



# Annual Report

Innovative Waste Kaikoura Ltd  
For the year ended 30 June 2023

Prepared by WK Advisors and Accountants Limited

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# Directory

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2023

### 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 - Resigned on 11 November 2022  
GC Harmon - Appointed on 06 May 2018  
GR Hughes - Appointed on 20 July 2018  
LJ Buurman - Appointed on 21 July 2020  
DL Brandish - Appointed on 30 November 2022  
CJ Mackle - Appointed on 30 November 2022

### 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**

Gascoigne Wicks  
79 High Street,  
PO Box 2,  
Blenheim 7240

### **Bankers**

Bank of New Zealand  
Kaikoura

# Directors Report - Disclosure

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2023

The Directors present their annual report including the financial statements of the company for the year ended 30 June 2023.

### Principal activities

The business of the company is the 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:

NS Pablecheque  
GC Harmon  
GR Hughes  
LJ Buurman  
DL Brandish  
CJ Mackle

No other person was a Director at any time.

### Directors' Remuneration

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

**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: 29/09/23



Director  
Date: 29/09/23

# Statement of Comprehensive Income

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2023

|  | NOTES | 2023<br>(\$)     | BUDGET<br>2023<br>(\$) | 2022<br>(\$)     |
|--|-------|------------------|------------------------|------------------|
| <b>Revenue</b>                               |       |                  |                        |                  |
| Operational Sales                            | 1     | 2,479,458        | 2,050,084              | 2,343,565        |
| Other Revenue                                | 1     | 45,630           | -                      | 31,779           |
| <b>Total Revenue</b>                         |       | <b>2,525,088</b> | <b>2,050,084</b>       | <b>2,375,344</b> |
| <b>Expenses</b>                              |       |                  |                        |                  |
| Wages and Salaries                           |       | 1,072,794        | 1,015,260              | 1,204,793        |
| Operational Costs                            |       | 977,812          | 600,026                | 655,830          |
| Finance Costs                                | 3     | 4,596            | 986                    | 1,823            |
| Depreciation                                 | 6     | 126,667          | 144,000                | 147,895          |
| Other Operating Expenses                     | 2     | 446,631          | 307,781                | 427,138          |
| <b>Total Expenses</b>                        |       | <b>2,628,500</b> | <b>2,068,053</b>       | <b>2,437,479</b> |
| <b>Operating deficit before Tax</b>          |       | <b>(103,412)</b> | <b>(17,969)</b>        | <b>(62,135)</b>  |
| <b>Income Tax</b>                            |       |                  |                        |                  |
| Income tax for the year                      | 16    | (28,955)         | -                      | (28,598)         |
| <b>Net deficit after Tax</b>                 |       | <b>(74,457)</b>  | <b>(17,969)</b>        | <b>(33,537)</b>  |
| <b>Total comprehensive deficit after tax</b> |       | <b>(74,457)</b>  | <b>(17,969)</b>        | <b>(33,537)</b>  |

These financial statements are to be read in conjunction with the Notes to the Financial Statements.

# Statement of Movement in Equity

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2023

|   | NOTES | 2023<br>(\$) | 2022<br>(\$) |
|---|-------|--------------|--------------|
| <b>Equity at Start of Year</b>          |       |              |              |
| Opening Balance                         |       | 971,390      | 1,004,927    |
| Total Comprehensive Revenue and Expense |       | (74,457)     | (33,537)     |
| Equity at End of Year                   |       | 896,933      | 971,390      |

