

# IWK Annual Report

Innovative Waste Kaikoura Ltd  
For the year ended 30 June 2024

Prepared by WK Strawbridge Limited

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## Directory

### Innovative Waste Kaikoura Ltd For the year ended 30 June 2024

#### 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 District Council - 100 Ordinary Shares

#### Directors

GC Harmon - Appointed on 06 May 2018  
GR Hughes - Appointed on 20 July 2018  
DL Brandish - Appointed on 30 November 2022  
CJ Mackle - Appointed on 30 November 2022  
NS Pablecheque - Resigned on 11 November 2022  
LJ Buurman - Resigned on 7 May 2024

#### Business Location

82 Scarborough Street, Kaikoura 7300

#### Nature of Business

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

#### IRD Number

076-884-188

#### GST Status

Payments Basis, Two Monthly Returns, Coinciding with Balance Date

### **Chartered Accountants**

WK Strawbridge Limited  
Level 1, 47 Bridge Street  
Nelson

### **Auditor**

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

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2024

The Directors present their annual report including the financial statements of the company for the year ended 30 June 2024.

### 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:

GC Harmon - Appointed on 06 May 2018

GR Hughes - Appointed on 20 July 2018

DL Brandish - Appointed on 30 November 2022

CJ Mackle - Appointed on 30 November 2022

NS Pablecheque - Resigned on 11 November 2022

LJ Buurman - Resigned on 7 May 2024

No other person was a Director at any time.

### Director's 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: 27 September 2024



Director

Date: 27 September 2024

# Statement of Comprehensive Income

## Innovative Waste Kaikoura Ltd For the year ended 30 June 2024

	NOTES	2024 (\$)	BUDGET 2024 (\$)	2023 (\$)
<b>Revenue</b>				
Operational Sales	1	2,494,348	2,294,718	2,479,458
Other Revenue	1	-	-	45,630
<b>Total Revenue</b>		<b>2,494,348</b>	<b>2,294,718</b>	<b>2,525,088</b>
<b>Expenses</b>				
Wages & Salaries		1,200,056	1,110,015	1,072,794
Operational Costs		904,563	624,479	977,812
Finance Costs	3	8,403	3,000	4,596
Depreciation	6	115,773	144,000	126,667
Other Operating Expenses	2	435,062	394,000	446,631
<b>Total Expenses</b>		<b>2,663,856</b>	<b>2,275,494</b>	<b>2,628,500</b>
<b>Operating surplus/ (deficit) before tax</b>		<b>(169,508)</b>	<b>19,224</b>	<b>(103,412)</b>
<b>Income Tax</b>				
Income tax for the year	16	41,988	-	(28,955)
<b>Net surplus/ (deficit) after tax</b>		<b>(211,496)</b>	<b>19,224</b>	<b>(74,457)</b>
<b>Total comprehensive surplus/ (deficit) after tax</b>		<b>(211,496)</b>	<b>19,224</b>	<b>(74,457)</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 2024**

	2024 (\$)	2023(\$)
<b>Equity</b>		
Opening Balance	896,933	971,390
Total Comprehensive Revenue and Expense	(211,496)	(74,457)
<b>Total Equity</b>	<b>685,437</b>	<b>896,933</b>

*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 2024

	NOTES	2024 (\$)	BUDGET 2024 (\$)	2023 (\$)
<b>Assets</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	4	70,947	335,983	86,922
Debtors & Other Receivables	5	189,131	285,889	348,015
Stock on Hand		10,144	-	-
Income Tax		-	25,716	-
<b>Total Current Assets</b>		<b>270,222</b>	<b>647,588</b>	<b>434,937</b>
<b>Non-Current Assets</b>				
Property, Plant & Equipment	6	771,796	665,240	850,426
Deferred Tax	16	-	7,392	36,347
<b>Total Non-Current Assets</b>		<b>771,796</b>	<b>672,632</b>	<b>886,773</b>
<b>Total Assets</b>		<b>1,042,018</b>	<b>1,320,220</b>	<b>1,321,710</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and Other Payables	7	116,406	124,812	212,417
Employee Benefit Liabilities	8	125,536	156,430	123,490
Income Tax	16	1	-	1
Loans	9	55,734	35,000	30,510
GST	16	38,172	31,321	23,359
Deferred Tax		5,641	-	-
<b>Total Current Liabilities</b>		<b>341,490</b>	<b>347,563</b>	<b>389,777</b>
<b>Non-Current Liabilities</b>				
Loans	9	15,092	-	35,000
<b>Total Non-Current Liabilities</b>		<b>15,092</b>	<b>-</b>	<b>35,000</b>
<b>Total Liabilities</b>		<b>356,581</b>	<b>347,563</b>	<b>424,777</b>
<b>Net Assets</b>		<b>685,437</b>	<b>972,657</b>	<b>896,933</b>
<b>Equity</b>				
Share Capital	11	100	100	100
Retained Earnings	12	685,337	972,558	896,833
<b>Total Equity</b>		<b>685,437</b>	<b>972,658</b>	<b>896,933</b>

Signed by:



Director

Date: 27 September 2024



Director

Date: 27 September 2024

*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 2024

	2024 (\$)	2024 BUDGET (\$)	2023 (\$)
<b>Cash Flows from Operating</b>			
<b>Cash was provided from</b>			
Receipts from customers	2,591,429	2,608,455	2,355,543
Grants received	-	-	20,000
Interest received	365	-	241
<b>Total Cash was provided from</b>	<b>2,591,794</b>	<b>2,608,455</b>	<b>2,375,784</b>
<b>Cash was applied to</b>			
Payments to suppliers and employees	(2,584,420)	(2,292,163)	(2,419,098)
Interest paid	(2,237)	-	(4,446)
Income tax paid	-	-	25,722
Net GST	20,437	(185,156)	(19,246)
<b>Total Cash was applied to</b>	<b>(2,566,220)</b>	<b>(2,477,319)</b>	<b>(2,417,069)</b>
<b>Total Cash Flows from Operating</b>	<b>25,574</b>	<b>131,136</b>	<b>(41,285)</b>
<b>Cash Flows from Investing</b>			
<b>Cash was provided from</b>			
Receipts from sale of property, plant and equipment	-	-	5,652
<b>Total Cash was provided from</b>	<b>-</b>	<b>-</b>	<b>5,652</b>
<b>Cash was applied to</b>			
Payments to acquire property, plant and equipment	(41,634)	-	(79,962)
<b>Total Cash was applied to</b>	<b>(41,634)</b>	<b>-</b>	<b>(79,962)</b>
<b>Total Cash Flows from Investing</b>	<b>(41,634)</b>	<b>-</b>	<b>(74,310)</b>
<b>Cash Flows from Financing</b>			
<b>Cash was provided from</b>			
Proceeds from loans borrowed from other parties	78,180	-	50,241
<b>Total Cash was provided from</b>	<b>78,180</b>	<b>-</b>	<b>50,241</b>
<b>Cash was applied to</b>			
Repayments of loans borrowed from other parties	(78,095)	(20,000)	(59,731)
<b>Total Cash was applied to</b>	<b>(78,095)</b>	<b>(20,000)</b>	<b>(59,731)</b>
<b>Total Cash Flows from Financing</b>	<b>85</b>	<b>(20,000)</b>	<b>(9,490)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>(15,975)</b>	<b>111,136</b>	<b>(125,085)</b>
<b>Cash Balances</b>			
Cash and cash equivalents at beginning of period	86,922	224,847	212,007
Cash and cash equivalents at end of period	70,947	335,983	86,922
<b>Net change in cash for period</b>	<b>(15,975)</b>	<b>111,136</b>	<b>(125,085)</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 2024

### 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 2024 and were authorised for issue by the directors on 27 September 2024.

### 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

All accounting 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	2024 (%)
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.

## 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

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.

