

**Regional Software Holdings Limited**  
**Annual Report Including Financial**  
**Statements**

**For the Year Ended 30 June 2015**

**Regional Software Holdings Limited**  
**For the Year Ended 30 June 2015**

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# **Regional Software Holdings Limited**

## **Entity Information for the Year Ended 30 June 2015**

### **Legal Name**

Regional Software Holdings Limited (RSHL)

### **Type of Entity 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 the Local Government Act 2002.

### **The Company's purpose or mission**

The primary objective is to provide a framework for collaboration between the shareholders. It supports the procurement or development of shared software resource products and services in a manner that provides a more cost effective alternative than individual councils can achieve on their own.

### **Structure of the Company**

The Company comprises of a Board of six 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 Shareholder is entitled to separately appoint one director each.

### **Main sources of RSHL's cash and resources**

Funds are received by way of levies from each Council. These levies are set annually in the Statement of Intent. These are the primary source of funding to RSHL.

### **Outputs**

Outputs are described in the statement of performance and reported upon as part of the Annual Report.

# Regional Software Holdings Limited

## Directors' Report

### For the Year Ended 30 June 2015

#### RSHL's Director's Report

On behalf of Regional Software Holdings Ltd (RSHL), and the six regional council shareholders, it is our pleasure to present RSHL's third Annual Report.

RSHL is a major shared services undertaking by the Northland, Waikato, Taranaki, Horizons, West Coast and Southland regional councils. It is responsible for the long-term maintenance and development of the Integrated Regional Information System (IRIS) product as developed for and by the shareholding councils. Over the last few years, the six regional councils have developed a leading edge software solution (IRIS) for the regional council specific functions undertaken by those councils. The development project has been a remarkable success with the project being delivered to specification and within budget.

The 2014/2015 year was a period of consolidation for RSHL and the six councils. IRIS was deployed, and was live in all six councils, by 30 June 2014. The year involved bedding down the implementations and driving the operational benefits and efficiencies. There was considerable focus on the completion of the final two modules of work from the initial development suite. The delivery of the mobile and self-service applications will provide considerable additional benefits, efficiencies and cost-savings to both external customers of the councils and internal users.

RSHL's Advisory Group spent considerable time and effort developing the work programme for 2014/2015 as well as the roadmap for the on-going development and enhancement of IRIS. RSHL is committed to keeping the IRIS offering up to date from a technical point of view and fit for purpose for all external and internal users.

With the closure of the Regional Council Collaborative Development Group's Project Management office, RSHL was fully operational and responsible for IRIS for the first time.

Financially, the company is in a sound position as planned. The IRIS assets have been recognized in the financial statements. RSHL's revenue comes from licence charges and fees from the shareholding councils. This funding is used for the maintenance and development of the IRIS product. Therefore, the company does not trade to make a profit. Rather, it charges to cover its planned level of expenditure. The continuing investment in the development and enhancement of IRIS ensures that the product maintains its value within the Company's balance sheet.

RSHL faces a number of challenges going forward. In particular RSHL will be looking to expand the number of IRIS users to other regional councils. Additionally, RSHL will also need to respond to any structural changes that may occur within the local government.

RSHL has worked with a number of other regional councils to attract them as either shareholders or customers. Last year, it was indicated that at least one new regional council was likely to join RSHL as a shareholder user of IRIS in 2014/2015. Unfortunately, this did not eventuate. RSHL continues to refine the IRIS product and proposition and is committed to working closely with the remaining regional councils. Opportunities to attract new regional councils as shareholders or users will continue to arise and RSHL will actively pursue these opportunities, noting that no process is ever guaranteed success.

The success of IRIS and RSHL is due to the collaborative approach of the six regional councils. The success and richness of the IRIS product is a reflection of the contribution, expertise, and commitment of a team of well over 100 people from all the shareholding councils, in a variety of roles. It is a pleasure to record our appreciation to all involved. During 2014/2015 Mr Derek Postlewaight retired as General Manager of RSHL. Derek had been with the IRIS project since its earliest days. He managed the Project Management Office for the Regional Council Collaborative Development Group and then became RSHL's first General Manager. The Board records its appreciation for Derek's contribution to the success of IRIS. Mr John Crane has been appointed as General Manager to lead RSHL going forward.

The outlook for RSHL and the IRIS product is bright and there are significant opportunities to support the activities and achievements of New Zealand regional councils.