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

# Balance Sheet

## Innovative Waste Kaikoura Ltd

As at 30 June 2023

|                                      | NOTES | 2023<br>(\$)     | BUDGET<br>2023<br>(\$) | 2022<br>(\$)     |
|--------------------------------------|-------|------------------|------------------------|------------------|
| <b>Assets</b>                        |       |                  |                        |                  |
| <b>Current Assets</b>                |       |                  |                        |                  |
| Cash & Cash Equivalents              | 4     | 86,922           | 224,847                | 212,007          |
| Debtors & Other Receivables          | 5     | 348,015          | 255,406                | 208,322          |
| Income Tax                           | 16    | -                | 25,716                 | 25,716           |
| <b>Total Current Assets</b>          |       | <b>434,937</b>   | <b>505,969</b>         | <b>446,044</b>   |
| <b>Non-Current Assets</b>            |       |                  |                        |                  |
| Property, Plant & Equipment          | 6     | 850,426          | 788,809                | 933,667          |
| Deferred Tax Asset                   | 16    | 36,347           | 7,392                  | 7,392            |
| <b>Total Non-Current Assets</b>      |       | <b>886,773</b>   | <b>796,201</b>         | <b>941,059</b>   |
| <b>Total Assets</b>                  |       | <b>1,321,710</b> | <b>1,302,170</b>       | <b>1,387,103</b> |
| <b>Liabilities</b>                   |       |                  |                        |                  |
| <b>Current Liabilities</b>           |       |                  |                        |                  |
| Trade & Other Payables               | 7     | 212,417          | 108,763                | 129,060          |
| Employee Benefit Liabilities         | 8     | 123,490          | 156,430                | 156,430          |
| Income Tax                           | 16    | 1                | -                      | -                |
| Loans                                | 9     | 30,510           | 55,000                 | 75,000           |
| GST                                  |       | 23,359           | 28,554                 | 38,173           |
| <b>Total Current Liabilities</b>     |       | <b>389,777</b>   | <b>348,747</b>         | <b>398,664</b>   |
| <b>Non-Current Liabilities</b>       |       |                  |                        |                  |
| Accounts Payable                     |       | -                | -                      | 17,050           |
| Loans                                | 9     | 35,000           | -                      | -                |
| <b>Total Non-Current Liabilities</b> |       | <b>35,000</b>    | <b>-</b>               | <b>17,050</b>    |
| <b>Total Liabilities</b>             |       | <b>424,777</b>   | <b>348,747</b>         | <b>415,714</b>   |
| <b>Net Assets</b>                    |       | <b>896,933</b>   | <b>953,423</b>         | <b>971,390</b>   |
| <b>Equity</b>                        |       |                  |                        |                  |
| Share Capital                        | 11    | 100              | 100                    | 100              |
| Retained Earnings                    | 12    | 896,833          | 953,321                | 971,290          |
| <b>Total Equity</b>                  |       | <b>896,933</b>   | <b>953,421</b>         | <b>971,390</b>   |

Signed by:



Director



Director

Date: 29/09/2023

These financial statements are to be read in conjunction with the Notes to the Financial Statements.



# Statement of Cash Flows

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2023

|   | 2023<br>(\$)       | BUDGET<br>2023<br>(\$) | 2022<br>(\$)       |
|---|--------------------|------------------------|--------------------|
| <b>Cash Flows from Operating</b>                    |                    |                        |                    |
| <b>Cash was provided from</b>                       |                    |                        |                    |
| Receipts from customers                             | 2,355,543          | 2,310,512              | 2,430,152          |
| Grants received                                     | 20,000             | -                      | -                  |
| Interest received                                   | 241                | -                      | 33                 |
| MSD wage subsidy                                    | -                  | -                      | 31,779             |
| <b>Total Cash was provided from</b>                 | <b>2,375,784</b>   | <b>2,310,512</b>       | <b>2,461,964</b>   |
| <b>Cash was applied to</b>                          |                    |                        |                    |
| Payments to suppliers and employees                 | (2,419,098)        | (2,096,730)            | (2,296,871)        |
| Interest paid                                       | (4,446)            | -                      | (2,368)            |
| Net GST   | (19,246)           | (180,942)              | (19,490)           |
| Income tax paid                                     | 25,722             | -                      | (69,269)           |
| <b>Total Cash was applied to</b>                    | <b>(2,417,069)</b> | <b>(2,277,672)</b>     | <b>(2,387,998)</b> |
| <b>Total Cash Flows from Operating</b>              | <b>(41,285)</b>    | <b>32,840</b>          | <b>73,966</b>      |
| <b>Cash Flows from Investing</b>                    |                    |                        |                    |
| <b>Cash was provided from</b>                       |                    |                        |                    |
| Receipts from sale of property, plant and equipment | 5,652              | -                      | 9,130              |
| <b>Total Cash was provided from</b>                 | <b>5,652</b>       | <b>-</b>               | <b>9,130</b>       |
| <b>Cash was applied to</b>                          |                    |                        |                    |
| Payments to acquire property, plant and equipment   | (79,962)           | -                      | (94,159)           |
| <b>Total Cash was applied to</b>                    | <b>(79,962)</b>    | <b>-</b>               | <b>(94,159)</b>    |
| <b>Total Cash Flows from Investing</b>              | <b>(74,310)</b>    | <b>-</b>               | <b>(85,029)</b>    |
| <b>Cash Flows from Financing</b>                    |                    |                        |                    |
| <b>Cash was provided from</b>                       |                    |                        |                    |
| Proceeds from loans borrowed from other parties     | 50,241             | -                      | -                  |
| <b>Total Cash was provided from</b>                 | <b>50,241</b>      | <b>-</b>               | <b>-</b>           |
| <b>Cash was applied to</b>                          |                    |                        |                    |
| Repayments of loans borrowed from other parties     | (59,731)           | (20,000)               | (20,000)           |
| <b>Total Cash was applied to</b>                    | <b>(59,731)</b>    | <b>(20,000)</b>        | <b>(20,000)</b>    |
| <b>Total Cash Flows from Financing</b>              | <b>(9,490)</b>     | <b>(20,000)</b>        | <b>(20,000)</b>    |
| <b>Net Increase/ (Decrease) in Cash</b>             | <b>(125,085)</b>   | <b>12,840</b>          | <b>(31,063)</b>    |
| <b>Cash Balances</b>                                |                    |                        |                    |
| Cash and cash equivalents at beginning of period    | 212,007            | 212,007                | 243,070            |
| Cash and cash equivalents at end of period          | 86,922             | 224,847                | 212,007            |
| <b>Net change in cash for period</b>                | <b>(125,085)</b>   | <b>12,840</b>          | <b>(31,063)</b>    |

These financial statements are to be read in conjunction with the Notes to the Financial Statements.

