

# Annual Report



## Statement of Service Performance and Financial Statements

For the Year Ended 30 June 2021







## CONTENTS

Entity Information .....	2
Statement of service performance KPI Results.....	3
Independent Auditor's Report .....	5
Statement of Comprehensive Revenue and Expense .....	8
Statement of Financial Position .....	9
Statement of Changes in Net Assets .....	10
Statement of Cash Flows .....	11
Notes to the Financial Statements .....	12

## Entity Information

As at 30 June 2021

### LEGAL NAME OF ENTITY

Northland Inc Limited

### TYPE OF ENTITY AND LEGAL BASIS

Northland Inc Limited is a company registered under the Companies Act 1993. The company is controlled by Northland Regional Council and is a council-controlled organisation as defined by Section 6 of the Local Government Act 2002.

### REGISTRATION NUMBER

857377

### COMPANY'S PURPOSE

The Company's principal activity during the year was the development of the economy in Northland and review of funding opportunities for the Investment and Growth Reserve.

### STRUCTURE OF COMPANY'S OPERATIONS

The Company comprises a Board of seven Directors who oversee the governance of the Company, a Chief Executive Officer who is responsible for the day to day operations of the Company and reporting to the Directors. The Directors are appointed by the Northland Regional Council.

### MAIN SOURCES OF THE COMPANY'S CASH AND RESOURCES

Operating grants are received from the Northland Regional Council and this is the primary source of funding to the Company.

### DIRECTORS

Sarah Petersen  
James Makeweo  
Geoff Copstick  
Nicole Anderson  
Denis Callesen  
Kristan MacDonald

### ACCOUNTANTS

Findex Limited  
Level 1, Findex House,  
57 Willis Street  
Wellington 6011

### SHAREHOLDER

Northland Regional Council - 100  
Total Ordinary Shares - 100

# Statement of Service Performance

## 2020/2021 KPI Results as at 30 June 2021:

### Economic Development Recovery

Measured by:	2019/20 Result	2020/21 Target	2020/21 Actual 30 June	% of target
Development of a long-term economic development strategy for the region – Not Achieved	N/A	Develop Strategy	See note below-	-

Note to 2020/21 target funding was not secured in the year. Development of a long-term strategy is a priority for the new Joint CCO post June 2021.

### Investment and PGF

Measured by:	2019/20 Result	2020/21 Target	2020/21 Actual 30 June	% of target
Percentage of IGR business case decisions (by the Board) made within 90 days of receiving application - Achieved	100%	See note below	100%	N/A
Number of inward delegations hosted - Not Achieved	0	3	2	67%
Investment recommendations are accompanied by a robust business case – Achieved	100%	100%	100%	100%
Number and value of high impact projects that are implemented - Not Achieved	3	3	2	67%

Note to 2020/21 target - Original budget did not allow for IGR funding due to COVID-19 and no target was set in the Statement of Intent. Subsequently funds (\$130K) have been released and all (3) decisions have been completed in a timely manner.

### Engagement Collaboration and Visibility

Measured by:	2019/20 Result	2020/21 Target	2020/21 Actual 30 June	% of target
Number of unique businesses assisted (by TA and industry) - Achieved	624	230	1152	500%
<sup>1</sup> Value of NZTE and Callaghan Innovation grant funding facilitated – Achieved	\$2.3M	\$1M	\$2.9M	290%
Client satisfaction (as measured by Net Promoter Score) - Achieved	97% (NPS 72)	90% (NPS 50)	98% (NPS 75)	
Number of unique businesses Māori assisted - Achieved	118	50	95	190%
<sup>1</sup> Value of NZTE and Callaghan Innovation grant funding facilitated for Māori businesses – Achieved	\$426,157	\$100,000	\$265,460	265%
Orchard occupancy rate - Achieved	120%	85%	86.5%	

Note to 2020/21 target - The Orchard occupancy prior year comparative was normalized to 29 desks as extra capacity was added during the 2019-2020 FY.