## Financial Statements

The financial statements required by section 67 of the Local Government Act 2002 (LGA(2002)), together with the audit report required by section 69 of the LGA(2002), are attached.

## Directors

The following directors were in office at the end of the year:

	2014-15		2013-14	
	Remuneration	Benefits	Remuneration	Benefits
GA Alsweiler	-	-	-	-
MD Garrett	-	-	-	-
C Ingle	-	-	-	-
MJ McCartney	-	-	-	-
MC Nicolson	-	-	-	-
MJ Nield	-	-	-	-
<b>Total Remuneration</b>	-	-	-	-

There were no changes in Directors during the year.

## Registered Office

C/o Horizons Regional Council  
11-15 Victoria Avenue  
Palmerston North

## Auditors

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

### Interest Register

All Directors listed their interests in the register on being appointed to the company. The following interests were registered:

<b>Director</b>	<b>Organisation</b>	<b>Interest</b>
MD Garrett	G & G Properties (2008) Limited	Director & Shareholder
	Golden Cross Trust	Trustee
	Newmont Waihi Gold Water Rights Trust	Trustee
MJ McCartney	Dundas Farms Limited	Director
	Manawatu-Wanganui LASS Limited	Director
MC Nicolson	Hawk Hill Estates Limited	Director
	The Masters Group Holdings Limited	Director
MJ Nield	Taranaki Stadium Trust	Trustee

### Statement of Compliance

The Board of Directors hereby confirm that all statutory requirements in relation to the annual report, as outlines in the Local Government Act 2002, have been complied with.

### Statement of Responsibility

In terms of the Local Government Act 2002 and the Companies Act 1993, the Board of Directors is responsible for the preparation of Regional Software Holdings Limited's financial statements and to assist the company meet its objectives and any other requirements in its Statement of Intent (SOI).

The Board of Directors of Regional Software Holdings Limited 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 Regional Software Holdings Limited for the year ended 30 June 2015.

Signed on behalf of the Board of Directors:

**MJ Nield – Chairman**  
**27 August 2015**

**M McCartney**  
**27 August 2015**

**Regional Software Holdings Limited  
Statement of Financial Performance  
For the Year Ended 30 June 2015**

	Note	Actual 2014-15	Budget 2014-15	Actual 2013-14
<b>Income</b>				
Members Contributions		1,150,475	1,004,492	839,634
Interest Income		1,361	-	858
Other Income	1	54,313	-	44,000
<b>Total Income</b>		<b>1,206,149</b>	<b>1,004,492</b>	<b>884,492</b>
<b>Expenses</b>				
Administration Costs	2	26,344	84,280	52,836
Audit Fees		4,977	4,920	4,847
DATAKOM Support Services		149,973	189,552	167,593
Cyber Environmental Charges		10,440	-	-
Management Fees		154,596	89,200	120,576
Other Direct Software Expenses		54,313	-	44,000
Pre Sales		27,566	-	-
Depreciation	6	556,762	612,567	488,486
<b>Total Expenses</b>		<b>984,970</b>	<b>980,519</b>	<b>878,337</b>
<b>Surplus/(Deficit) Before Tax</b>		<b>221,179</b>	<b>23,973</b>	<b>6,155</b>
<b>Income Tax Expense</b>	3	<b>(1,723)</b>	-	<b>1,723</b>
<b>Surplus/(Deficit) After Tax</b>		<b>222,902</b>	<b>23,973</b>	<b>4,432</b>

Explanations of major variances against budget are provided in note14  
The accompanying notes form part of these financial statements

