

Six Month Report
to Shareholders
31 December 2020



Council
Collaboration
Into Action

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Entity Information

Regional Software Holdings Limited For the 6 months ended 31 December 2020

Regional Software Holdings Limited (RSHL) was incorporated in October 2012. This report covers the 6 months from 1 July 2020 to 31 December 2020 as required by Section 66 of the Local Government Act 2002. RSHL has no subsidiaries or joint ventures.

Entity Type and Legal Basis

RSHL is a Public Limited Liability Company incorporated and registered under the Companies Act 1993 and is a council-controlled organisation as defined in Section 6 of Local Government Act 2002

Entity Structure

The Company comprises of a Board of seven Directors. The Board oversee the governance of RSHL. In addition there is a General Manager who is responsible for the day-to-day operations of RSHL and reporting to the Board. Each of the six shareholder entities are entitled to separately appoint one director each, with one independent director appointed by the Board.

Main Sources of Entity's Cash and Resources

Funds for IRIS development and operation of the company are received by way of levies from each member Council. These levies are set annually in the Statement of Intent. These are the primary source of funding to RSHL. Additional funding for ReCoCo projects is collected from all 16 regional and unitary councils as required.

Nature and Scope of Activities to be Undertaken

RSHL provides a framework for collaboration between the shareholders and across the wider regional council sector. It supports the procurement or development of shared solutions and products in a manner that provides greater consistency in how we operate our core processes. RSHL provides a more cost effective alternative than individual councils can achieve on their own.

The company operates by facilitating collaborative initiatives between councils and through managed contractual arrangements. Some councils are both customers of RSHL and providers of service to RSHL.

RSHL activities are currently grouped into two key programmes of work:

IRIS	The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 8 years and is currently in use at 7 councils. The 7 councils actively collaborate on the use of IRIS and the future development roadmap. IRIS Next Generation RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 3-5 years. The intention is that IRIS NextGen will be cloud based with better online and mobile features. IRIS NextGen will be more efficient for staff and customers. Along with the software solution, we anticipate implementing consistent “good practice” processes for the sector. Over the next two years, RSHL will identify: • The IRIS NextGen solution. • A transaction plan for existing users. • A growth plan to attract new councils to the programme.
ReCoCo	RSHL delivers collaborative technology projects for groups of regional councils under the ReCoCo programme. The ReCoCo programme is led by the Corporate and Finance Special Interest Group.

Vision

To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector.

Mission

Deliver shared solutions to the regional council sector along with collaborative outcomes through sector special interest groups to achieve:

- Consistent, good-practice regional council specific processes and functions
- Value through economies of scale
- Greater influence for the sector with central government through cohesion and collaboration
- Reduced risk through ensuring continuity of supply and control of the destiny of regional council sector specific software

Values

In all RSHL decisions and interactions the Board and staff together with council participants who may be working within the RSHL framework will observe the following values and ethos:

- We are forward thinking and innovative
- We are responsive and deliver value
- We are professional and accountable
- We are flexible and open

Guiding Principles

- The best decision is that which provides the best end result, primarily for participating councils and indirectly the communities they serve
- Our solutions will be practical, appropriate to the scale of the problem and affordable
- Where appropriate we will utilise codes of practice and standards produced by industry groups
- All parties to any decision or interaction will be treated with respect, dignity, integrity and honesty

Objectives

The principal objective of RSHL is to deliver on the vision, mission and values.

The secondary objective of RSHL is to:

- Achieve the objective of its shareholders, both commercial and non-commercial as specified in the Statement of Intent
- Be a good employer
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

Statement of Service Performance

Regional Software Holdings Limited

For the 6 months ended 31 December 2020

Progress against the Statement of Intent (SOI) performance measures is reported in the following section.