## Destination Marketing Management

Measured by:	2019/20 Result	2020/21 Target	2020/21 Actual 30 June	% of target
Visitor spend from target markets - Achieved	\$1,014M	\$857M	\$1,066M	124%
Value of industry investment in regional promotion activity – Achieved	\$175,808	\$250,000	\$328,759	132%
Equivalent Advertising Value achieved from destination marketing - Achieved	\$19.2M	\$10M	\$10.9M	109%





## Independent auditor's report

### To the readers of Northland Inc Limited's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Northland Inc Limited (the Company). The Auditor-General has appointed me, Peter Gulliver, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and performance information of the Company on his behalf.

## Opinion

We have audited:

- the financial statements of the Company on pages 8 to 19, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expense, statement of changes in net assets 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 3 and 4.

In our opinion:

- the financial statements of the Company on pages 8 to 19:
- present fairly, in all material respects:
- its financial position as at 30 June 2021; and
- its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR).

- the performance information of the Company on pages 3 and 4 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2021.

Our audit was completed on 21 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

## Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

## Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company.



The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Independence**

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Peter Gulliver  
**for Deloitte Limited**  
**On behalf of the Auditor-General**  
**Auckland, New Zealand**  
**21 September 2021**



# Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2021

	Notes	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>				
Grants revenue		1,470,266	1,470,266	1,440,876
Grant funded project revenue		3,272,103	1,328,131	2,199,681
<b>Total revenue from non-exchange transactions</b>	<b>6</b>	<b>4,742,369</b>	<b>2,798,397</b>	<b>3,640,557</b>
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>				
Tenant income		225,942	144,420	168,413
<b>Total revenue from exchange transactions</b>		<b>225,942</b>	<b>144,420</b>	<b>168,413</b>
<b>TOTAL REVENUE</b>		<b>4,968,311</b>	<b>2,942,817</b>	<b>3,808,970</b>
<b>EXPENSES</b>				
Wages, salaries and other employee costs		2,203,363	1,581,746	1,835,526
Depreciation		56,195	52,000	43,095
Other overhead and administrative expenses	7	2,697,778	1,308,110	1,915,986
<b>TOTAL EXPENSES</b>		<b>4,957,336</b>	<b>2,941,856</b>	<b>3,794,607</b>
Interest income		355	-	3,738
Finance costs		-	-	(150)
<b>NET SURPLUS/(DEFICIT) FROM FINANCE ACTIVITIES</b>		<b>355</b>	<b>-</b>	<b>3,588</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>11,330</b>	<b>961</b>	<b>17,951</b>
<b>OTHER GAINS/(LOSSES)</b>				
Gain/(loss) on disposal of assets		(742)	-	(704)
<b>TOTAL OTHER GAINS/(LOSSES)</b>		<b>(742)</b>	<b>-</b>	<b>(704)</b>
<b>SURPLUS/ (DEFICIT) BEFORE TAX</b>		<b>10,588</b>	<b>961</b>	<b>17,247</b>
Income tax expense	8	-	-	-
<b>SURPLUS/ (DEFICIT) AFTER TAX</b>		<b>10,588</b>	<b>961</b>	<b>17,247</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR</b>		<b>10,588</b>	<b>961</b>	<b>17,247</b>

These financial statements have been authorised for issue by the Board of Directors on 21<sup>st</sup> September 2021