# Statement of Accounting Policies

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2023

### 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 2023 and were authorised for issue by the directors on 29 September 2023.

### 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

The accounting policies include the adoption of PBE IPSAS 41 for the 2023 year. All other 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        | 2023 (%)        |
|-------------------|-----------------|
| Buildings         | 2.0% - 10.0% SL |
| Motor vehicles    | 6.5% - 13.5% SL |
| Office equipment  | 6.5% - 67.0% SL |
| Plant & equipment | 4.0% - 24.0% 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.

## 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

### **Accounting Policy**

Financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Company and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Company may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

### **Initial recognition of concessionary loans**

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

### **Subsequent measurement of financial assets at amortised cost**

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance.

### **Subsequent measurement of financial assets at FVTOCRE**

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity.

### **Subsequent measurement of financial assets at FVTSD**

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue recognised from these financial assets are separately presented within revenue. Other than for derivatives, the Company has no instruments in this category.

### **Expected credit loss allowance (ECL)**

The Company recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Company in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due. The Company may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

The Company measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

### Previous Accounting Policy (summarised)

Financial assets were 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 at amortised cost
- impairments were established when there was evidence the Company will not be able to collect amounts due according to the original terms
- de-recognition of financial instruments when the instrument was sold or cash flows 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

#### Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Company applies the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables are assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

### **Previous accounting policy**

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

A provision for impairment of receivables was established when there was 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 2023

|  | 2023             | 2022             |
|--|------------------|------------------|
| <b>1. Operating revenue</b>                          |                  |                  |
| <b>Operational Sales</b>                             |                  |                  |
| Contract Income - Fixed                              | 253,529          | 249,097          |
| Contract Income - Variation                          | 937,567          | 971,912          |
| Landfill and Resource Recovery Centre Management Fee | 314,996          | 176,436          |
| Landfill Sales and Services                          | 693,879          | 690,454          |
| Resource Recovery Centre                             | 177,856          | 169,866          |
| 3 Waters Recovery                                    | 80,892           | 71,894           |
| RB - Sales   | 20,497           | 13,873           |
| Interest Income                                      | 241              | 33               |
| <b>Total Operational Sales</b>                       | <b>2,479,458</b> | <b>2,343,565</b> |
| <b>Other Revenue</b>                                 |                  |                  |
| Gain on Sale of Fixed Assets                         | 5,652            | -                |
| Grants Received                                      | 20,000           | -                |
| Rent Waiver  | 17,078           | -                |
| Sundry Income  | 2,900            | -                |
| Wage Subsidy   | -                | 31,779           |
| <b>Total Other Revenue</b>                           | <b>45,630</b>    | <b>31,779</b>    |
| <b>Total Revenue</b>                                 | <b>2,525,088</b> | <b>2,375,344</b> |

The Company's non-exchange revenue transactions in the 2023 financial year includes grant income. This revenue has conditions attached which specify that the funds are to be used for coloured glass sorting bunkers.

|                                       | 2023           | 2022           |
|---------------------------------------|----------------|----------------|
| <b>2. Other Operating Expenses</b>    |                |                |
| Audit Fees                            | 32,085         | 26,481         |
| Carbon Credits                        | 40,122         | 27,706         |
| General Expenses                      | 296,134        | 316,840        |
| Insurance                             | 39,951         | 41,254         |
| Impairment of Fixed Assets            | 36,500         | -              |
| Loss on Sale of Fixed Assets          | 1,839          | 2,729          |
| Rents                                 | -              | 12,128         |
| <b>Total Other Operating Expenses</b> | <b>446,631</b> | <b>427,138</b> |
| <b>3. Finance Costs</b>               |                |                |
| Interest Charges                      | 4,446          | 1,823          |
| Loan Fees                             | 150            | -              |
| <b>Total Finance Costs</b>            | <b>4,596</b>   | <b>1,823</b>   |



|  | 2023          | 2022           |
|--|---------------|----------------|
| <b>4. Cash and cash equivalents</b>    |               |                |
| BNZ Bank Account                       | 91,963        | 214,998        |
| BNZ - Credit Card                      | (5,041)       | (2,992)        |
| <b>Total Cash and cash equivalents</b> | <b>86,922</b> | <b>212,007</b> |
|  | 2023          | 2022           |

**5. Debtors and other receivables**

|  |                |                |
|--|----------------|----------------|
| Accounts Receivable                        | 318,159        | 194,504        |
| Other receivables                          | 11,884         | -              |
| Payments in advance                        | 17,972         | 13,817         |
| <b>Total Debtors and other receivables</b> | <b>348,015</b> | <b>208,322</b> |

Trade debtors are shown net of Expected Credit Losses (ECL) arising from likely non payment.