Items of significance during the six months include:

IRIS	One release of IRIS was successfully delivered in this period, containing one major and seven minor enhancements. In accordance with the IRIS product strategy, the focus of enhancements was performance and usability. The Annual IRIS User Survey conducted in September 2020 showed significant improvements in user feedback in all categories.
IRIS Next Generation	In November 2020, RSHL released a Request for Proposal for the delivery of IRIS NextGen. Preparation of the RFP was a major undertaking and involved staff from 11 Regional Councils and Unitary Authorities. Responses to the RFP close in February 2021 with an outcome expected by June.
ReCoCo and Sector Financial Management System	The ReCoCo programme continues with seven active projects and two in development. In June 2020 the RCEOs Group approves a proposal for RSHL to manage the financials for sector wide programmes: • Regional Sector Office • Sector Business Plan • River Managers Programme • ReCoCo Technology Projects • EMaR Programme • Bio Managers Programme • Bio Control Programme Under this agreement, RSHL is responsible for management of a budget of \$2.5M of funds collected from the 16 councils, and contract management of the suppliers providing services to the sector. This is a major step towards achieving our vision “To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector.”
Growth	Follow a series of discussions and presentations, in December 2020 Bay of Plenty Regional Council advised RSHL of their intention to become a shareholder of RSHL and participate fully in the IRIS Next Gen Programme. At the same time the RCEOs Group has asked RSHL to assist with the development of a feasibility report for the development of a regional sector shared services organisation. PWC have been engaged to provide advice on the structural changes required.

Vale Les Gibbs

The board and staff at RSHL wish to acknowledge the passing of board member Les Gibbs. Les passed away suddenly in November 2020. Les was a well-liked, and respected member of the regional sector whanau and his loss was deeply felt.

Les was part of RSHL since its inception and participated on both the board and Advisory Group. Les was also extremely active in the SIG network.

Our thoughts remain with his family and friends.

Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2020-2021 financial year.

	Performance Measures	For the period ending 31 December 2020
Non Financial	Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Complete The first annual survey was undertaken in July 2019. The second was conducted in September 2020 and showed improvements in user feedback in all categories.
Non Financial	Develop, approve, communicate and refine the product strategy for IRIS and IRIS NG. Draft strategy presented to the Board by 31 December 2020.	Complete The product roadmap for IRIS was presented, discussed and agreed at the board meeting in November 2020. The Programme Plan for IRIS NextGen was approved in August 2020.
Non Financial	Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	On Track The draft enhancement roadmap for IRIS was presented to the Advisory Group in January 2021.
Non Financial	Major Enhancement projects are completed within approved budget or (for items in progress) on track against their aged timeline and budget at 30 June of each year.	On Track There have been 9 active Major Projects this year (including 4 carried over from FY20. 4 Projects have completed and 5 remain in progress. All are operating within agreed scope, cost and time.
Non Financial	Budgets for support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.	On Track Representatives from all IRIS councils have been actively involved in developing the enhancement roadmap.
Financial	RSHL will operate within approved budget, with any material variations approved by the Board.	On Track Expenditure and Income for RSHL Management & Overhead and IRIS continue to be within budgets. The Sector Financial Management System Agreement has driven significant variances in income and expenditure for ReCoCo. This does not impact on the RSHL balance sheet.

Financial	Annual charges for shareholders and customers to be at level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.	On Track
Growth	Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholders base of RSHL.	Achieved BOPRC has advised RSHL of their intention to become a shareholder of RSHL and participate fully in the IRIS Next Gen Programme. The Sector Financial Management System has markedly increased the footprint of RSHL within the sector.
Growth	Engage with councils in the sector to evaluate options for the eventual replacement of the current IRIS software package. The objective is to identify a solution that can be adopted by an increasing number of councils in the sector.	On Track 11 Councils are participating in the RFP process to find the eventual replacement for IRIS.
Growth	Be a service delivery vehicle for wider regional council sector and related council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the ReCoCo Advisory Group.	On Track The ReCoCo programme continues with seven active projects and two in development. In June 2020 the RCEOs Group approves a proposal for RSHL to manage the financials for sector wide programmes: • Regional Sector Office • Sector Business Plan • River Managers Programme • ReCoCo Technology Projects • EMaR Programme • Bio Managers Programme • Bio Control Programme Under this agreement, RSHL is responsible for management of a budget of \$2.5M of funds collected from the 16 councils, and contract management of the suppliers providing services to the sector.

Directors Report

Regional Software Holdings Limited

For the 6 months ended 31 December 2020

Financial Position

Member Contributions and Other Revenue are tracking to budget.

Regional Sector Shared Services Revenue far exceeds budget. This is because of the unbudgeted revenue from the Sector Financial Management System. NB That this is revenue in advance that RSHL holds on behalf of the regional sector.

Operating expenditure for RSHL activities is tracking to budget. However we have expended significantly more on contracted services than budgeted, but significantly less on Management Fees.