Geoff Copstick  
Chair Audit and Risk Committee

21<sup>st</sup> September 2020



Nicole Anderson  
Chair

21<sup>st</sup> September 2020

# Statement of Financial Position

As at 30 June 2021

		2021	2020
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		2,714,583	776,724
Receivables	9	750,784	414,384
<b>Total current assets</b>		<b>3,465,367</b>	<b>1,191,108</b>
<b>Non-current</b>			
Property, plant and equipment	10	237,864	179,852
<b>Total non-current assets</b>		<b>237,864</b>	<b>179,852</b>
<b>TOTAL ASSETS</b>		<b>3,703,231</b>	<b>1,370,960</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Payables	11	559,218	251,723
Employee entitlements	12	72,387	101,123
Deferred revenue		2,910,135	867,210
<b>Total current liabilities</b>		<b>3,541,740</b>	<b>1,220,056</b>
<b>TOTAL LIABILITIES</b>		<b>3,541,740</b>	<b>1,220,056</b>
<b>NET ASSETS</b>		<b>161,491</b>	<b>150,903</b>
<b>EQUITY</b>			
Start-up contributions		100	100
Accumulated funds		161,391	150,803
<b>TOTAL EQUITY</b>		<b>161,491</b>	<b>150,903</b>

These financial statements should be read in conjunction with the notes to the financial statements.

## Statement of Changes in Net Assets

For the year ended 30 June 2021

	Start-up contribution reserve	Accumulated Funds	Total equity
Balance 1 July 2020	100	150,803	150,903
Surplus/ (deficit) for the year	-	10,588	10,588
<b>Total comprehensive revenue and expense</b>	<b>-</b>	<b>10,588</b>	<b>10,588</b>
<b>Balance 30 June 2021</b>	<b>100</b>	<b>161,391</b>	<b>161,491</b>
Balance 1 July 2019	100	133,556	133,656
Surplus/ (deficit) for the year	-	17,247	17,247
<b>Total comprehensive revenue and expense</b>	<b>-</b>	<b>17,247</b>	<b>17,247</b>
<b>Balance 30 June 2020</b>	<b>100</b>	<b>150,803</b>	<b>150,903</b>



These financial statements should be read in conjunction with the notes to the financial statements.



# Statement of Cash Flows

For the year ended 30 June 2021

	2021	2020
	\$	\$
Cash flow from operating activities		
Cash was provided from/(applied to):		
Northland Regional Council Funding	1,820,043	1,803,519
Whangarei District Council Operating Grants	105,000	105,000
Receipts from services provided	4,618,602	1,619,727
Receipts from exchange transactions	225,942	157,472
Net movement in GST	139,276	(7,955)
Payments to suppliers	(2,576,316)	(1,869,548)
Payments to employees	(2,280,087)	(1,835,526)
<b>Net cash from/(used in) operating activities</b>	<b>2,052,460</b>	<b>(27,311)</b>
Cash flow from investing activities		
Cash was provided from/(applied to):		
Proceeds from sale of plant and equipment	4,783	
Purchase of plant and equipment	(119,737)	(40,542)
<b>Net cash from/(used in) investing activities</b>	<b>(114,954)</b>	<b>(40,542)</b>
Cash flow from financing activities		
Cash was provided from/(applied to):		
Net Proceed/(Repayment) of borrowings		(4,754)
Interest received	355	3,738
Interest paid on borrowings	(2)	(150)
<b>Net cash from/(used in) financing activities</b>	<b>353</b>	<b>(1,166)</b>
Net (decrease)/increase in cash and cash equivalents	1,937,859	(69,019)
Cash and cash equivalents, beginning of the year	776,724	845,742
<b>Cash and cash equivalents at end of the year</b>	<b>2,714,583</b>	<b>776,724</b>

These financial statements should be read in conjunction with the notes to the financial statements.

# Notes to the Financial Statements

For the year ended 30 June 2021

## 1. Reporting entity

These financial statements comprise the financial statements of Northland Inc Limited (the "Company" or "Entity") for the year ended 30 June 2021.

The financial statements were authorised for issue by the Board of Directors on 21 September 2021.

## 2. Basis of preparation

### (a) Statement of compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The entity is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and is not large.

The financial statements have been prepared in accordance with the Local Government Act 2002, which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP"). [LGA. 111].

