

# Management Report - July-December 2021

Innovative Waste Kaikoura Ltd  
For the 6 months ended 31 December 2021

Prepared by WK Advisors and Accountants Limited

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## Directory

### **Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2021**

**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, 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  
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 2021

	NOTES	JUL-DEC 2021	JAN-JUN 2021	JUL-DEC 2020
<b>Revenue</b>				
Revenue		985,293	1,541,644	1,227,353
<b>Total Revenue</b>		<b>985,293</b>	<b>1,541,644</b>	<b>1,227,353</b>
<b>Cost of Sales</b>				
Cost of Sales		797,269	1,119,960	853,238
<b>Total Cost of Sales</b>		<b>797,269</b>	<b>1,119,960</b>	<b>853,238</b>
<b>Gross Profit</b>		<b>188,024</b>	<b>421,684</b>	<b>374,116</b>
<b>Gross Profit %</b>		<b>19</b>	<b>27</b>	<b>30</b>
<b>Other Income</b>				
Wage Subsidy		31,779	-	-
<b>Total Other Income</b>		<b>31,779</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>				
Operating Expenses		232,538	233,506	197,483
Finance Costs		938	567	321
<b>Total Expenses</b>		<b>233,477</b>	<b>234,073</b>	<b>197,804</b>
<b>EBITDA</b>		<b>(13,674)</b>	<b>187,612</b>	<b>176,312</b>
<b>Depreciation and Amortization</b>				
Depreciation		78,497	78,469	89,030
<b>Total Depreciation and Amortization</b>		<b>78,497</b>	<b>78,469</b>	<b>89,030</b>
<b>EBIT</b>		<b>(92,171)</b>	<b>109,143</b>	<b>87,282</b>
<b>Net Operating Profit (Loss) Before Distributions</b>		<b>(92,171)</b>	<b>109,143</b>	<b>87,282</b>
<b>Net Operating Profit (Loss) Before Tax</b>		<b>(92,171)</b>	<b>109,143</b>	<b>87,282</b>
<b>Income Tax</b>				
Income tax for the year		-	66,199	-
<b>Total Income Tax</b>		<b>-</b>	<b>66,199</b>	<b>-</b>
<b>Net Profit (Loss) for the Year</b>		<b>(92,171)</b>	<b>42,944</b>	<b>87,282</b>

*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 2021

	NOTES	3 WATERS	RESOURCE RECOVERY CENTRE	PUBLIC AMENITIES	ADMINISTRATION	RUBBISH BAGS	TOTAL
<b>Trading Income</b>							
Revenue		363,712	547,430	70,024	-	-	981,166
RB - Sales		-	-	-	-	4,119	4,119
<b>Total Trading Income</b>		<b>363,712</b>	<b>547,430</b>	<b>70,024</b>	<b>-</b>	<b>4,119</b>	<b>985,285</b>
<b>Cost of Sales</b>							
Cost of Sales		306,415	420,811	49,914	980	19,149	797,269
<b>Total Cost of Sales</b>		<b>306,415</b>	<b>420,811</b>	<b>49,914</b>	<b>980</b>	<b>19,149</b>	<b>797,269</b>
<b>Gross Profit</b>		<b>57,297</b>	<b>126,619</b>	<b>20,110</b>	<b>(980)</b>	<b>(15,030)</b>	<b>188,016</b>
<b>Other Income</b>							
Interest Income		-	-	-	8	-	8
Wage Subsidy		-	-	-	31,779	-	31,779
<b>Total Other Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>31,787</b>	<b>-</b>	<b>31,787</b>
<b>Expenses</b>							
Operating Expenses		31,032	103,739	2,082	97,466	-	234,319
Finance Costs		-	986	-	-48	-	938
Depreciation		31,437	14,709	521	30,049	-	76,716
<b>Total Expenses</b>		<b>62,469</b>	<b>119,434</b>	<b>2,603</b>	<b>127,467</b>	<b>-</b>	<b>311,973</b>
<b>Net Profit (Loss) Before Taxation</b>		<b>(5,172)</b>	<b>7,185</b>	<b>17,507</b>	<b>(96,661)</b>	<b>(15,030)</b>	<b>(92,171)</b>
<b>Net Profit (Loss) for the Year</b>		<b>(5,172)</b>	<b>7,185</b>	<b>17,507</b>	<b>(96,661)</b>	<b>(15,030)</b>	<b>(92,171)</b>

# Statement of Movement in Equity

## Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2021

	JUL-DEC 2021	JAN-JUN 2021
<b>Equity</b>		
Opening Balance	1,004,927	961,983
<b>Increases</b>		
Profit for the Period	(92,171)	42,944
<b>Total Increases</b>	<b>(92,171)</b>	<b>42,944</b>
<b>Total Equity</b>	<b>912,756</b>	<b>1,004,927</b>