Expenditure for Shared services is significantly more than budgeted. Again, this is due to the increased activity from the Sector Financial Management System.

The cash position is very favourable to budget due to the Sector Financial Management Funds. It is expected that the income and expenditure for RSHL activities will be close to budget.

Financial Statements

The financial statements required by section 66 of the Local Government Act 2002 are attached.

Registered Office

C/- O'Fee Next Level Accounting PO Box 1007 Palmerston North

Auditors

Audit New Zealand on behalf of the Controller and Auditor-General.

Directors

The directors appointed for the period that this six monthly report covers were:

Mike Nield (Chairperson)	Taranaki Regional Council
John Crane	Waikato Regional Council
Malcolm Nicolson	Northland Regional Council
Ged Shirley	Horizons Regional Council
Jane Carroll	Southland Regional Council (From 23 November 2020)
Les Gibbs	West Coast Regional Council (Until 30 November 2020)
Neil Selman	Southland Regional Council (Until 30 November 2020)
A Aakjaer (Independent Director)	

Interest Register

All directors listed their interests in the register on being appointed to the company and interest are reviewed at each board meeting. The following interests are registered:

Director	Organisation	Interest
MJ Nield	Taranaki Stadium Trust	Trustee
J Crane	-	-
MC Nicolson	Hawk Hill Estates Limited The Masters Group Holdings Limited	Director Director
G Shirley	-	-
J Carroll	JCom Limited JC's Properties Limited Voicecom Technologies Limited	Director & Shareholder Director & Shareholder Shareholder
A Aakjaer	Negotiate Limited Aakjar Trustee Company Limited Ice Bear Holdings Limited One Sheep at a Time Limited Note: Negotiate Consulting may from time to time provide advisory services to Northland Regional Council and Waikato Regional Council	Director & Shareholder

Additional Disclosure

The Companies Act 1993 requires disclosure of the amount of donations, audit fees, fees for other services from the auditor, and the number of employees of the company who receives remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000. For this financial year, one employee was employed by RSHL and their remuneration was over \$150,000. The audit fee for the period is unconfirmed at the time of writing, paid to Audit New Zealand.

Statement of Compliance and Responsibility

In terms of the Local Government Act 2002, the Board of Directors is responsible for the preparation of RSHL financial statements and to assist the company to meet its objectives and any other requirements in its Statement of Intent (SOI).

The Board of Directors of RSHL has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of RSHL for the six months ended 31 December 2020

Signed on behalf of the Board of Directors:



J Carroll - Director



MJ Nield - Chairperson

Date: 28 February 2021

Statement of Comprehensive Revenue and Expense

Regional Software Holdings Limited
For the 6 months ended 31 December 2020

	NOTES	31 DEC 2020 6 MONTHS (UNAUDITED)	31 DEC 2019 6 MONTHS (UNAUDITED)	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
Revenue					
Interest		287	103	600	308
Regional Sector Shared Services		1,367,914	51,875	220,000	258,702
Member Contributions		953,193	569,963	1,322,091	1,197,678
Other revenue	1	115,959	160,332	154,612	205,398
Total Revenue		2,437,352	782,272	1,697,303	1,662,086
Expenses					
Administration Costs	2	29,572	13,175	37,586	34,262
Audit and Legal Fees		-	-	5,900	5,589
Datacom Support Services		97,713	114,164	212,815	255,013
Environmental Charges		10,366	11,794	22,000	22,248
External Contractors		156,515	99,558	160,000	157,521
External Directors Fees		19,179	15,000	30,630	25,167
Management Fees		94,728	47,192	190,400	106,395
Other Direct Software Expenses		140,323	61,590	489,363	72,479
Personnel costs		73,802	45,865	158,255	120,732
Promotional costs		2,080	-	16,000	17,681
Regional Sector Shared Services		587,188	86,701	220,000	314,456
Travel and Meeting Costs		6,939	11,629	18,750	11,480
Depreciation	5	455,817	438,113	900,438	880,608
Total Expenses		1,674,222	944,780	2,462,137	2,023,631
Surplus/(deficit) before tax		763,131	(162,508)	(764,834)	(361,545)
Surplus/(deficit) after tax		763,131	(162,508)	(764,834)	(361,545)
Surplus/(deficit) attributable to RSH Ltd		763,131	(162,508)	(764,834)	(361,545)
Total comprehensive revenue and expense		763,131	(162,508)	(764,834)	(361,545)

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.