The entity is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

### (b) Basis of measurement

The financial statements have been prepared on a historical costs basis.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

### (c) Presentation currency

The financial statements are presented in New Zealand dollars which is the functional currency of Northland Inc Limited.

All numbers are rounded to the nearest dollar (\$), except when otherwise stated.

### (d) Changes in accounting policies

There have been no changes to the accounting policy during the year. Certain comparatives have been reclassified to align with current year presentation.

### (e) Explanations for major variances from budget

Actual revenues were higher than budgeted due to an increase in grant funded project revenue such as the Provincial Growth Fund and MBIE.

Actual expenses were higher than budgeted expenses due to greater spending for specific projects such as Provincial Growth Fund, Kaipara Kai and STAPP. This is in line with the increase in revenue.

## 3. Summary of significant accounting policies

The accounting policies of the entity have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

### (a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less.

### (b) Debtors and other receivables

Trade debtors and other receivables are measured at their cost less any impairment losses.

### (c) Creditors and other payables

Trade creditors and other payables are stated at cost.

### (d) Property, plant and equipment

Items of plant and equipment are initially measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

### Additions and subsequent costs

Subsequent costs and the cost of replacing part of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of 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 at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

### Disposals

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

When an item of plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

### Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on diminishing value (DV) basis on all plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied for each class of plant and equipment:

#### Vehicles

26 - 30% DV

#### Office Furniture & Equipment

5 - 67% DV

The residual value, useful life, and depreciation methods of property, plant and equipment is reassessed annually.

**(e) Leased assets**

Leases where the Entity assumes substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

**(f) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments comprise of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, and other financial liabilities.

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition.

**Derecognition of financial instruments**

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the entity transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Subsequent measurement of financial assets**

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by the entity in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

**Subsequent measurement of financial liabilities**

Trade payables and other borrowings are subsequently measured at amortised cost.

**(g) Employee entitlements****Short-term employee benefits**

Employee benefits, previously earned from past services, that the entity expects to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

**(h) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The entity assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the entity's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expense.

The following specific recognition criteria must be met before revenue is recognised:

**Revenue from non-exchange transactions**

A non-exchange transaction is where the entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

When non-exchange revenue is received with restrictions attached, but no requirement to return the asset if not deployed as specified, then revenue is recognised on receipt.

Condition stipulation – funds received are required to be used for a specific purpose, with a requirement to return unused funds.

Restriction stipulation – funds received are required to be used for a specific purpose, with no requirement to return unused funds.

**Revenue from exchange transactions**

An exchange transaction is where the entity either receives value from another entity and directly gives approximately equal value in exchange, or gives value to another entity and directly receives approximately equal value in exchange.

**Interest income**

Interest income is recognised as it accrues, using the effective interest method.

**(i) Borrowing costs**

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



### (j) Income tax

As agreed with Inland Revenue from 2014 financial year, operational grants received address only the operating deficit such that deductible expenses equate to taxable income. The result being that taxable income is nil.

### (k) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

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.

## 4. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities,

income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the entity that have a significant effect on the financial statements:

### Deferred Revenue

One area of estimation is the calculation of deferred revenue at each balance date as this involves an assessment of the amount of work completed for each project in relation to the milestones to be achieved to determine the amount of revenue and associated deferred revenue to record.

## 5. Capital Management Policy

The entity's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the entity's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The entity manages its capital structure and makes adjustment to it, in light of changes to funding requirements.