**Regional Software Holdings Limited**  
**Statement of Financial Position**  
**As at 30 June 2015**

	Note	Actual 2014-15	Budget 2014-15	Actual 2013-14
<b>Assets</b>				
<b>Current Assets</b>				
Bank Accounts and Cash	4	441,078	95,570	217,906
Debtors and Prepayments	5	86,861	-	289,736
Withholding tax Paid		620	-	239
<b>Total Current Assets</b>		<b>528,559</b>	<b>95,570</b>	<b>507,881</b>
<b>Non Current Assets</b>				
Property, Plant & Equipment	6	5,077,552	5,316,003	4,922,377
<b>Total Non Current Assets</b>		<b>5,077,552</b>	<b>5,316,003</b>	<b>4,922,377</b>
<b>Total Assets</b>		<b>5,606,111</b>	<b>5,411,573</b>	<b>5,430,258</b>
<b>Current Liabilities</b>				
Creditors and Accrued Expenses	7	229,627	-	130,694
Income Received in Advance		-	-	145,983
<b>Total Current Liabilities</b>		<b>229,627</b>	<b>-</b>	<b>276,676</b>
<b>Total Liabilities</b>		<b>229,627</b>	<b>-</b>	<b>276,677</b>
<b>Net Assets</b>	8	<b>5,376,484</b>	<b>5,411,573</b>	<b>5,153,582</b>
<b>Represented By:</b>				
<b>Equity</b>				
Equity	8	5,149,150	5,189,400	5,149,150
Retained Earnings	8	227,334	222,173	4,432
<b>Total Equity</b>		<b>5,376,484</b>	<b>5,411,573</b>	<b>5,153,582</b>

Explanations of major variances against budget are provided in note 14  
The accompanying notes form part of these financial statements



**Regional Software Holdings Limited**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2015**

	Note	Actual 2014-15	Budget 2014-15	Actual 2013-14
<b>Cashflows from Operating Activities</b>				
<b>Cash was provided from:</b>				
Receipts from Customers		1,045,603	1,004,492	913,837
Interest		1,361	-	858
Other Income		54,313	-	44,000
Tax Refunds Received		-	-	-
<b>Total Operating Receipts</b>		<b>1,101,277</b>	<b>1,004,492</b>	<b>958,695</b>
<b>Cash was applied to:</b>				
Payments to Suppliers		443,347	367,952	398,212
Net GST Movement		(16,562)	-	(34,854)
Income Tax		-	-	-
<b>Total Operating Payments</b>		<b>426,785</b>	<b>367,952</b>	<b>363,358</b>
<b>Net cash from operating</b>		<b>674,492</b>	<b>636,540</b>	<b>595,337</b>
<b>Cashflow from Investing Activities</b>				
<b>Cash was applied to:</b>				
Purchase of Fixed/Intangible Assets		606,536	636,540	377,431
Term deposits		-	-	-
<b>Total Investment Payments</b>		<b>606,536</b>	<b>636,540</b>	<b>377,431</b>
<b>Net cash from investing</b>		<b>(606,536)</b>	<b>(636,540)</b>	<b>(377,431)</b>
<b>Cashflow from Financing Activities</b>				
<b>Cash was provided from:</b>				
Capital raised		155,216	-	-
<b>Total Financing Receipts</b>		<b>155,216</b>	<b>-</b>	<b>-</b>
<b>Net cash from financing</b>		<b>155,216</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cashflow for the year</b>		<b>223,172</b>	<b>-</b>	<b>217,906</b>
Opening Cash Balance		217,906	95,570	-
<b>Closing Cash Balance</b>		<b>441,078</b>	<b>95,570</b>	<b>217,906</b>
<b>Made up of:</b>				
Westpac Current Account		426,619	95,570	203,771
Westpac Online Saver Account		14,459	-	14,135
		<b>441,078</b>	<b>95,570</b>	<b>217,906</b>

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Departments. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent.

Explanations of major variances against budget are provided in note 14  
*The accompanying notes form part of these financial statements*

# **Regional Software Holdings Limited**

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2015**

## **STATEMENT OF ACCOUNTING POLICIES**

### **Reporting Entity**

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO), owned by 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%) and West Coast Regional Council (4.00%). RSHL was incorporated on 17 October 2012. RSHL was primarily incorporated for the purposes of managing the investment and development of IRIS Software, and has designated itself a Public Benefit Entity (PBE), in keeping with the designation of the shareholders.

The financial statements are those of RSHL, for the 12 months ended 30 June 2015, and were authorised for issue by the Board of Directors on 27 August 2015.

### **Public Benefit Entity Simple Format Reporting**

RSHL qualifies for Public Benefit Simple Format Reporting – Accrual (PBE-SFR-A) on the basis that the Company does not have publically accountable (as defined) and has total annual expenses of less than \$2 million.

### **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 cost basis.

### **Statement of Compliance**

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared in accordance with Tier 3 Public Benefit Entity (PBE) Standards. RSHL is adopting the PBE standards for the first time.

These financial statements comply with PBE Standards.

### **Presentation Currency and Rounding**

The financial statements have been prepared in New Zealand dollars and there will be rounding in the numbers in the financial statements, as the financial model used calculates to the cent but the annual report is rounded to the nearest dollar.