As at 30 June 2023 accounts receivable has been grouped by days past due and assess for expected credit loss based on historical experience and the future economic environment.

Movement in the expected credit losses of receivables as follows:

|                              | 2023       |          |            | 2022       |          |            |
|------------------------------|------------|----------|------------|------------|----------|------------|
|                              | Gross      | ECL      | Net        | Gross      | ECL      | Net        |
|                              | \$000      | \$000    | \$000      | \$000      | \$000    | \$000      |
| Not past due - under 30 days | 312        | -        | 312        | 180        | -        | 180        |
| Past due - 30 to 60 days     | 5          | -        | 5          | 11         | -        | 11         |
| Past due - 60 to 90 days     | -          | -        | -          | 2          | -        | 2          |
| Past due - over 90 days      | 1          | -        | 1          | -          | -        | -          |
|                              | <b>318</b> | <b>-</b> | <b>318</b> | <b>193</b> | <b>-</b> | <b>193</b> |

Movement in the provision for expected credit losses of receivables as follows:

|                               | 2023     | 2022     |
|-------------------------------|----------|----------|
| Opening balance               | -        | -        |
| Plus Increase in ECL          | -        | -        |
| Less: Receivables written off | -        | -        |
| <b>Balance as at 30 June</b>  | <b>-</b> | <b>-</b> |

All receivables are from exchange transactions.

## 6. Property, Plant &amp; Equipment

|  | 2023    | 2022     |
|--|---------|----------|
| <b>Buildings</b>                         |         |          |
| <b>Cost</b>                              |         |          |
| Balance at 1 July                        | 383,307 | 383,307  |
| Additions                                | 24,917  | -        |
| Closing Balance at 30 June               | 408,224 | 383,307  |
| <b>Depreciation</b>                      |         |          |
| Balance at 1 July                        | 128,870 | 120,479  |
| Current year depreciation                | 8,453   | 8,391    |
| Balance at 30 June                       | 137,323 | 128,870  |
| Total cost less accumulated depreciation | 270,901 | 254,437  |
|  | 2023    | 2022     |
| <b>Motor Vehicles</b>                    |         |          |
| <b>Cost</b>                              |         |          |
| Balance at 1 July                        | 561,545 | 575,569  |
| Additions                                | 37,305  | 61,230   |
| Disposals                                | -       | (75,255) |
| Balance at 30 June                       | 598,850 | 561,545  |
| <b>Depreciation</b>                      |         |          |
| Balance at 1 July                        | 191,502 | 203,618  |
| Current year depreciation                | 56,940  | 54,281   |
| Depreciation recovered                   | -       | (66,396) |
| Balance at 30 June                       | 248,442 | 191,502  |
| Total cost less accumulated depreciation | 350,408 | 370,043  |
|  | 2023    | 2022     |
| <b>Equipment</b>                         |         |          |
| <b>Cost</b>                              |         |          |
| Balance at 1 July                        | 203,944 | 194,708  |
| Additions                                | 12,218  | 11,880   |
| Disposals                                | (1,150) | (2,644)  |
| Balance at 30 June                       | 215,012 | 203,944  |
| <b>Depreciation</b>                      |         |          |
| Balance at 1 July                        | 129,919 | 105,268  |
| Current year depreciation                | 20,453  | 27,067   |
| Depreciation recovered                   | -       | (2,416)  |
| Depreciation reversals                   | (1,150) | -        |
| Balance at 30 June                       | 149,222 | 129,919  |
| Total cost less accumulated depreciation | 65,790  | 74,026   |

|   | 2023           | 2022           |
|---|----------------|----------------|
| <b>Plant &amp; Equipment Yard</b>               |                |                |
| <b>Cost</b>                                     |                |                |
| Balance at 1 July                               | 813,026        | 901,802        |
| Additions                                       | 7,325          | 21,051         |
| Disposals                                       | (71,401)       | (109,827)      |
| <b>Balance at 30 June</b>                       | <b>748,950</b> | <b>813,026</b> |
| <b>Depreciation</b>                             |                |                |
| Balance at 1 July                               | 577,865        | 626,761        |
| Current year depreciation                       | 40,820         | 58,156         |
| Depreciation recovered                          | -              | (107,052)      |
| Depreciation reversals                          | (33,062)       | -              |
| <b>Balance at 30 June</b>                       | <b>585,623</b> | <b>577,865</b> |
| <b>Total cost less accumulated depreciation</b> | <b>163,327</b> | <b>235,161</b> |
|   | 2023           | 2022           |