## 6. Revenue from non-exchange transactions

	2021	2020
	\$	\$
Northland Regional Council Operational Grant Funding	1,365,266	1,335,876
Whangarei District Council Operating Grant Funding	105,000	105,000
Grant Funded Project Income	3,272,103	2,199,681
<b>Total non-exchange revenue</b>	<b>4,742,369</b>	<b>3,640,557</b>

## 7. Expenses

The following amounts were expensed in the surplus/(deficit) for the year:

	2021	2020
	\$	\$
Audit fees	42,073	31,270
Directors' Fees	117,000	133,500
Motor vehicle expenses	47,965	42,096
Operating lease payments	114,982	107,476
Other direct project expenses	1,691,471	1,055,543
Other indirect expenses	378,322	237,263
Project activity costs	145,335	55,995
Project consultants	67,000	51,729
Regional promotions	93,630	201,115
<b>Total</b>	<b>2,697,778</b>	<b>1,915,986</b>

## 8. Income Tax

	2021	2020
	\$	\$
Revenue as per financial statements	4,968,311	3,808,970
Loss on sale of assets	(742)	(704)
<b>Total Revenue</b>	<b>4,967,569</b>	<b>3,808,266</b>
Permanent Differences:		
Less:		
Grants from Local authorities exempt income (sec CX47 of the Income Tax Act)	(1,470,266)	(1,440,876)
Other revenue from grant funded operations	(3,272,103)	(2,199,681)
<b>Total Permanent Differences</b>	<b>(4,742,369)</b>	<b>(3,640,557)</b>
Less:		
Deductible expenses	(225,942)	(168,413)
<b>Total Taxable Profit</b>	<b>-</b>	<b>-</b>

## 9. Receivables

	2021	2020
	\$	\$
Trade debtors (non-exchange)	633,911	125,989
Trade debtors (exchange)	13,470	-
Related party receivables		280,057
Prepayments	86,006	8,338
Prepayments employee entitlements	17,397	-
<b>Total</b>	<b>750,784</b>	<b>414,384</b>

Receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value. As at 30 June 2020 and 2021, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

## 10. Property, plant and equipment

Movements for each class of plant and equipment are as follows:

2021	Vehicles	Office Furniture and Equipment	Total
<b>Gross carrying amount</b>			
Cost	187,965	235,976	423,941
Additions	111,656	8,080	119,736
Disposals	(25,000)	(1,881)	(26,881)
Closing balance	274,621	242,175	516,796
<b>Accumulated depreciation and impairment</b>			
Opening balance	147,866	96,223	244,089
Depreciation for the year	28,968	27,227	56,195
Depreciation written back on disposal	(21,295)	(57)	(21,352)
Closing balance	155,539	123,393	278,932
<b>Carrying amount 30 June 2021</b>	<b>119,082</b>	<b>118,782</b>	<b>237,864</b>

Movements for each class of plant and equipment are as follows:

2020	Vehicles	Office Furniture and Equipment	Total
<b>Gross carrying amount</b>			
Cost	187,967	202,160	390,127
Additions		42,293	42,293
Disposals		(8,479)	(8,479)
Closing balance	187,967	235,974	423,941
<b>Accumulated depreciation and impairment</b>			
Opening balance	130,968	77,803	208,771
Depreciation for the year	16,898	26,197	43,095
Depreciation written back on disposal		(7,777)	(7,777)
Closing balance	147,866	96,223	244,089
<b>Carrying amount 30 June 2020</b>	<b>40,101</b>	<b>139,751</b>	<b>179,852</b>



## 11. Payables

	2021	2020
	\$	\$
Current		
Trade creditors	378,044	219,920
Non trade payables and accrued expenses	57,857	47,763
GST payable/receivable	123,317	(15,960)
<b>Total payables</b>	<b>559,218</b>	<b>251,723</b>

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fairvalue.

## 12. Employee entitlements

	2021	2020
	\$	\$
<b>Current</b>		
Accrued salary and wages	-	47,098
Provision for Holiday Pay	72,387	54,025
<b>Total</b>	<b>72,387</b>	<b>101,123</b>

Short-term employee entitlements represent the entity's obligation to its current and former employees that are expected to be settled within 12 months of balance date. These mainly consist of accrued holiday entitlements at the reporting date.

## 13. Operating leases

Operating leases are held for premises used for office space and office equipment.