The functional currency of RSHL is New Zealand dollars.

## **Changes in Accounting Policies**

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

## **Changes in Accounting Policies and transition to the New PBE SFR-A (PS) Standard**

This is the first set of financial statements prepared under the new PBE-SFR-A (PS) standards, and comparative information for the year ended 30 June 2014 has been restated to comply with the new standard. The significant adjustments arising on transition are provided in note 14.

## **Summary of Significant Accounting Policies**

### **Revenue**

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

Members Contributions and Other forms of Revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis.

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 include 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.

### **Debtors**

Debtors are initially 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 recorded 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)**

RSHL is registered for GST; these financial statements are presented net of GST, except for receivables and payables which are inclusive of GST. Where GST paid is not recoverable, due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or recovered from, the Inland Revenue Department is recognised as an item in 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 taxes 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.

### **Creditors and Accrued Expenses**

Creditors and accrued expenses are measured 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, RSHL has made estimates and assumptions 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 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, no staff were employed by RSHL. The audit fee for the period is expected to be \$4,977 (GST exclusive) paid to Audit New Zealand.

## Notes to the Financial Statements for the Year Ended 30 June 2015

### 1. Other Income

	2014-15	2013-14
Recovery of other direct software expenses	54,313	44,000
<b>Total Other Income</b>	<b>54,313</b>	<b>44,000</b>

### 2. Administration Costs

	2014-15	2013-14
Administration Support	27,782	31,499
Insurance	1,775	1,750
Consultants and Technical Support	8,909	19,560
Bank Fees	75	27
<b>Total Administration Support</b>	<b>38,541</b>	<b>52,836</b>

### 3. Income Tax

	2014-15	2013-14
Current Tax	-	1,723
Adjustments to current tax in prior years	(1,723)	-
<b>Income Tax Expense</b>	<b>(1,723)</b>	<b>1,723</b>

#### Relationship between income tax expense and accounting surplus

Net surplus/(deficit) before tax	221,179	6,155
Tax at 28%	61,930	1,723
Plus/(Less) tax effects of:		
Temporary differences	(529,280)	
Non-deductible expenses	7,718	
Tax losses utilise	459,632	-
<b>Income Tax Expense</b>	<b>-</b>	<b>1,723</b>

Unused tax losses of \$3,072,879 are available to carry forward and offset against future taxable income.

### 4. Bank Accounts and Cash

	2014-15	2013-14
Current Account	426,619	203,771
Savings Account	14,459	14,135
<b>Total Bank Accounts and Cash</b>	<b>441,078</b>	<b>217,906</b>

## 5. Debtors and Prepayments

	2014-15	2013-14
Debtors	86,861	289,736
Prepayments	-	-
<b>Total Bank Accounts and Cash</b>	<b>86,861</b>	<b>289,736</b>

## 6. Property, Plant and Equipment

### IRIS Software Intellectual Property

Carrying amount as of 01 July 2013		4,500,000
Additions		866,079
Work in Progress		44,784
Depreciation Expense		(488,486)
<b>Carrying Amount as of 30 June 2014</b>		<b>4,922,377</b>
Carrying amount as of 01 July 2014		4,922,377
Additions		457,941
Work in Progress		253,996
Depreciation Expense		(556,762)
<b>Carrying Amount as of 30 June 2015</b>		<b>5,077,552</b>

## 7. Creditors and Accrued Expenses

	2014-15	2013-14
Creditors and Accrued Expenses	200,599	103,500
Audit New Zealand	4,977	-
GST	24,051	27,193
<b>Total Creditors and Accrued Expenses</b>	<b>229,627</b>	<b>130,693</b>

## 8. Equity

<b>Contributed Capital</b>	<b>2014-15</b>	<b>2013-14</b>
Balance at 01 July	5,149,150	4,500,000
Capital Contribution	-	649,150
Balance at 30 June	<b>5,149,150</b>	<b>5,149,150</b>
<b>Accumulated Surpluses</b>	<b>2014-15</b>	<b>2013-14</b>
Balance at 01 July	4,432	-
Surplus/(Deficit) for the year	222,902	4,432
Balance at 30 June	227,334	4,432
<b>Total Equity</b>	<b>5,376,484</b>	<b>5,153,582</b>

There are 10,000 shares which have been fully called to the value of \$515.00. Share capital currently \$5,149,150

## 9. Commitments

RSHL has commitments to DATACOM for work committed to in 2014-15 but not completed in 2014-15 (previous year: Nil).