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

# Balance Sheet

## Innovative Waste Kaikoura Ltd As at 31 December 2021

	NOTES	31 DEC 2021	30 JUN 2021	31 DEC 2020
<b>Assets</b>				
<b>Current Assets</b>				
Bank Accounts		215,893	246,047	165,222
Cash Float		210	210	210
Trade and Other Receivables		68,154	287,407	103,518
Prepayments		30,904	15,273	33,600
Work in Progress		20,000	-	-
<b>Total Current Assets</b>		<b>335,161</b>	<b>548,937</b>	<b>302,550</b>
<b>Non-Current Assets</b>				
Fixed Assets as per Schedule		999,111	999,262	974,579
<b>Total Non-Current Assets</b>		<b>999,111</b>	<b>999,262</b>	<b>974,579</b>
<b>Total Assets</b>		<b>1,334,272</b>	<b>1,548,199</b>	<b>1,277,130</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and Other Payables		132,073	182,105	89,697
GST		16,786	57,663	37,239
Payroll		138,165	140,557	137,425
Income Tax		18,420	43,552	22,769
Loans - Current Portion		-	-	-
Suspense		509	-	-
BNZ - Credit Card		9,356	3,188	4,909
<b>Total Current Liabilities</b>		<b>315,309</b>	<b>427,066</b>	<b>292,039</b>
<b>Non-Current Liabilities</b>				
Loans		85,000	95,000	-
Deferred Tax Liability		21,206	21,206	23,107
<b>Total Non-Current Liabilities</b>		<b>106,206</b>	<b>116,206</b>	<b>23,107</b>
<b>Total Liabilities</b>		<b>421,515</b>	<b>543,272</b>	<b>315,147</b>
<b>Net Assets</b>		<b>912,756</b>	<b>1,004,927</b>	<b>961,983</b>
<b>Equity</b>				
Retained Earnings		912,656	1,004,827	961,883
Reserves		100	100	100
<b>Total Equity</b>		<b>912,756</b>	<b>1,004,927</b>	<b>961,983</b>

### Signed by:

\_\_\_\_\_  
Director

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Director

Date: 16 February 2021

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# Statement of Cash Flows

## Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2021

JUL-DEC 2021

2021

### Cash Flows from Operating

#### Cash was provided from

Receipts from customers	1,175,749	2,576,153
Grants received	31,779	-
Interest received	8	131
<b>Total Cash was provided from</b>	<b>1,207,536</b>	<b>2,576,284</b>

#### Cash was applied to

Payments to suppliers and employees	(1,124,756)	(2,361,509)
Interest paid	(1,484)	(342)
Net GST	(13,196)	1,875
Income Tax paid	(12,858)	-
<b>Total Cash was applied to</b>	<b>(1,152,294)</b>	<b>(2,359,976)</b>

**Total Cash Flows from Operating** **55,242** **216,308**

### Cash Flows from Investing

#### Cash was provided from

Receipts from sale of property, plant and equipment	2	996
<b>Total Cash was provided from</b>	<b>2</b>	<b>996</b>

#### Cash was applied to

Payments to acquire property, plant and equipment	(76,566)	(310,681)
<b>Total Cash was applied to</b>	<b>(76,566)</b>	<b>(310,681)</b>

**Total Cash Flows from Investing** **(76,564)** **(309,685)**

### Cash Flows from Financing

Repayments of loans borrowed from other parties	(35,986)	(15,140)
Proceeds from loans borrowed from other parties	20,986	100,286
<b>Total Cash Flows from Financing</b>	<b>(15,000)</b>	<b>85,146</b>

**Net Increase/ (Decrease) in Cash** **(36,322)** **(8,231)**

### Cash Balances

Cash and cash equivalents at beginning of period	243,070	251,300
Cash and cash equivalents at end of period	206,747	243,070
Net change in cash for period	(36,322)	(8,231)

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# KPI Summary Report

## Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2021

PERFORMANCE TARGETS	Actual Jun-21	Actual Dec-21	Forecast Jun-22	Budget Jun-23	Budget Jun-24	
Revenue	2,765,450	984,514	2,030,175	2,160,000	2,224,800	
Revenue (excluding Grants)	2,765,450	984,514	2,030,175	2,160,000	2,224,800	
NPBT (excl Site Development)	236,160	-92,171	-97,360	6,229	6,416	
Return on Equity	21%	-10%	-11%	1%	1%	
Shareholder Funds/Total Assets	72%	69%	69%			
Equity	1,004,927	912,756	907,567	913,796	920,213	
ANALYTICAL RATIOS	Jun-21	YTD - Dec 21	Forecast	Budget 22	Budget 23	
<b>Fixed Asset Turnover</b> <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>	1.35	0.91	0.99	1.05	1.09	Based on Forecast Revenue
<b>Current Ratio</b> <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>	1.76	1.06	N/A	N/A	N/A	Inclusive of Holiday Pay Accrual
<b>Current Ratio excluding Holiday Pay</b>	3.01	1.72	N/A	N/A	N/A	Exclusive of Holiday Pay Accrual
<b>Wages as a percentage of Revenue</b> <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>	48.23%	62.90%	57.54%	N/A	N/A	
<b>Repairs and Maintenance as percentage of revenue</b> <i>An R&amp;M to sales ratio is a calculation that allows a business to determine the value of its R&amp;M as a function of its revenue</i>	1.54%	2.43%	1.68%	N/A	N/A	

\* Updated for audited accounts

# Notes to the Financial Statements

## Innovative Waste Kaikoura Ltd For the 6 months ended 31 December 2021

### 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 2021

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 2021.

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: 18 February 2022