Statement of Comprehensive Revenue and Expense - RSHL Activity

Regional Software Holdings Limited

For the 6 months ended 31 December 2020

NOTES	31 DEC 2020 6 MONTHS UNAUDITED	31 DEC 2019 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
Revenue				
Interest	287	103	600	308
Members Contribution	953,193	569,963	1,322,091	1,197,678
Other revenue	115,959	160,332	154,612	205,398
Total Revenue	1,069,439	730,397	1,477,303	1,403,384
Expenses				
Administration Costs	29,572	13,175	37,586	34,262
Audit and Legal Fees	-	-	5,900	5,589
Datacom Support Contract	97,713	114,164	212,815	255,013
Environment Charges	10,366	11,794	22,000	22,248
External Contractors	156,515	99,558	160,000	157,521
External Directors Fees	19,179	15,000	30,630	25,167
Management Fees	94,728	47,192	190,400	106,395
Other Direct Software Expenses	140,323	61,590	489,363	72,479
Personnel Costs	73,802	45,865	158,255	120,732
Promotional costs	2,080	-	16,000	17,681
Travel, Accommodation & Meeting costs	6,939	11,629	18,750	11,480
Depreciation	455,817	438,113	900,438	880,608
Total Expenses	1,087,034	858,079	2,242,137	1,709,175
Surplus/(deficit) before tax	(17,595)	(127,682)	(764,834)	(305,791)
Surplus/(deficit) after tax of RSHL Activity	(17,595)	(127,682)	(764,834)	(305,791)

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.

Statement of Comprehensive Revenue and Expense - ReCoCo Activity

Regional Software Holdings Limited

For the 6 months ended 31 December 2020

NOTES	31 DEC 2020 6 MONTHS UNAUDITED	31 DEC 2019 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SQI	30 JUNE 2020 12 MONTHS AUDITED
Revenue				
Regional Sector Share Services	1,367,914	51,875	220,000	258,702
Total Revenue	1,367,914	51,875	220,000	258,702
Expenses				
Regional Sector Share Services	587,188	86,701	220,000	314,456
Total Expenses	587,188	86,701	220,000	314,456
Surplus/(deficit) before tax	780,726	(34,826)	-	(55,754)
Surplus/(deficit) ReCoCo Activity	780,726	(34,826)	-	(55,754)

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.

Statement of Financial Position

Regional Software Holdings Limited

As at 31 December 2020

	NOTES	31 DEC 2020 6 MONTHS UNAUDITED	31 DEC 2019 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
Assets					
Current Assets					
Cash and cash equivalents	3	1,336,016	484,343	630,630	601,965
Accounts Receivable and Accruals	4	589,389	139,956	-	203,778
Goods and Services tax		-	-	-	646
Income Tax Receivable		261	110	-	188
Total Current Assets		1,925,667	624,409	630,630	806,577
Non-Current Assets					
Property, Plant & Equipment (PPE)	5	4,097,436	4,681,376	3,518,909	4,453,053
Total Non-Current Assets		4,097,436	4,681,376	4,149,539	4,453,053
Total Assets		6,023,103	5,305,784	4,149,539	5,259,630
Liabilities					
Current Liabilities					
Payables and Accruals	6	154,977	91,519	-	230,293
Income Received in Advance		29,886	-	-	19,924
Revenue in Advance - ReCoCo		172,274	161,441	-	172,274
Goods and services tax		65,696	16,648	-	-
Total Current Liabilities		422,832	269,609	-	422,491
Total Liabilities		422,832	269,609	-	422,491
Net Assets		5,600,270	5,036,176	4,149,539	4,837,140
Equity					
Contributed Capital	7	5,149,150	5,149,150	5,149,150	5,149,150
Accumulated Funds	7	451,120	(112,974)	(999,611)	(312,010)
Total Equity		5,600,270	5,036,176	4,149,539	4,837,140

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Statement of Changes in Equity/Net Assets

Regional Software Holdings Limited

For the 6 months ended 31 December 2020

	31 DEC 2020 6 MONTHS UNAUDITED	31 DEC 2019 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
Equity				
Opening Balance	4,837,140	5,198,684	4,914,373	5,198,685
Total Comprehensive Revenue and Expense for the year	763,131	(162,508)	(764,834)	(361,545)
Balance at 30 June	5,600,270	5,036,176	4,149,539	4,837,140
Total Comprehensive Revenue and Expense Attributable to				
Regional Software Holdings Ltd	763,131	(162,508)	(764,834)	(361,545)

