

Annual Report



Statement of Service Performance and Financial Statements

For the Year Ended 30 June 2023



CONTENTS

Entity Information2

Statement of service performance KPI Results.....3

Independent Auditor's Report5

Statement of Comprehensive Revenue and Expense8

Statement of Financial Position9

Statement of Changes in Net Assets 10

Statement of Cash Flows 11

Notes to the Financial Statements 12

Entity Information

As at 30 June 2023

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 The Joint Regional Economic Development Committee 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 six 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 Joint Regional Economic Development Committee.

MAIN SOURCES OF
THE COMPANY'S
CASH AND
RESOURCES

Operating grants are received from the The Joint Regional Economic Development Committee and this is the primary source of funding to the Company.

DIRECTORS

Nicole Anderson
James Makaweo
Geoff Copstick
Denis Callesen
Kristan MacDonald
Liz Oliver (Resigned
Feb 2023)

ACCOUNTANTS

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

SHAREHOLDERS

Northland Regional Council – 40
Kaipara District Council - 40
Far North District Council - 40
Total Ordinary Shares - 120

Statement of Service Performance

2022/2023 KPI Results as at 30 June 2023:

Māori Economic Development

Measured by:	2022/23 Target	2022/23 Actual 30 June	% of target
Number of engagements or established relationships with iwi/hapū groups and other Māori organisations, e.g. marae, land trusts, etc. that have led to a positive outcome. - Achieved	15	21	140%-
Proportion of Māori organisations that are satisfied with Northland Inc support. Achieved	>50%	94%	

Environmental Sustainability

Measured by:	2022/23 Target	2022/23 Actual 30 June	% of target
Number of workshops / events that help promote or support environmental sustainability values and culture in Te Tai Tokerau - Achieved	5	7	100%
Proportion of businesses / projects that Northland Inc are supporting that have identified their environmental aspirations and complied with governmental regulations - Achieved	90%	91%	
Change in carbon footprint of Northland Inc - Not Achieved	5% net reduction in footprint (Target 52500 KgCO2/year)	71,545 kgCO2/year	

Increased activity in a post covid environment not comparable with base year. The Carbon Emission figure is at best indicative and was prepared internally within Northland Inc using the third-party Carbon Neutral Trust Calculator to achieve consistency with NRC. The results for each emission category are heavily based on assumptions but with better data and collection processes, Northland Inc can reach better quality reporting and a more accurate carbon position, and will continue to improve the calculation methodology over time.

Regional Investment

Measured by:	2022/23 Target	2022/23 Actual 30 June	% of target
Number of unique businesses assisted (by TA and industry) - Achieved	240	431	179%
Proportion of those businesses assisted that are Māori (by TA and industry) - Achieved	30%	31%	
Number of inward delegations hosted - Achieved	3	5	166%
Client satisfaction (as measured by Net Promoter Score) - Achieved	NPS>50%	NPS = 85%	
Value of grant funding and investment facilitated for Māori businesses - Not Achieved	\$120K	\$2,204K	1800%
Many of the Māori businesses the BIG team are connecting with require soft support and are not yet ready for funding support through the RBP only \$36k of RBP grant funding achieved. However, \$2,168K of funding has been facilitated through the cyclone relief fund.			
Number of high impact projects that are implemented (reporting by regional strategic sectors) - Not Achieved	4	3	75%

Destination Marketing Management

Measured by:	2022/23 Target	2022/23 Actual 30 June	% of target
Number of destination promotion campaign initiatives to generate national exposure to the region (reporting will include number of businesses that are engaged in the campaign)- Achieved Target exceeded - 79 Individual operators spotlighted at least once through campaign activity.	1 Campaign per year	1	100%
Number of workshops / events to promote product development and position Te Tai Tokerau Northland as a green tourism destination - Achieved	4	9	225%

Profile and Advocacy of Economic Development

Measured by:	2022/22 Target	2022/22 Actual 30 June	% of target
Number of regional economic development updates or reports released - Achieved	6	6	100%
Number of media features that profile the region - Achieved	24	26	108%
Number of media activity that references Northland Inc - Achieved	52	104	200%



Independent Auditor's Report

To The Readers of Northland Inc Limited's Financial Statements and Performance Information for the Year Ended 30 June 2023

The Auditor-General is the auditor of Northland Inc Limited (the company). The Auditor-General has appointed me, Bennie Greyling, 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 20, that comprise the statement of financial position as at 30 June 2023, 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 20.
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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); and
- 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 2023.

Our audit was completed on 19 September 2023. 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.

Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Company has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to the performance measure reporting the initial carbon footprint on page 3 of the annual report, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards

Basis for our 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: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

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

A handwritten signature in black ink, appearing to be "Bennie Greyling".

Bennie Greyling
for Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
19 September 2023

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2023

	Notes	2023 Actual \$	2023 Budget \$	2022 Actual \$
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Grants revenue	6	1,928,552	1,928,552	1,741,744
Grant funded project revenue	6	3,687,067	3,030,664	3,966,283
Net Amounts received from cyclone relief funding	8	-	-	-
Total revenue from non-exchange transactions		5,615,619	4,959,216	5,708,027
REVENUE FROM EXCHANGE TRANSACTIONS				
Tenant income		218,480	164,420	179,796
Total revenue from exchange transactions		218,480	164,420	179,796
TOTAL REVENUE		5,834,099	5,123,636	5,887,822
EXPENSES				
Wages, salaries and other employee costs		2,494,054	2,093,171	2,283,013
Depreciation		54,929	56,000	57,835
Other overhead and administrative expenses	7	3,342,372	3,047,936	3,536,690
TOTAL EXPENSES		5,891,355	5,197,107	5,877,538
Interest income		62,133	-	4,391
Finance costs		-	-	-
NET SURPLUS/(DEFICIT) FROM FINANCE ACTIVITIES		62,133	-	4,391
OPERATING SURPLUS/(DEFICIT)		4,877	(73,471)	14,676
OTHER GAINS/(LOSSES)				
Gain/(loss) on disposal of assets		10,562	-	(71)
TOTAL OTHER GAINS/(LOSSES)		10,562	-	(71)
SURPLUS/ (DEFICIT) BEFORE TAX		15,439	(73,471)	14,606
Income tax expense	8	-	-	-
SURPLUS/ (DEFICIT) AFTER TAX		15,439	(73,471)	14,606
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		15,439	(73,471)	14,606

These financial statements have been authorised for issue by the Board of Directors on 19th September 2023



19th September 2023
Mark Osborne
Chair Audit and Risk Committee



19th September 2023
Nicole Anderson
Chair

Statement of Financial Position

As at 30 June 2023

		2023	2022
	Notes	\$	\$
ASSETS			
Current			
Cash and cash equivalents		1,654,634	2,222,596
Receivables	10	179,458	981,431
Total current assets		1,834,092	3,204,028
Non-current			
Property, plant and equipment	11	286,351	189,797
Total non-current assets		286,351	189,797
TOTAL ASSETS		2,120,443	3,393,824
LIABILITIES			
Current			
Payables	12	37,347	500,131
Employee entitlements	13	83,855	97,062
Deferred revenue		1,807,665	2,620,493
Total current liabilities		1,928,867	3,217,687
TOTAL LIABILITIES		1,928,867	3,217,687
NET ASSETS		191,576	176,137
EQUITY			
Start-up contributions		140	140
Accumulated funds		191,436	175,997
TOTAL EQUITY		191,576	176,137

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 2023

	Share Capital	Accumulated Funds	Total equity
Balance 1 July 2022	140	175,997	176,037
Shares Issued	-	-	-
Surplus/(deficit) for the year	-	15,439	15,439
Total comprehensive revenue and expenses	-	15,439	15,439
Balance 30 June 2023	140	191,436	191,576
Balance 1 July 2021	100	161,391	161,491
Shares Issued	40		40
Surplus/(deficit) for the year	-	14,606	14,606
Total comprehensive revenue and expenses	-	14,606	14,606
Balance 30 June 2022	140	175,997	176,137

Statement of Cash Flows

For the year ended 30 June 2023

	2023	2022
	\$	\$
Cash flow from operating activities		
Cash was provided from/(applied to):		
Joint Regional Economic Development Committee Operating Grants	1,823,552	1,636,744
Northland Regional Council Funding		-
Whangarei District Council Operating Grants	105,000	105,000
Receipts from services provided	3,664,815	3,722,613
Receipts from exchange transactions	218,480	179,796
Cyclone relief funding received	8,682,240	
Cyclone relief funding paid out	(8,682,240)	
Net movement in GST	(298,650)	(50,309)
Payments to suppliers	(3,501,359)	(3,726,962)
Payments to employees	(2,501,510)	(2,353,422)
Net cash from/(used in) operating activities	(489,173)	(486,541)
Cash flow from investing activities		
Cash was provided from/(applied to):		
Proceeds from sale of plant and equipment	14,348	1,170
Purchase of plant and equipment	(155,270)	(11,007)
Net cash from/(used in) investing activities	(140,922)	(9,837)
Cash flow from financing activities		
Cash was provided from/(applied to):		
Net Proceed/(Repayment) of borrowings		
Interest received	62,133	4,391
Interest paid on borrowings	-	-
Net cash from/(used in) financing activities	62,133	4,391
Net (decrease)/increase in cash and cash equivalents	(567,962)	(491,987)
Cash and cash equivalents, beginning of the year	2,222,596	2,714,583
Cash and cash equivalents at end of the year	1,654,634	2,222,596

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 2023

1. Reporting entity

These financial statements comprise the financial statements of Northland Inc Limited (the "Company" or "Entity") for the year ended 30 June 2023.

The financial statements were authorised for issue by the Board of Directors on 19 September 2023.

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.

(e) Explanations for major variances from budget

Grant funded project revenue was above that planned due to an increase in revenue from 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

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.

During the year, PBE IPSAS 41 Financial Instruments, replaced parts of IPSAS 29 Financial Instruments: Recognition and Measurement, combining classification and measurement, impairment accounting, and hedge accounting for financial instruments. PBE IPSAS 41 has been applied prospectively, with an initial application date of 1 January 2022. The adoption of PBE IPSAS 41 as of 1 January 2022 had no material effect on the value of assets or liabilities, but rather on their measurement category.

Financial Assets – Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at amortised cost or fair value through surplus or deficit (FVTSD).

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTSD.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- It is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The entity's cash and cash equivalents, short term investments, and receivables are classified as financial assets at amortised cost.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with original maturities of three months or less. Short-term investments are those with an original maturity of more than three months. Financial assets are not reclassified subsequent to their initial recognition unless the entity changes its management model for managing financial assets, in which case all affected financial

assets are reclassified on the first day of the first reporting period following the change in the management model.

Financial assets – subsequent measurement and gains and losses.

Financial assets at FVTSD - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Comprehensive Income a financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

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.

Financial Liabilities – Classification, subsequent measurement and gains and losses.

All the entity's financial liabilities meet the criteria to be classified as measured at amortised cost. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Any interest expense or foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

Impairment of non-derivative financial instruments.

The entity recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the entity considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the entity's historical experience and informed credit assessment and including forward-looking information.

The entity assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

(g) Employee entitlements

Short-term employee benefits

Employee benefits, previously earned from past services, that the entity expect 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.

Cyclone Grant Funding - Ministry of Business, Innovation and Employment (MBIE)

During the year, the entity was contracted by MBIE to distribute grant funding for Cyclone Gabrielle. Management have determined that the entity acted as agent under the agreement and accordingly recognised the grant funding on a net basis. Any unspent funds were repaid to MBIE at the end of the agreement. The net income received as an agent is disclosed in the statement of comprehensive revenue and expenses and notes to the financial statements.

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) Goods and Services tax (GST)

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.

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

	2023	2022
	\$	\$
Joint Regional Economic Development Committee Funding	1,823,552	1,636,774
Northland Regional Council operational grant funding		
Whangarei District Council Operating Grant Funding	105,000	105,000
Grant Funded Project Income	3,687,067	3,966,283
Total non-exchange revenue	5,615,619	5,708,027

7. Expenses

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

	2023	2022
	\$	\$
Audit fees	49,900	37,738
Directors' Fees	126,790	117,000
Motor vehicle expenses	44,839	68,438
Operating lease payments	147,422	175,680
Other direct project expenses	2,242,830	2,634,840
Other indirect expenses	563,955	316,201
Project consultants	18,335	32,471
Regional promotions	148,300	154,323
Total	3,342,372	3,536,650

8. Cyclone relief funding and expenses

	2023	2022
	\$	\$
Cyclone relief funding received	8,682,240	-
Cyclone relief funding paid out	(8,682,240)	-
Total Revenue	-	-

9. Income Tax

	2023	2022
	\$	\$
Revenue as per financial statements	5,834,099	5,887,822
Loss on sale of assets	10,562	(71)
Total Revenue	5,844,661	5,887,852

Permanent Differences:

Less:

Grants from Local authorities exempt income (sec CX47 of the Income Tax Act)	(1,928,552)	(1,741,774)
Other revenue from grant funded operations	(3,687,067)	(3,966,283)
Total Permanent Differences	(5,615,619)	(5,708,027)

Less:

Deductible expenses	(229,042)	(179,796)
Total Taxable Profit	-	-

10. Receivables

	2023	2022
	\$	\$
Trade debtors (non-exchange)	98,136	843,861
Trade debtors (exchange)	21,054	5,617
Related party receivables	44,419	115,000
Prepayments	15,849	10,702
Prepayments employee entitlements	-	6,251
Total	179,458	981,431

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 2022 and 2023, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

11. Property, plant and equipment

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

2023	Vehicles	Office Furniture and Equipment	Total
Gross carrying amount			
Cost	274,621	249,931	524,552
Additions	40,829	114,441	155,270
Disposals	(26,500)	-	(26,500)
Closing balance	274,621	249,931	524,552
Accumulated depreciation and impairment			
Opening balance	191,265	143,491	334,756
Depreciation for the year	27,955	26,974	54,929
Depreciation written back on disposal	(22,714)	-	(22,714)
Closing balance	196,506	170,465	366,971
Carrying amount 30 June 2021	92,444	193,907	286,351

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

2022	Vehicles	Office Furniture and Equipment	Total
Gross carrying amount			
Cost	274,621	242,175	516,796
Additions		11,008	11,008
Disposals		(3,252)	(3,252)
Closing balance	274,621	249,931	524,552
Accumulated depreciation and impairment			
Opening balance	155,539	123,383	278,922
Depreciation for the year	35,726	22,109	57,835
Depreciation written back on disposal		(2,002)	(2,002)
Closing balance	191,265	143,491	334,756
Carrying amount 30 June 2021	83,356	106,441	189,797

12. Payables

	2023	2022
	\$	\$
Current		
Trade creditors	185,066	324,405
Non trade payables and accrued expenses	1,862	102,719
GST payable/receivable	(225,643)	73,007
Total payables	37,347	500,131

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

13. Employee entitlements

	2023	2022
	\$	\$
Current		
Provision for Holiday Pay	83,855	97,062
Total	83,855	97,062

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.

14. Operating leases

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

	2023	2022
	\$	\$
<i>Non-cancellable operating leases are payable as follows:</i>		
Less than one year	360,820	165,921
Between one and five years	866,380	179,677
Total	1,227,200	345,598

15. 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.

2023	Loans and receivables	Financial liabilities at amortised cost	Total
Financial assets			
Cash and cash equivalents	1,654,634	-	1,654,634
Trade debtors and other receivables	163,609	-	163,609
Other financial assets		-	
Total	1,818,243	-	1,818,243

Financial liabilities

Trade creditors and other payables		37,347	37,347
Loans and borrowings	-	-	-
Other financial liabilities	-	-	-
Total	-	37,347	37,347

2022	Loans and receivables	Financial liabilities at amortised cost	Total
Financial assets			
Cash and cash equivalents	2,222,596	-	2,222,596
Trade debtors and other receivables	964,479	-	964,479
Other financial assets		-	
Total	3,187,075	-	3,187,075

Financial liabilities

Trade creditors and other payables		500,131	500,131
Loans and borrowings	-	-	-
Other financial liabilities	-	-	-
Total	-	500,131	500,131

16. Commitments

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

17. Events after the reporting period

No significant events occurred after the reporting period.

18. 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 shareholders Northland Regional Council, Kaipara District Council, Far North District 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	2023	2022
	\$	\$
Salaries and other short-term benefits	922,488	684,789
Director's fees	126,790	117,000
Total remuneration	1,049,278	801,789
Number of persons recognised as key management personnel	12	11

(b) Joint Regional Economic Development Committee

On 1 July 2022, Far North District Council and Kaipara District Council become joint shareholders with Northland Regional Council (referred to collectively as the Joint Regional Economic Development Committee) in Northland Inc Limited. As Far North District Council and Kaipara District Council were not related parties in the prior year, no comparative transactions have been disclosed below.

	2023	2022
	\$	\$
Grant & funding income received		
Joint Regional Economic Development Committee	1,823,552	1,929,343
Total grant & funding income received	1,823,552	1,929,343

	2023	2022
	\$	\$
Other services income received		
Northland Regional Council	226,991	24,985
Kaipara District Council	119,653	134,905
Far North District Council	106,958	18,700
Total other services income received	453,602	178,590

As at 30 June 2023, the following related party balances were outstanding:

	2023	2022
	\$	\$
Related party receivables		
Northland Regional Council	1,869	63,250
Kaipara District Council	42,550	51,750
Far North District Council	-	-
Total related party receivables	44,419	115,000

NorthlandInc

Growing Northland's Economy

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