## 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 2024

	2024	2023
<b>1. Operating Revenue</b>		
<b>Operational Sales</b>		
Contract Income - Fixed	263,158	253,529
Contract Income - Variation	1,025,002	937,567
Landfill and Resource Recovery Centre Management Fee	123,091	314,996
Landfill Sales & Services	844,896	693,879
Resource Recovery Centre	129,509	177,856
3 Waters	82,324	80,892
RB - Sales	26,003	20,497
Interest Income	365	241
<b>Total Operational Sales</b>	<b>2,494,348</b>	<b>2,479,458</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
<b>Total Other Revenue</b>	<b>-</b>	<b>45,630</b>
<b>Total Revenue</b>	<b>2,494,348</b>	<b>2,525,088</b>
	2024	2023
<b>2. Other Operating Expenses</b>		
Audit Fees	40,000	32,085
Carbon Credits	-	40,122
General Expenses	333,958	296,134
Insurance	59,632	39,951
Impairment of Fixed Assets	-	36,500
Loss on Sale of Fixed Assets	1,471	1,839
<b>Total Other Operating Expenses</b>	<b>435,062</b>	<b>446,631</b>
	2024	2023
<b>3. Finance Costs</b>		
Interest Charges	8,403	4,446
Loan Fees	-	150
<b>Total Finance Costs</b>	<b>8,403</b>	<b>4,596</b>

	2024	2023
<b>4. Cash and Cash Equivalents</b>		
BNZ Bank Accounts	72,452	91,963
BNZ - Credit Card	(1,505)	(5,041)
<b>Total Cash and Cash Equivalents</b>	<b>70,947</b>	<b>86,922</b>
	2024	2023

**5. Debtors and Other Receivables**

Accounts Receivable	161,945	318,159
Other receivables	-	11,884
Payments in advance	27,186	17,972
<b>Total Debtors and Other Receivables</b>	<b>189,131</b>	<b>348,015</b>

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

As at 30 June 2024 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:

	2024			2023		
	Gross	ECL	Net	Gross	ECL	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due - under 30 days	158	-	158	312	-	312
Past due - 30 to 60 days	1	-	1	5	-	5
Past due - 60 to 90 days	0	-	0	-	-	-
Past due - over 90 days	3	-	3	1	-	1
	162	-	162	318	-	318

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

	2024	2023
Opening balance	-	-
Plus Increase in ECL	-	-
Less: Receivables written off	-	-
Balance as at 30 June	-	-

All receivables are from exchange transactions.

## 6. Property, Plant & Equipment

	2024	2023
<b>Buildings</b>		
<b>Cost</b>		
Balance at 1 July	408,224	383,307
Additions	3,359	24,917
Disposals	-	-
Closing Balance at 30 June	411,583	408,224
<b>Depreciation</b>		
Balance at 1 July	137,323	128,870
Current year depreciation	9,209	8,453
Depreciation recovered	-	-
Depreciation reversals	-	-
Balance at 30 June	146,532	137,323
Total cost less accumulated depreciation	265,051	270,901
	2024	2023

### Motor Vehicles

<b>Cost</b>		
Balance at 1 July	598,849	561,545
Additions	-	37,304
Disposals	(11,522)	-
Balance at 30 June	587,327	598,849
<b>Depreciation</b>		
Balance at 1 July	248,442	191,502
Current year depreciation	55,986	56,940
Depreciation recovered	-	-
Depreciation reversals	(8,833)	-
Balance at 30 June	295,595	248,442
Total cost less accumulated depreciation	291,733	350,407
	2024	2023

### Equipment

<b>Cost</b>		
Balance at 1 July	215,012	203,944
Additions	36,473	12,218
Disposals	(8,793)	(1,150)
Balance at 30 June	242,692	215,012
<b>Depreciation</b>		
Balance at 1 July	149,222	129,919

Current year depreciation	22,392	20,453
Depreciation recovered	-	-
Depreciation reversals	(8,793)	(1,150)
Balance at 30 June	162,821	149,222
Total cost less accumulated depreciation	79,872	65,790
	2024	2023

### Plant & Equipment Yard

<b>Cost</b>		
Balance at 1 July	748,950	813,026
Additions	-	7,325
Disposals	(76,450)	(71,401)
Balance at 30 June	672,500	748,950
<b>Depreciation</b>		
Balance at 1 July	585,623	577,865
Current year depreciation	28,186	40,820
Depreciation recovered	-	-
Depreciation reversals	(76,450)	(33,062)
Balance at 30 June	537,359	585,623
Total cost less accumulated depreciation	135,141	163,327
	2024	2023

### Total Property, Plant & Equipment

<b>Cost</b>		
Balance at 1 July	1,971,036	1,961,822
Additions	39,832	81,765
Disposals	(96,765)	(72,551)
Balance at 30 June	1,914,103	1,971,036
<b>Depreciation</b>		
Balance at 1 July	1,120,610	1,028,155
Current year depreciation	115,773	126,667
Depreciation recovered	-	-
Depreciation reversals	(94,076)	(34,212)
Balance at 30 June	1,142,306	1,120,610
Total cost less accumulated depreciation	771,796	850,426

No impairment losses have been recognised for property, plant and equipment for the 2024 period. (2023: \$36,500).

	2024	2023
<b>7. Trade &amp; Other Payables</b>		
Accounts Payable	76,406	189,996
Accruals Payable	40,000	22,422
<b>Total Trade &amp; Other Payables</b>	<b>116,406</b>	<b>212,417</b>

	2024	2023
<b>8. Employee Benefits and Liabilities</b>		
Accrued Wages & Salaries	21,571	14,427
PAYE Due	26,040	25,695
Provision for annual leave	77,925	83,368
<b>Total Employee Benefits and Liabilities</b>	<b>125,536</b>	<b>123,490</b>

	2024	2023
<b>Salaries &amp; Wages</b>		
Salaries & Wages	1,200,056	1,072,794
<b>Total Salaries &amp; Wages</b>	<b>1,200,056</b>	<b>1,072,794</b>

	2024	2023
<b>9. Borrowings</b>		
Current Loan - Insurance	32,235	10,510
Kaikoura District Council - Term Loan	35,000	55,000
Spark iPhone Loans	3,590	-
<b>Total Borrowings</b>	<b>70,825</b>	<b>65,510</b>

	2024	2023
<b>Repayable as Follows</b>		
No later than 1 year	55,734	30,510
Later than 1 year and not later than 5 years	15,092	35,000
<b>Total Repayable as Follows</b>	<b>70,825</b>	<b>65,510</b>

## 10. Related Parties

The Company was owned by Kaikoura Enhancement Trust, which itself was owned by Kaikoura District Council until 24 March 2024, where ownership of the Company was transferred wholly to 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.

	2024	2023
<b>Sales to Kaikoura District Council</b>		
Landfill and Resource Recovery Centre Management Fee	74,208	314,996
Kerbside Recycling and Public Rubbish Fee	108,654	105,610
Other Sales	1,441,443	1,106,868
<b>Total Sales to Kaikoura District Council</b>	<b>1,624,305</b>	<b>1,527,474</b>

	2024	2023
<b>Purchases from Kaikoura District Council</b>		
Interest - Term Loan	2,882	1,444
Loan Repayments	20,000	20,000
<b>Other Purchases</b>		
Other Purchases	1,000	40,122
<b>Total Other Purchases</b>	<b>1,000</b>	<b>40,122</b>
<b>Total Purchases from Kaikoura District Council</b>	<b>23,882</b>	<b>61,566</b>

Kaikoura District Council receivables of \$117,393 (2023: \$265,627)

Kaikoura District Council payables of \$0 (2023: \$46,140)

	2024	2023
<b>Key Management Personnel</b>		
Key management personnel compensation	335,841	395,558
<b>Total Key Management Personnel</b>	<b>335,841</b>	<b>395,558</b>

In the current year Key Management personnel consists of the Directors, the General Manager, Utilities Manager and 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 \$5,113 (2023: \$3,565)
  - Sales \$5,337 (2023: \$3,124).
  - Outstanding purchases at 30 June 2024: \$0 (2023: \$3,180).
- Encounter Kaikoura
  - Purchases \$0 (2023: \$138)
  - Sales \$2,342 (2023: \$1,754)

## 11. Share Capital

	Number of Shares	Amount(\$)	Number of Shares	Amount (\$)
	2024	2024	2023	2023
Balance as at 30 June	100	100	100	100

There was no consideration received for the shares.

2024                      2023

## 12. Retained Earnings

<b>Retained Earnings</b>			
Opening Balance		896,833	971,290
Net Profit after Tax		(211,496)	(74,457)
Retained Earnings Closing Balance		685,337	896,833

## 13. Financial Instruments

2024                      2023

### Financial Assets

Cash and Cash Equivalents		72,452	91,963
<b>Debtors and Other Receivables</b>			
Accounts Receivable		161,945	318,159
Accruals Receivable		-	11,884
<b>Total Debtors and Other Receivables</b>		<b>161,945</b>	<b>330,043</b>
<b>Total Financial Assets at Amortised Cost</b>		<b>234,397</b>	<b>422,006</b>

	2024	2023
<b>Financial Liabilities</b>		
Trade and Other Payables	116,406	212,417
Loans	69,726	65,510
<b>Total Financial Liabilities at Amortised Cost</b>	<b>186,132</b>	<b>277,928</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.

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>2024</b>					
Payables	76,406	76,406	76,406	-	-
Secured loan	35,000	37,151	21,688	15,463	-
<b>Total</b>	<b>111,406</b>	<b>113,557</b>	<b>98,094</b>	<b>15,463</b>	<b>-</b>
<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>

#### 14. Contingent Assets and Liabilities

As at 30 June 2024 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. (2023: nil).

As at 30 June 2024 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. Local Water Done Well Programme

'Local Water Done Well' is the New Zealand Governments future water services delivery system to ensure all New Zealanders have safe, clean, and affordable water services. In February 2024 the Government introduced and passed legislation to repeal all legislation relating to water services entities introduced by the previous Government.

- The implementation of the 'Local Water Done Well' programme has commenced with the passing of the Local Government (Water Services Preliminary Arrangements) Act 2024 in September 2024. This lays the foundation for a new approach to water services management and financially sustainable delivery models that meet regulatory standards
- The Local Government Water Services Bill, expected in December 2024, is the final piece of planned legislation to establish the enduring settings for the new water services system. It set out a range of changes to the water services delivery system and to the water services regulatory system.

The impact of Local Water Done Well is not significant for Innovative Waste Kaikoura 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 legislation will therefore not impact the company's financial sustainability

#### 16. Taxation

2024                      2023

##### Components of tax expense recognised in statement of comprehensive revenue and expenses:

<b>Income Tax Expense</b>		
Deferred Taxation	41,988	(28,955)
<b>Income Tax Expense</b>	<b>41,988</b>	<b>(28,955)</b>
<b>Income tax Expense</b>	<b>41,988</b>	<b>(28,955)</b>
	2024	2023

##### Relationship between tax expense and accounting profit

Surplus/ (Deficit) before Tax	(169,508)	(103,412)
Tax at 28%	(47,462)	(28,955)
<b>Add/ (Less) Tax Effect of:</b>		

Deferred Tax Adjustment	89,299	-
Non-deductible Penalties	152	-
<b>Total Add/ (Less) Tax Effect of:</b>	<b>89,451</b>	<b>-</b>
Income Tax Expense	<b>41,988</b>	<b>(28,955)</b>
	2024	2023

### Movement in Tax (Refund)/ Payable

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

### Movement in Temporary Differences

	Balance	Recognised	Recognised	Balance
	30 June 2023	in profit/loss	in equity	30 June 2024
Property, plant and equipment	(19,830)	(81,100)	-	(100,931)
Losses to carry forward	34,698	40,315	-	75,013
Employee benefits	21,475	(1,203)	-	20,272
	36,344	(41,988)	-	(5,644)

	Balance	Recognised	Recognised	Balance
	30 June 2022	in profit/loss	in equity	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

### 17. Explanations of Major Variances Against Budget

The materiality threshold for variances has been set at 5% of sales being \$124,717. There are no major variances against budget for the year ended 30 June 2024.