Statement of Cash Flows

Regional Software Holdings Limited

For the 6 months ended 31 December 2020

	31 DEC 2020 12 MONTHS UNAUDITED	31 DEC 2019 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
Cash Flows from Operating Activities				
Receipts from Members	907,866	890,957	374,612	1,507,855
Interest Received	287	103	600	308
ReCoCo Income	1,177,860	-	1,322,091	231,750
Other Income	-	106,364	-	141,233
Income tax received/(paid)	(74)	1	-	-
Payments to suppliers and employees	(1,205,408)	(521,604)	(1,561,699)	(1,115,210)
Interest Paid	-	(4)	-	(3)
GST	2,575	38,686	-	27,141
Total Cash Flows from Operating Activities	883,106	514,503	135,064	793,074
Cash Flows from Investing and Financing Activities				
Payments to acquire property, plant and equipment	(149,056)	(312,516)	(200,000)	(473,464)
Total Cash Flows from Investing and Financing Activities	(149,056)	(312,516)	(200,000)	(473,464)
Net Increase/ (Decrease) in Cash	734,051	201,988	(64,396)	319,610
Cash Balances				
Cash and cash equivalents at beginning of period	601,965	282,355	695,026	282,355
Cash and cash equivalents at end of period	1,336,016	484,343	630,630	601,965
Net change in cash for period	734,051	201,988	(64,396)	319,610

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Statement of Accounting Policies

Regional Software Holdings Limited

For the 6 months ended 31 December 2020

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO), owned by:

Council	Ownership
Waikato Regional Council	32.75%
Northland Regional Council	16.75%
Horizons Regional Council	15.50%
Taranaki Regional Council	15.50%
Southland Regional Council	15.50%
West Coast Regional Council	4.00%

RSHL was incorporated in October 2012. RSHL was primarily incorporated for the purposes of providing a framework for the collaboration between the shareholders and across the wider regional council sector. RSHL has designated itself a Public Benefit Entity (PBE) for the purposes of complying with generally accepted accounting practices.

The financial statements are those of RSHL, for the six months ended 31 December 2020, and were authorised for issue by the Board of Directors on 28 February 2021.

Public Benefit Entity Simple Format Reporting

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. RSHL is not publicly accountable and expenditure is not higher than \$30 million. These financial statements comply with PBE standard.

Basis of Preparation of the Financial Statements

The Financial 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 on a historical costs basis. All transactions are reported using the accrual basis of accounting.

Statement of Compliance

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. RSHL is not publicly accountable and expenditure is not higher than \$30 million. These financial statements comply with PBE standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Changes in Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Summary of Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

- a) Members Contributions and other forms of revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis.
- b) Interest revenue is recorded as it is earned.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received. Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

Bank Accounts and Cash

Cash and cash equivalents includes cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts. Bank overdrafts are presented as a current liability in the Statement of Financial Position.

Receivables

Short-term receivables are recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recognised as a bad debt expense.

Inventories

Inventory is initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and their selling process. Goods for use or distribution are subsequently measured at cost and written down if they become obsolete.

Goods and Services Tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables which are presented on a GST-inclusive basis. Where GST paid is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or recovered from, the IRD, 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.

Income Tax

Income tax expenses calculated using the axes payable method. As a result no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

Payables

Short term creditors and other payables are recorded at the amount owed.

Property, Plant and Equipment

Software acquisition and development

Costs that are directly associated with the development of the IRIS software suite are recognised as property, plant and equipment.

Depreciation

Depreciation begins when the asset is available for use and ceases at the date that the asset is derecognised. The depreciation charge for each period is recognised through the Statement of Financial Performance.

The carrying value is depreciated on a straight-line basis over its useful life. The useful life and associated depreciation rate for the IRIS software suite is 10 years and 10%.

Where software in this category is replaced, upgraded or determined by RSHL to be of no further operational benefit, a change in value will be recognised through the Statement of Financial Performance. This change in value will be the difference between the carrying value of the original item and its fair value.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumption have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Additional Disclosure

The companies Act 1993 requires disclosure of the amount of the donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000.

For this financial year one staff member was employed by RSHL.

Remuneration Bracket	Staff
100,000 - 110,000	0
110,000 - 120,000	0
120,000 - 130,000	0
130,000 - 140,000	0
140,000 -150,000	0
150,000 - 160,000	0
160,000 - 170,000	0
170,000 +	1

The audit fee for the six month period is expected to be \$nil (GST Exclusive) paid to Audit New Zealand.

Notes to the Performance Report

Regional Software Holdings Limited

For the 6 months ended 31 December 2020

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
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1. Other Income

Northland Regional Council Data Mapping	-	-	-	4,620
Recovery of other direct software expenses	-	84,616	-	64,160
User Funding - Hawkes Bay Regional Council	115,959	75,716	154,612	136,618
Total Other Income	115,959	160,332	154,612	205,398

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
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2. Administration Expenses

Accounting & Technical Support	25,137	9,327	27,264	28,363
Administration Costs	2,060	1,507	8,022	3,792
Bank Fees	134	111	-	236
Insurance	2,240	2,230	2,300	1,871
Total Administration Expenses	29,572	13,175	37,586	34,262

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
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3. Cash and cash equivalents

Business Online Saver	580,172	80,118	630,630	80,133
Credit Card - Mark Donnelly	(496)	-	-	-
Current Account	756,340	404,225	-	521,832
Total Cash and cash equivalents	1,336,016	484,343	630,630	601,965

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
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4. Receivables and accruals

Accounts Receivable	559,504	139,956	-	144,007
Prepayments	29,886	-	-	59,771
Total Receivables and accruals	589,389	139,956	-	203,778

5. Property, Plant and Equipment

	E-Learning Software	IRIS Software Intellectual Property	Computer Hardware	Total
Carrying amounts as at 1 July 2019	35,438	4,847,737	2,171	4,885,346
Additions	-	448,314	-	448,314
Disposals (net accumulated depreciation)	-	-	-	-
Depreciation Expense	(4,253)	(874,816)	(1,540)	(880,608)
Work in Progress written off/impaired	-	-	-	-
Carrying amount as at 30 June 2020	31,186	4,421,235	631	4,453,052
Carrying amounts as at 1 July 2020	31,186	4,421,235	631	4,453,052
Additions	-	100,111	-	100,111
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation Expense	(2,126)	(453,060)	(630)	(455,817)
Work in Progress written off/impaired	-	-	-	-
Carrying amount as at 31 December 2020	29,059	4,068,287	-	4,097,346

At 31 December 2020 the working progress value of the IRIS Asset is \$100,200 (30 June 2020: \$244,166) with \$126,889 capitalised during the year.

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
6. Payables and accruals				
Accounts Payable	124,836	76,425	-	199,651
PAYE Payable	7,082	5,908	-	3,942
Employee Entitlements	9,947	-	-	4,572
Accrued Expenses	13,113	9,185	-	22,128
Total Payables and accruals	154,977	91,519	-	230,292

	31 DEC 20 6 MONTHS UNAUDITED	31 DEC 19 6 MONTHS UNAUDITED	30 JUNE 2021 12 MONTHS SOI	30 JUNE 2020 12 MONTHS AUDITED
7. Equity				
Contributed Capital				
Balance at 1 July	5,149,150	5,149,150	5,149,150	5,149,150
Capital Contribution	-	-	-	-
Balance at end of period	5,149,150	5,149,150	5,149,150	5,149,150
Accumulated Surplus				
Balance at 1 July	(312,011)	49,534	(234,777)	49,534
Surplus/(deficit) for the year	763,131	(162,508)	(764,834)	(361,545)
Balance at end of period	451,120	(112,974)	(999,611)	(312,011)
Total Equity	5,600,270	5,036,176	4,149,539	4,837,139

8. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 December 2020 (Last year - nil).

9. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect RSHL would have adopted in dealing with the party at arm's length in the same circumstances.

Related Party Transactions Significant to RSHL Requiring Disclosure:

RSHL purchased management services from Waikato Regional Council (WRC) (32.75% shareholder) to the value of \$85,551 (including GST) (Dec 2019: \$37,950 (incl. GST)).

RSHL purchases administrative services from West Coast Regional Council (WCRC) (4.0% shareholder) to the value of \$7,101 (including GST) (Dec2019: \$5,866 (incl. GST)).



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