**Total Property, Plant and Equipment**

|   |                  |                  |
|---|------------------|------------------|
| <b>Cost</b>                                     |                  |                  |
| Balance at 1 July                               | 1,961,822        | 2,055,387        |
| Additions                                       | 81,765           | 94,161           |
| Disposals                                       | (72,551)         | (187,726)        |
| <b>Balance at 30 June</b>                       | <b>1,971,036</b> | <b>1,961,822</b> |
| <b>Depreciation</b>                             |                  |                  |
| Balance at 1 July                               | 1,028,155        | 1,056,125        |
| Current year depreciation                       | 126,667          | 147,895          |
| Depreciation reversals                          | (34,212)         | (175,865)        |
| <b>Balance at 30 June</b>                       | <b>1,120,610</b> | <b>1,028,155</b> |
| <b>Total cost less accumulated depreciation</b> | <b>850,426</b>   | <b>933,668</b>   |

Impairment losses of \$36,500 have been recognised for property, plant and equipment. (2022: nil).

|                                       | 2023           | 2022           |
|---------------------------------------|----------------|----------------|
| <b>7. Trade and other payables</b>    |                |                |
| Accounts Payable                      | 189,996        | 100,216        |
| Accrued Expenses                      | 22,422         | 28,844         |
| <b>Total Trade and other payables</b> | <b>212,417</b> | <b>129,060</b> |

|  | 2023           | 2022           |
|--|----------------|----------------|
| <b>8. Employee benefits and liabilities</b>    |                |                |
| Accrued Wages & Salaries                       | 14,427         | 10,713         |
| PAYE Due                                       | 25,695         | 33,468         |
| Provision for annual leave                     | 83,368         | 112,249        |
| <b>Total Employee benefits and liabilities</b> | <b>123,490</b> | <b>156,430</b> |

|                                   | 2023             | 2022             |
|-----------------------------------|------------------|------------------|
| <b>Salaries &amp; Wages</b>       |                  |                  |
| Salaries & Wages                  | 1,072,794        | 1,204,793        |
| <b>Total Salaries &amp; Wages</b> | <b>1,072,794</b> | <b>1,204,793</b> |

|                                       | 2023          | 2022          |
|---------------------------------------|---------------|---------------|
| <b>9. Borrowings</b>                  |               |               |
| Current Loan - Insurance              | 10,510        | -             |
| Kaikoura District Council - Term Loan | 55,000        | 75,000        |
| <b>Total Borrowings</b>               | <b>65,510</b> | <b>75,000</b> |

|  | 2023          | 2022          |
|--|---------------|---------------|
| <b>Repayable as follows</b>                  |               |               |
| Not later than 1 year                        | 30,510        | 20,000        |
| Later than 1 year and not later than 5 years | 35,000        | 55,000        |
| <b>Total Repayable as follows</b>            | <b>65,510</b> | <b>75,000</b> |

## 10. 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:

### KDC Loan

On 26 February 2021, a loan was drawn down from Kaikoura District Council for \$100,000. The loan term is 5 years, with earlier repayment allowed.

The initial interest rate was set at 2.14%. The interest rate will be reset two years after Commencement date and again four years after Commencement date. The interest rate was reset on 10 May 2023 to 6.06% per annum.

Principal and interest are paid to KDC quarterly with the first payment date being 20 May 2021, and all other payments being three-monthly thereafter. 20 equal principal payments of \$5,000 are to be made, along with the interest due.

IWK repaid \$20,000 on their term loan from Kaikoura District Council during the year.

|  | 2023             | Restated<br>2022 * |
|--|------------------|--------------------|
| <b>Sales to Kaikoura District Council</b>            |                  |                    |
| Landfill and Resource Recovery Centre Management Fee | 314,996          | 156,522            |
| Kerbside recycling and public rubbish fee            | 105,610          | 63,279             |
| Other sales  | 1,106,868        | 1,241,530          |
| <b>Total Sales to Kaikoura District Council</b>      | <b>1,527,474</b> | <b>1,461,331</b>   |

\* 2022 sales to Kaikoura District Council have been restated, please see note 18.

|   | 2023          | 2022          |
|---|---------------|---------------|
| <b>Purchases from Kaikoura District Council</b>       |               |               |
| Rent  | -             | 12,128        |
| Interest - Term Loan                                  | 1,444         | 1,871         |
| Loan Repayments                                       | 20,000        | -             |
| Other purchases                                       | 40,122        | 31,861        |
| <b>Total Purchases from Kaikoura District Council</b> | <b>61,566</b> | <b>45,860</b> |

The Council waived the rent payable at 30/6/2022 of \$17,078 during the current financial year.