#### Statement of financial performance

No major variances against budget.

#### Statement of financial position

No major variances against budget.

#### Statement of cash flows

No major variances against budget.

## Statement of Service Performance

For the year ended 30 June 2024

Target	Performance target to achieve the output	Achievements as at 30 June 2024
Client satisfaction	<p>98% of all urgent or callouts, applicable to the contract are responded to within one hour or two hours respectively from the time of the notification to the time that service personnel depart to the site. (1)</p> <p>98% of all non-urgent call outs, applicable to the contract are responded to within 48 hours from the time the notification to the time that service personnel attend site. (1)</p> <p>Service requests received about recycling collections is less than 20 per year.</p>	<p><b>Not achieved</b></p> <p>84.6% for Water</p> <p>86.8% Wastewater</p> <p>91.7% for non-urgent call outs</p> <p><b>Achieved</b></p> <p>0 received</p>



Health & Safety	<p>5% reduction in TRIF (Total Recordable Injury Frequency) rates</p> <p>LTIFR (Lost Time Injury per 200,000 hours worked) &lt;6</p>	<p><b><u>Not achieved</u></b></p> <p>TRIFR rate for 2022/23 was 38.56 (5 TRI x 200,000/29,939 (hours worked)).</p> <p>TRIFR rate for 2023/24 was 80.21 (12 TRI x 200,000/29,921 (hours worked)).</p> <p><b><u>Not achieved</u></b></p> <p>LTIFR rate for 2023/24 was 6.68 (1 LTI x 200,000/29,921 (hours worked)).</p>
Staff Engagement	<p>Engagement Score of 4.0 or better</p> <p>Communication score of 4.0 or better</p> <p>Culture score of 4.0 or better</p>	<p><b><u>Not achieved</u></b></p> <p>Engagement 3.8</p> <p>Communication 3.7</p> <p>Culture 3.7</p>
Diversion	<p>55% (as per Ministry for Environment methodology) (3)</p>	<p><b><u>Not Achieved</u></b></p> <p>47.4%</p>
Education activities	<p>24 social media posts</p> <p>6 hard media adverts</p>	<p><b><u>Achieved</u></b></p> <p><b><u>Achieved</u></b></p>

	4 primary school classes (1 per school) undertake an IWK led waste reduction education programme	<u>Not Achieved</u>
Financial Performance Targets	<p>Revenue \$2,294,714</p> <p>NPAT \$19,235</p> <p>Return on Equity 2%</p> <p>Equity \$972,658</p> <p>Fixed Asset turnover 1.10</p> <p>Liquidity ratio (excl Holiday pay accrual) 3.39</p> <p>Wages as a % of revenue 49%</p> <p>R &amp; M as a % of revenue 1%</p>	<p><u>Not Achieved</u></p> <p>Revenue \$2,494,348</p> <p>NPAT (\$211,496)</p> <p>Return on Equity -16%</p> <p>Equity \$685,437</p> <p>Fixed Asset turnover 1.26</p> <p>Liquidity ratio (excl Holiday pay accrual) 1.09</p> <p>Wages as a % of revenue 49%</p> <p>R &amp; M as a % of revenue 4%</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 recycling collection activity.

(3) There was 47.4% total diversion of recyclable material from landfill in this financial year against last year's 52.67%. The drop in diversion is due to the Reuse Shop being closed or on reduced opening hours due to site development activities. Of the 1593.27 tonnes landfilled (376.66kg per head of population (4230)) which is down from 418.62kg in 2022/23, 397.23 tonnes were from Commercial customers with domestic being 1196.04 tonnes for the year (282kg per head of population (4230)).