	2021	2020
	\$	\$
<i>Non-cancellable operating leases are payable as follows:</i>		
Less than one year	150,359	57,645
Between one and five years	313,462	28,368
<b>Total</b>	<b>463,821</b>	<b>86,013</b>

## 14. Financial instruments

### (a) Carrying value of financial instruments

The carrying amount of all material financial assets and liabilities are considered to be equivalent to fair value. Fair value is the amount for which an item could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction.

### (b) Classification of financial instruments

All financial assets held by the entity that are classified as "loans and receivables" are carried at cost less accumulated impairment losses.

All financial liabilities held by the Company are carried at amortised cost.

2021	Loans and receivables	Financial liabilities at amortised cost	Total
Financial assets			
Cash and cash equivalents	2,714,583	-	2,714,583
Trade debtors and other receivables	647,380	-	647,380
Other financial assets		-	
<b>Total</b>	<b>3,361,963</b>	<b>-</b>	<b>3,361,963</b>

#### Financial liabilities

Trade creditors and other payables		559,218	559,218
Loans and borrowings	-	-	-
Other financial liabilities	-	-	-
<b>Total</b>	<b>-</b>	<b>559,218</b>	<b>559,218</b>

2020	Loans and receivables	Financial liabilities at amortised cost	Total
Financial assets			
Cash and cash equivalents	776,724		776,724
Trade debtors and other receivables	406,046	-	406,046
Other financial assets	-	-	-
<b>Total</b>	<b>1,182,770</b>	<b>-</b>	<b>1,182,770</b>

#### Financial liabilities

Trade creditors and other payables	-	251,723	251,723
Loans and borrowings	-	-	-
Other financial liabilities	-	-	-
<b>Total</b>	<b>-</b>	<b>251,723</b>	<b>251,723</b>

These financial statements should be read in conjunction with the notes to the financial statements.

## 15. Commitments

The entity has no capital commitments at the end of the reporting period.

## 16. Events after the reporting period

### Ngawha Innovation and Enterprise Park

In the 2022 financial year, Northland Inc entered into a 5 year lease with the owner Far North Holdings Ltd, a commercial trading and asset management entity operated as a Council Controlled Organisation of Far North District Council at Ngāwhā Innovation and Enterprise Park. The lease will commence once the building is constructed and open which is anticipated to be later in the financial year. Northland Regional Council has underwritten this lease agreement. The annual rent amount of this lease is \$216,000.

### Shareholding Change

Far North District Council and Kaipara District Council have become Joint shareholders with Northland Regional Council as of 1<sup>st</sup> July 2021

### (b) Northland Regional Council

Northland Regional Council owns all 100 shares in Northland Inc Limited and is the ultimate controlling party. During the year Northland Inc Limited received grants from Northland Regional Council. This is included in revenue and income in advance. Total amount of grant/funding received in the year was \$1,795,266 (2020 \$1,796,910). In addition other services provided to Northland Regional Council in the year was \$24,777 (2020: \$6,609). At balance date, Northland Regional Council owes Northland Inc Ltd \$nil (2020 \$280,057)

## 17. Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the entity.

The entity has a related party relationship with its shareholder Northland Regional Council, its Directors and other key management personnel.

### Transactions with related parties

The following transactions were carried out with related parties:

#### (a) Key management compensation

Key personnel include the Board of Directors and Senior Management.

Key management personnel compensation includes the following expenses	2021	2020
	\$	\$
Salaries and other short-term benefits	718,533	627,770
Director's fees	117,000	133,500
Total remuneration	835,533	761,270
Number of persons recognised as key management personnel	11	12



# NorthlandInc

## Growing Northland's Economy

Kia tupu ai te ōhanga o Te Tai Tokerau

Phone: +64 9 438 5110

Email: [welcome@northlandnz.com](mailto:welcome@northlandnz.com)

Address:

Level One, corner Cameron  
and Walton Streets

Whangarei 0110

PO Box 1762, Whangarei 0140

[www.northlandnz.com](http://www.northlandnz.com)