTUAL YTD	JAN 2021	FEB 2021	MAR 2021	APR 2021	MAY 2021	JUN 2021	TOTAL
EBIT		91,742	13,400	8,025	8,025	8,025	8,025	8,025	145,267
Investment Income									
Interest Income		97	-	-	-	-	-	-	97
Total Investment Income		97	-	-	-	-	-	-	97
Net Operating Profit (Loss) Before Distributions		91,838	13,400	8,025	8,025	8,025	8,025	8,025	145,363
Net Operating Profit (Loss) Before Tax		91,838	13,400	8,025	8,025	8,025	8,025	8,025	145,363
Net Profit (Loss) for the Year		91,838	13,400	8,025	8,025	8,025	8,025	8,025	145,363

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Statement of Cash Flows

Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2020

JUL-DEC 2020

2020

Cash Flows from Operating

Cash was provided from

Receipts from customers	1,196,205	2,359,066
Grants received	-	151,822
Interest received	97	72
Total Cash was provided from	1,196,301	2,510,960

Cash was applied to

Payments to suppliers and employees	(1,075,772)	(2,234,660)
Interest paid	(321)	(2,743)
Net GST	2,163	(5,299)
Total Cash was applied to	(1,073,929)	(2,242,701)

Total Cash Flows from Operating **122,372** **268,259**

Cash Flows from Investing

Cash was provided from

Receipts from sale of property, plant and equipment	9,996	24,000
Total Cash was provided from	9,996	24,000

Cash was applied to

Payments to acquire property, plant and equipment	(208,292)	(110,185)
Total Cash was applied to	(208,292)	(110,185)

Total Cash Flows from Investing **(198,296)** **(86,185)**

Cash Flows from Financing

Repayments of loans borrowed from other parties	(15,140)	(63,971)
Proceeds from loans borrowed from other parties	286	38,727
Total Cash Flows from Financing	(14,854)	(25,244)

Net Increase/ (Decrease) in Cash **(90,777)** **156,830**

Cash Balances

Cash and cash equivalents at beginning of period	251,300	94,471
Cash and cash equivalents at end of period	160,523	251,300
Net change in cash for period	(90,777)	156,830

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Compilation Report.



KPI Summary Report

Innovative Waste Kaikoura Ltd

For the 6 months ended 31 December 2020

PERFORMANCE TARGETS	Actual Jun-20*	Actual Dec-20	Forecast Jun-21	Budget Jun-21	Budget Jun-22	
Revenue	2,268,646	1,229,254	2,365,725	2,256,399	2,308,499	
Revenue (excluding Grants)	2,268,646	1,229,254	2,365,725	2,256,399	2,308,499	
NPBT (excl Site Development)	161,731	91,838	145,356	60,472	86,237	
Return on Equity	18%	10%	14%	6%	10%	
Shareholder Funds/Total Assets	70%	76%	71%			
Equity	874,587	966,535	1,019,943	935,059	1,021,296	
ANALYTICAL RATIOS	Jun-20	YTD - Dec 20	Forecast	Budget 21	Budget 22	
Fixed Asset Turnover <i>The fixed asset turnover ratio reveals how efficient a company is at generating sales from its existing fixed assets. A higher turnover ratio is indicative of greater efficiency in managing fixed-asset investments.</i>	1.23	1.23	1.24	1.23	1.26	Based on Forecast Revenue
Current Ratio <i>The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. A current ratio greater than one indicates the company has the financial resources to remain solvent in the short-term</i>	1.10	1.07	N/A	N/A	N/A	Inclusive of Holiday Pay Accrual
Current Ratio excluding Holiday Pay	1.87	1.84	N/A	N/A	N/A	Exclusive of Holiday Pay Accrual
Wages as a percentage of Revenue <i>A wages to sales ratio is a calculation that allows a business to determine the value of its workforce as a function of its revenue</i>	55.68%	52.89%	51.98%	53.37%	53.38%	
Repairs and Maintenance as percentage of revenue <i>An R&M to sales ratio is a calculation that allows a business to determine the value of its R&M as a function of its revenue</i>	5.33%	1.72%	5.56%	6.37%	6.38%	

* Updated for audited accounts

Notes to the Financial Statements

Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2020

1. Statement of Accounting Policies

Basis of Preparation

These financial statements of Innovative Waste Kaikoura Ltd are special purpose financial statements prepared for taxation purposes only, using the principles contained in the Income Tax Act 2007. Unless otherwise stated, these financial statements have been prepared on an historical cost basis.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Accounts Receivable

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Fixed Assets

Fixed Assets have been included at cost less accumulated depreciation.

Depreciation

Depreciation has been charged on either a diminishing value (DV) or cost price (CP) basis, at rates approved by the Inland Revenue Department.

Goods and Services Tax

The Statement of Profit or Loss and Statement of Cashflows (where included) have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of account receivables and payables.

Accrual Expenditure

The business is not subject to the Accrual Expenditure rules as unexpired expenditure at balance date is below the exemption levels.

2. Audit

These financial statements have not been audited.

Compilation Report

Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2020

Compilation Report to the Directors of Innovative Waste Kaikoura Ltd

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Innovative Waste Kaikoura Ltd for the 6 months ended 31 December 2019.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information provided and do not include verification or validation of that information. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We have no involvement with Innovative Waste Kaikoura Ltd other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

WK Advisors and Accountants Limited
Blenheim

Dated: 16 February 2021