Kaikoura District Council receivables of \$265,627 (2022: \$159,692)

Kaikoura District Council payables of \$46,140 (2022: \$17,078)

|                                       | 2023    | 2022    |
|---------------------------------------|---------|---------|
| <b>Key management personnel</b>       |         |         |
| Key management personnel compensation | 395,558 | 251,579 |

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

The Directors have not been paid directors fees and have provided their services to the company at no cost.

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

**Kaikoura Liquid Waste**

- Purchases \$3,565 (2022: \$2,657)
- Sales \$3,124 (2022: \$2,900).
- Outstanding purchases at 30 June 2023: \$3,180 including GST (2022: nil).

**Encounter Kaikoura**

- Purchases \$138 (2022: nil)
- Sales \$1,754 (2022: \$1,127)

## 11. Share capital

|                       | Number of Shares | Amount (\$) | Number of Shares | Amount (\$) |
|-----------------------|------------------|-------------|------------------|-------------|
|                       | 2023             | 2023        | 2022             | 2022        |
| Balance as at 30 June | 100              | 100         | 100              | 100         |

There was no consideration received for the shares.

|                                   | 2023     | 2022      |
|-----------------------------------|----------|-----------|
| <b>12. Retained earnings</b>      |          |           |
| Opening balance                   | 971,290  | 1,004,827 |
| Net profit after tax              | (74,457) | (33,537)  |
| Retained earnings closing balance | 896,833  | 971,290   |

## 13. Financial instruments

The Company has adopted PBE IPSAS 41. In accordance with the transitional provisions in PBE IPSAS 41, the Company has not elected to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2023 have been updated to comply with PBE IPSAS 41. The main changes to the Companies accounting policies are:

- Receivables - this policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Financial assets - this policy has been updated to reflect;
  - the new classification categories;
  - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and
  - the removal of impairment loss considerations for equity investments at FVTOCRE.

On the date of initial application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

|                           | Measurement           | classification | 30 June 2022<br>PBE IPSAS 29 | 1 July 2022<br>PBE IPSAS 41 |
|---------------------------|-----------------------|----------------|------------------------------|-----------------------------|
|                           | PBE IPSAS 29          | PBE IPSAS 41   |                              |                             |
| <b>Financial assets</b>   |                       |                |                              |                             |
| Cash and cash equivalents | Loans and receivables | Amortised cost | 214,998                      | 214,998                     |
| Receivables               | Loans and receivables | Amortised cost | 194,504                      | 194,504                     |

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

|  | 2023           | 2022           |
|--|----------------|----------------|
| <b>Financial assets</b>                              |                |                |
| Cash and cash equivalents                            | 91,963         | 214,998        |
| <b>Debtors and other receivables</b>                 |                |                |
| Accounts Receivable                                  | 318,159        | 194,504        |
| Accrual Receivables                                  | 11,884         | -              |
| <b>Total Debtors and other receivables</b>           | <b>330,043</b> | <b>194,504</b> |
| <b>Total financial assets at amortized cost</b>      | <b>422,006</b> | <b>409,503</b> |
|  | 2023           | 2022           |
| <b>Financial liabilities</b>                         |                |                |
| Trade and other payables                             | 212,417        | 129,060        |
| Loans  | 65,510         | 75,000         |
| <b>Total financial liabilities at amortized cost</b> | <b>277,927</b> | <b>204,060</b> |

### Financial instrument risks

The Companies activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Company has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities.

#### Market Risk

##### *Price Risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

##### *Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

##### *Cashflow interest rate risk*

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Companies exposure to changes in market interest rates primarily arises from borrowings issued at variable interest rates. The loan from KDC is based on their fixed interest rate with multiple dates of renewal.

#### Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Company, causing it to incur a loss. There are no procedures in place to monitor or report the credit quality of receivables.

Cash and cash equivalents are held with financial institutions having a credit rating of AA- (Standard and Poors).

The Company holds no collateral or credit enhancements for financial instruments that give rise to credit risk.

#### Liquidity Risk

##### *Management of liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

**Contractual maturity analysis of financial liabilities**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

|              | Carrying amount | Contractual cash flows | Less than 1 year | 1-2 years     | 2-5 years     |
|--------------|-----------------|------------------------|------------------|---------------|---------------|
| <b>2023</b>  |                 |                        |                  |               |               |
| Payables     | 189,996         | 189,996                | 189,996          | -             | -             |
| Secured loan | 55,000          | 60,071                 | 22,920           | 21,688        | 15,463        |
| <b>Total</b> | <b>244,996</b>  | <b>250,067</b>         | <b>212,916</b>   | <b>21,688</b> | <b>15,463</b> |
| <b>2022</b>  |                 |                        |                  |               |               |
| Payables     | 100,216         | 100,216                | 100,216          | -             | -             |
| Secured loan | 75,000          | 81,514                 | 21,444           | 22,920        | 37,151        |
| <b>Total</b> | <b>175,216</b>  | <b>181,730</b>         | <b>121,660</b>   | <b>22,920</b> | <b>37,151</b> |

**Contractual maturity analysis of financial assets**

All financial assets at balance date have a remaining contractual maturity period of less than 1 year. The amounts disclosed in the financial statements are the contracted undiscounted cashflows.

**14. Contingent assets and liabilities**

As at 30 June 2023 there are no known contingent assets or liabilities. Innovative Waste Kaikoura Limited has not granted securities in respect of liabilities payable by any other party whatsoever. (2022: nil).

As at 30 June 2023 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.

**15. Water Services Reform Programme**

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean, and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater, and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance, and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

The impact of the water reform is not significant for Innovative Waste Kaikōura Limited as less than 50% of total revenue is derived from water services. As such the company is regarded as a multipurpose council-controlled organisation, providing numerous services to Council and other customers. The water reform legislation will therefore not impact the company's financial sustainability.



## 16. Taxation

|  | 2023            | 2022            |
|--|-----------------|-----------------|
| <b>Components of tax expense recognised in statement of comprehensive revenue and expense:</b> |                 |                 |
| <b>Income tax expense</b>  |                 |                 |
| Deferred Taxation  | (28,955)        | (28,598)        |
| <b>Income tax expense</b>  | <b>(28,955)</b> | <b>(28,598)</b> |
| Income tax expense   | (28,955)        | (28,598)        |
|  | 2023            | 2022            |

### Relationship between tax expense and accounting profit

|  |           |                 |
|--|-----------|-----------------|
| Surplus / (deficit) before tax         | (103,412) | (62,135)        |
| Tax at 28%                             | (28,955)  | (17,398)        |
| <b>Add/(less) tax effect of:</b>       |           |                 |
| Deferred tax adjustment                | -         | (11,200)        |
| <b>Total Add/(less) tax effect of:</b> | <b>-</b>  | <b>(11,200)</b> |
| Income Tax Expense                     | (28,955)  | (28,598)        |
|  | 2023      | 2022            |

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

|                                |          |          |
|--------------------------------|----------|----------|
| Balance at start of year       | (25,717) | 43,552   |
| Taxation (paid) / refunded     | 25,717   | (69,269) |
| Provided for this year         | -        | -        |
| Balance at the end of the year | -        | (25,717) |

### Movement in temporary differences

|                               | Balance<br>30 June 2022 | Recognised<br>in profit/loss | Recognised<br>in equity | Balance<br>30 June 2023 |
|-------------------------------|-------------------------|------------------------------|-------------------------|-------------------------|
| Property, plant and equipment | (37,751)                | 17,920                       | -                       | (19,830)                |
| Losses to carry forward       | 19,394                  | 15,303                       | -                       | 34,698                  |
| Employee benefits             | 25,745                  | (4,268)                      | -                       | 21,475                  |
|                               | 7,389                   | 28,955                       | -                       | 36,344                  |

|                               | Balance      | Recognised     | Recognised | Balance      |
|-------------------------------|--------------|----------------|------------|--------------|
|                               | 30 June 2021 | in profit/loss | in equity  | 30 June 2022 |
| Property, plant and equipment | (50,580)     | 12,829         | -          | (37,751)     |
| Losses to carry forward       | -            | 19,394         | -          | 19,394       |
| Employee benefits             | 29,371       | (3,626)        | -          | 25,745       |
|                               | (21,209)     | 28,598         | -          | 7,389        |

## 17. Explanations of major variances against budget

The materiality threshold for variances has been set at 5% of sales being \$126,300. Explanations for major variances from the Company's budgeted figures in the 30 June 2023 statement of intent are as follows:

### Statement of financial performance

Operational sales are over budget by \$429,400 due to 3 Waters activity undertaking private works that were not known at the time of budgeting, Public Amenities extra works required due to graffiti and vandalism and the RRC activity relates to cost recovery due to transfer station construction delays.

Operational costs were over budget by \$365,700 due to work arounds whilst the transfer station construction was underway and extra costs for refuse disposal at Kate Valley, budgeted for landfill to be operational until 2024 as per contract.

### Statement of financial position

Cash balance was \$137,900 under budget due to the large costs being incurred with the transfer station construction delays and waste disposal at Kate Valley.

Unbudgeted costs are partially offset by increased operational sales.

### Statement of cash flows

Payments to suppliers and employees was over budget by \$322,400 due to transfer station construction delays and payment for waste disposal at Kate Valley.

## 18. Prior period error correction

The Company has adjusted its comparative year financial statements for the year ended 30 June 2022 for the correction of a prior period error.

The related parties note in 2022 disclosed the sales to Kaikoura District Council including GST, where it should have been excluding GST. To maintain consistency in the financial statements, the 2022 sales have been amended to show the exclusive amount.

| Sales to KDC 2022                | Before adjustments | Correction of error | After adjustments |
|----------------------------------|--------------------|---------------------|-------------------|
| Land management fee              | 180,000            | (23,478)            | 156,522           |
| Kerbside recycling & rubbish fee | 72,771             | (9,492)             | 63,279            |
| Other sales                      | 1,427,759          | (186,229)           | 1,241,530         |
| <b>Total</b>                     | <b>1,680,530</b>   | <b>(219,199)</b>    | <b>1,461,330</b>  |

# Statement of Service Performance

Innovative Waste Kaikoura Ltd  
For the year ended 30 June 2023

| Target              | Performance target to achieve the output   | Achievements as at 30 June 2023   |
|---------------------|--|---|
| 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.<sup>(1)</sup></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.<sup>(1)</sup></p> <p>Service requests received about recycling collections is less than 20 per year.</p> | <p><u>Results not available</u></p> <p>All service requests that have been marked as Urgent and have data are responded to within LoS timeframes.</p> <p><u>Results not available</u></p> <p>All service requests that have been marked as Non-Urgent and have data are responded to within LoS timeframes.</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>0 received</p> <p><u>Results not available</u></p> |

|                            |  |   |
|----------------------------|--|---|
|                            | <p>Compliance with and provision of all KPI information as per contracts</p> <p>Obtaining an unqualified audit opinion</p> | <p><u>3 Waters</u></p> <p><i>KPI information not complete – a significant amount of data not available due to the Adapt system not recording all response times.</i></p> <p><u>Resource Recovery</u></p> <p><i>A Quarterly review is to be undertaken by the Principal</i></p> <p><u>Public Amenity cleaning</u></p> <p><i>No contract in place</i></p> <p><b><u>Not achieved</u></b></p> <p>Qualified Audit opinion was received in 2021/22 – in relation to the Statement of Service Performance and Health and Safety document</p> |
| <p>Service Performance</p> | <p>Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions.</p>          | <p><b><u>Not Achieved</u></b></p> <p>3 non-compliance notices issued to KDC in relation to the Resource Recovery Centre.</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>2 complaints in total</p>   |
| <p>Health &amp; Safety</p> | <p>5% reduction in TRIF (Total Recordable Injury Frequency) rates</p> <p>LTI (LTI per 200,000 hours worked) &lt;6</p>                             | <p><u>Achieved</u></p> <p>TRIF rate for 2021/22 was 79.86 (12 TRI x 200,000/30,053 (hours worked)).</p> <p>TRIF rate for 2022/23 was 38.56 (5 TRI x 200,000/25,931 (hours worked)).</p> <p><u>Not achieved</u></p> <p>LTI rate for 2022/23 was 7.71 (1 LTI x 200,000/25,931 (hours worked)).</p> |
| <p>Staff Engagement</p>    | <p>Increase baseline engagement by 10% - Baseline was set in 2022 at 73%</p>  | <p><u>Not achieved</u></p> <p>2021/22 – 73% - 3.9</p> <p>2022/23 – 80% -4.0</p>  |
| <p>Diversion</p>           | <p>55% (as per Ministry for Environment methodology) <sup>(3)</sup></p>   | <p><u>Not Achieved</u></p> <p>52.67%</p>   |

|                               |  | <u>Not Achieved</u>   |
|-------------------------------|--|---|
| Financial Performance Targets | <p>Revenue \$2,050,000</p> <p>NPAT (\$17,696)</p> <p>Return on Equity -2%</p> <p>Equity \$953,421</p> <p>Fixed Asset turnover 0.99</p> <p>Liquidity ratio (excl Holiday pay accrual) 2.63</p> <p>Wages as a % of revenue 50%</p> <p>R &amp; M as a % of revenue 1%</p> | <p>Revenue \$2,525,088</p> <p>NPAT (\$74,457)</p> <p>Return on Equity -8%</p> <p>Equity \$896,933</p> <p>Fixed Asset turnover 2.80</p> <p>Liquidity ratio (excl Holiday pay accrual) 1.60</p> <p>Wages as a % of revenue 42.49%</p> <p>R &amp; M as a % of revenue 3.7%</p> |

- (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) There was 52.67% total diversion of recyclable material from landfill in this financial year against last year's 54.56%. Of the 1637.63 tonnes landfilled (418.62kg per head of population (3912)), 522.5 tonnes were from Commercial customers with domestic being 1115.13 tonnes for the year (285kg per head of population (3912)).