Schedules of work committed with DATACOM	Funds (\$,000)	Explanation
MAJ007 Part C Monitoring	17.5	Part C Dev - Phase 1 - Batch Process
	22.5	Part C Dev - Phase 2
MAJ008 – Templates	57	Based on the allocation from 2014/15 - less funds invoiced
MAJ009 - Workflow – task Business Data disconnect	56.8	Based on the allocation from 2014/15 - less funds invoiced
MAJ 010 Preserve Advance Search Criteria	15	Prototyping / Technical Design Only - \$15K
MAJ 011 Bulk & Individual Workflow Task Reassignment	25.6	Prototyping / Technical Design Only
MAJ 012 Filtering in Grids	25.6	Prototyping / Technical Design Only
<b>Total Committed Funds:</b>	<b>220</b>	

## 10. Contingencies

There are no contingent liabilities at balance date and no contingent assets at balance date, (previous year: Nil).

## 11. Related Party Transactions

Related party transaction disclosures have not been made for transactions with related parties that are within a normal supplier/client 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 arms 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 \$253,876.48 (including GST) (2014: \$127,875.42 (incl. GST)). At 30 June 2015 \$10,485.13 (including GST) (2014: 36,729.61 (incl. GST)) was outstanding to WRC.

RSHL purchased administrative services and reimbursed for ESP Support from Horizons Regional Council (HRC) (15.50% shareholder) to the value of \$38,339.85 (including GST) (2014: 28,862.17 (incl. GST)). At 30 June 2015 there was \$5,462.72 outstanding (2014: nil (incl. GST)) to HRC.

## 12. Events After Balance Date

There are no significant events after balance date.

### 13. Explanations on Major Variances

Explanations for major variances from RSHL's budgeted figures in the 30 June 2015 Statement of Intent are as follows:

	Actual	Budget	Variance	Notes
<b>Statement of Financial Performance</b>				
Total Income	1,206,148	1,004,492	201,656	Income in Advance of \$145,000 ex 2013-14 was not included in the budget. Also not included is Other Income from members purchasing software expenses from an external Company at a group rate (increased revenue vs. increased costs of \$54,313).
Administration Costs	26,344	84,280	57,936	Reduced cost for administration support from Horizons Regional Council; offset by increased management fees.
DATAKOM Support Services	149,973	189,552	39,579	Fewer services used in 2014-15 along with separating out the environmental charges.
Cyber Environmental Charges	10,440	-	(10,440)	This is a new category of charge from DATAKOM that RSHL wished to remain separate from support services.
Management Fees	154,596	89,200	(65,396)	Increased costs as a result of exploring additional business in 2014-15
Other Direct Software Expenses	54,313	-	(54,313)	As with Other Income; members purchase this as an agreed arrangement and is offset by Other Income.
Pre Sales	27,566	-	(27,566)	Additional costs incurred as a result of investigating a new member joining RSHL
Depreciation	556,762	612,567	55,805	Less assets capitalised in 2013-14 created this on-going variance.
<b>Statement of Financial Position</b>				
Cash and Cash Equivalents	441,078	95,570	345,508	Opening cash balance commenced higher than budget along with reduced capital spend
Accounts Receivable	86,861	-	86,861	All current and have since been settled.
Property, Plant & Equipment	5,077,552	5,316,003	(238,451)	Accumulating affect from previous year under-spend combined with this years under-spend.
Accounts Payable & Accrued Expenses	229,627	-	229,627	Accounts payable are all current and have since been settled. Accrued expenses relates to GST and Audit New Zealand.
<b>Statement of Cash Flow</b>				
Total Operating Receipts	1,101,277	1,004,492	96,785	Arisen form unbudgeted members repayments as noted in Other Income along with minor increase.
Total Operating Payments	426,785	367,952	58,833	Member's purchase of additional software as noted above.
Total Investment Payments	606,536	636,540	(30,004)	Decrease in expenditure due to timing of completion of the programme of works for 2014-15.
Total Financing Receipts	155,216	-	155,216	2013-2014 share call up



**14. Significant adjustments arising on transition to the new PBE SFR-A standard**

There have been no material adjustments to the statement of Financial Position or Statement of Financial Performance as a result of the transition to the new PBE-SFR-A standards.

## 15. Statement of Performance Targets for 2014-15

Performance target	Level of Achievement		Comment
	2014-15	2013-14	
<b>Non-Financial</b>			
IRIS Advisory Groups meets regularly & is effective (Self-assessed by the Advisory Group, compared to expectations in the Terms of Reference for the Advisory Group)	Achieved	New measure for 2014-15	The Advisory Group (AG) met every month (except for a single combined meeting for December and January). The AG developed and prioritised the IRIS roadmap for 2014/15 and has drafted the 2015/16 roadmap. Significant reviews of IRIS functionality have been undertaken during the year by the AG, including an overall fit for purpose review, a review of the monitoring functionality and of the map component.
95% of Support requests are resolved within agreed timeframes (as per section 13 of Support Contract)	Achieved	Achieved	Section 13 of the Support Agreement sets target response and resolution times for Priority One issues (Critical/Showstopper) only. There were just 2 issues logged at this status during the year (JIRA numbers IRIS-4114 and IRIS-4186) out of a total of 138 raised during the financial year. Both were responded to and resolved within the timeframe. Overall figures for support issues across the 2014/15 year: <ul style="list-style-type: none"> <li>• Open issues as at 30 Jun 2014 = <b>80</b></li> <li>• Raised between 1 Jul 14 and 30 Jun 15 = <b>138</b></li> <li>• Resolved (to be released) = <b>17</b></li> <li>• Closed between 1 Jul 14 and 30 Jun 15 = <b>173</b></li> <li>• Open as at 30 Jun 2015 = <b>28</b></li> </ul>
IRIS user groups meet and effectively control their support and minor development budgets.	Achieved	Achieved	User group meetings have been held fortnightly and have been very effective. The support and minor development budgets have been effectively managed and controlled.
IRIS annual development projects have approved business cases, and are completed on time and within budget.	Partially achieved	Substantially Achieved	Development projects have progressed based on approved business cases. Development projects were within the overall budget. The timeframes for the delivery of the overall programme of work were behind the 2014/15 schedule. Budget has been committed to development projects that are continuing in to the next year.

<b>Performance target</b>	<b>Level of Achievement</b>		<b>Comment</b>
Reporting and Payments (Section 9.3 of Business Plan) are completed on time.	Achieved	Achieved	This includes completed Statement of Intent by 30 June. Business Plan draft developed in conjunction with Advisory Group and subsequently approved by the Board by 31 March. Completed mid-year Financial Report (un-audited) by 28 February and Audited end-of-year Financial Statements by 30 September. Financial Reports to the Board one week prior to the meeting and invoicing quarterly in advance.
Consider a new service area or areas outside of the current scope of IRIS.	Achieved	New measure for 2014-15	The concept of a Customer Portal is currently being considered to compliment the Online Services functionality of IRIS.
<b>Financial</b>	<b>2014-15</b>	<b>2013-14</b>	
RSHL will operate within its budget.	Achieved	Achieved	Overall RSHL operated within in its OPEX and CAPEX budget; it needs to be noted that the Budget does not factor members purchasing software expenses from an external Company at a group rate, therefore OPEX costs exceeded budget, however these costs were funded from revenue over and above the budget.
Annual charges: increase in cost to councils not to exceed the CPI.	Achieved	Achieved	Increases were at CPI
<b>Growth</b>	<b>2014-15</b>	<b>2013-14</b>	
One new Council added to IRIS as shareholder or customer by end of 2017.	In progress	Not achieved	RSHL continued to work with the non-IRIS regional councils and responded to RFP request earlier in the year from HBRC and BoPRC. BoPRC decided not to use IRIS and HBRC have put their decision on hold for the foreseeable future. RSHL will continue work to develop IRIS as a compelling product and competitive option for non-IRIS Regional Councils.

## Independent Auditor's Report

### To the readers of Regional Software Holdings Limited's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of Regional Software Holdings Limited (the company). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on her behalf.

#### Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 5 to 15, that comprise the statement of financial position as at 30 June 2015, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 16 to 17.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2015; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector).
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 30 June 2015.

Our audit was completed on 27 August 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Board of Directors**

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand and Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector). The Board of Directors is also responsible for preparation of the performance information for the company.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.

A handwritten signature in black ink, appearing to read 'Clint Ramoo', with a horizontal line underneath it.

Clint Ramoo  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand