

# Annual Report



## Statement of Service Performance and Financial Statements

For the Year Ended 30 June 2024



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## Entity Information

As at 30 June 2024

### 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  
Suzanne Duncan  
Mark Osborne  
Michael Lightfoot  
Kris MacDonald  
Carmen Howearth

### 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

## 2023/2024 KPI Results as at 30 June 2024:

### Māori Economic Development

Measured by:	2023/24 Target	2023/24 Actual 30 June	% of target	
<b>Number</b> of iwi/hapū groups and other Māori organisations, e.g. marae, land trusts, etc. actively supported.- <b>Achieved</b>		18	18	100%
Proportion of Māori organisations that are satisfied with Northland Inc support. <b>Achieved</b>	>80%	80%		

### Environmental Sustainability

Measured by:	2023/24 Target	2023/24 Actual 30 June	% of target
<b>Number</b> of businesses and organisations supported to improve their climate resilience journey.- <b>Achieved</b>	20	28	140%
<b>Proportion</b> of projects funded through Project Development that have identified their pathway to low emissions.- <b>Achieved</b>	80%	100%	
<b>Change</b> in carbon footprint of Northland Inc. <b>Achieved</b>	10% reduction in footprint relative to revenue. (65,526 Kg CO2 KgCO2/year)	61,862 kgCO2/year	

The Carbon Emission figure is at best indicative and was prepared by [CarbonEES | Carbon + Energy Management Services and Software](#). The results for each emission category is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of green house gases (GHG) sources are still evolving, as are GHG reporting and assurance standards. 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:	2023/24 Target	2023/24 Actual 30 June	% of target
<b>Number</b> of unique businesses assisted (by TA and industry) - <b>Achieved</b>	250	379	149%
Proportion of those businesses assisted that are Māori (by TA and industry)- <b>Achieved</b>	35%	36%	
Number of inward delegations hosted – <b>Achieved</b>	3	4	125%
Client satisfaction (as measured by Net Promoter Score) - <b>Achieved</b>	NPS>50%	NPS = 62%	
Value of grant funding and investment facilitated for Māori businesses – <b>Achieved</b>	\$130K	\$176K	158%
Number of high impact projects that are implemented (reporting by regional strategic sectors) – <b>Not Achieved</b>	4	1	25%

## Destination Marketing Management

Measured by:	2023/24 Target	2023/24 Actual 30 June	% of target
<b>Number</b> of destination promotion campaign initiatives to generate national exposure to the region (reporting will include number of businesses that are engaged in the campaign)- <b>Achieved</b>	1 Campaign per year	3	300%
<b>Number</b> of actions under implementation from the Destination Management Plan - <b>Achieved</b>	6	8	133%

## Profile and Advocacy of Economic Development

Measured by:	2023/24 Target	2023/24 Actual 30 June	% of target
<b>Number</b> of regional economic development updates or reports released - <b>Achieved</b>	6	7	116%
<b>Number</b> of media features that profile the region - <b>Achieved</b>	24	41	108%
<b>Number</b> of media activity that references Northland Inc - <b>Achieved</b>	52	103	198%



## Independent Auditor's Report

### To the readers of Northland Inc Limited's Financial Statements and Performance Information for the year ended 30 June 2024

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 2024, 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 2024; 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 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 2024.

Our audit was completed on 18 September 2024. 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.



Bennie Greying  
**for Deloitte Limited**  
**On behalf of the Auditor-General**  
**Auckland, New Zealand**  
18 September 2024



# Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2024

	Notes	2024 Actual \$	2024 Budget \$	2023 Actual \$
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>				
Grants revenue	6	2,077,000	2,077,000	1,928,552
Grant funded project revenue	6	3,457,557	1,845,755	3,687,067
Net Amounts received from cyclone relief funding	8	-	-	-
<b>Total revenue from non-exchange transactions</b>		<b>5,534,557</b>	<b>3,922,755</b>	<b>5,615,619</b>
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>				
Tenant income		402,431	233,535	218,480
<b>Total revenue from exchange transactions</b>		<b>402,431</b>	<b>233,535</b>	<b>218,480</b>
<b>TOTAL REVENUE</b>		<b>5,936,988</b>	<b>4,156,290</b>	<b>5,834,099</b>
<b>EXPENSES</b>				
Wages, salaries and other employee costs		2,371,744	2,311,506	2,494,054
Depreciation		74,643	56,000	54,929
Other overhead and administrative expenses	7	3,569,639	1,787,832	3,342,372
<b>TOTAL EXPENSES</b>		<b>6,016,026</b>	<b>4,155,338</b>	<b>5,891,355</b>
Interest income		102,125	-	62,133
Finance costs		(18,496)	-	-
<b>NET SURPLUS/(DEFICIT) FROM FINANCE ACTIVITIES</b>		<b>83,629</b>	<b>-</b>	<b>62,133</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>4,591</b>	<b>952</b>	<b>4,877</b>
<b>OTHER GAINS/(LOSSES)</b>				
Gain/(loss) on disposal of assets		3,166	-	10,562
<b>TOTAL OTHER GAINS/(LOSSES)</b>		<b>3,166</b>	<b>-</b>	<b>10,562</b>
<b>SURPLUS/ (DEFICIT) BEFORE TAX</b>		<b>7,757</b>	<b>952</b>	<b>15,439</b>
Income tax expense	8	-	-	-
<b>SURPLUS/ (DEFICIT) AFTER TAX</b>		<b>7,757</b>	<b>952</b>	<b>15,439</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR</b>		<b>7,757</b>	<b>952</b>	<b>15,439</b>

These financial statements have been authorised for issue by the Board of Directors on 18<sup>th</sup> September 2024



Mark Osborne  
Chair Audit and Risk Committee

18<sup>th</sup> September 2024



Suzanne Duncan  
Chair

18<sup>th</sup> September 2024

# Statement of Financial Position

As at 30 June 2024

	Notes	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		2,016,334	1,654,634
Receivables	10	448,580	179,458
<b>Total current assets</b>		<b>2,464,914</b>	<b>1,834,092</b>
<b>Non-current</b>			
Property, plant and equipment	11	242,845	286,351
<b>Total non-current assets</b>		<b>242,845</b>	<b>286,351</b>
<b>TOTAL ASSETS</b>		<b>2,707,759</b>	<b>2,120,443</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Payables	12	495,090	37,347
Employee entitlements	13	96,929	83,855
Deferred revenue		1,916,407	1,807,665
<b>Total current liabilities</b>		<b>2,508,426</b>	<b>1,928,867</b>
<b>TOTAL LIABILITIES</b>		<b>2,508,426</b>	<b>1,928,867</b>
<b>NET ASSETS</b>		<b>199,333</b>	<b>191,576</b>
<b>EQUITY</b>			
Start-up contributions		140	140
Accumulated funds		199,193	191,436
<b>TOTAL EQUITY</b>		<b>199,333</b>	<b>191,576</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 2024

	Share Capital	Accumulated Funds	Total equity
Balance 1 July 2023	140	191,436	191,576
Shares Issued	-	-	-
Surplus/(deficit) for the year	-	7,757	7,757
<b>Total comprehensive revenue and expenses</b>	<b>-</b>	<b>7,757</b>	<b>7,757</b>
<b>Balance 30 June 2024</b>	<b>140</b>	<b>199,193</b>	<b>199,333</b>
Balance 1 July 2022	140	175,997	176,137
Shares Issued	-	-	-
Surplus/(deficit) for the year	-	15,439	15,439
<b>Total comprehensive revenue and expenses</b>	<b>-</b>	<b>15,439</b>	<b>15,439</b>
<b>Balance 30 June 2023</b>	<b>140</b>	<b>191,436</b>	<b>191,576</b>

# Statement of Cash Flows

For the year ended 30 June 2024

	2024	2023
	\$	\$
Cash flow from operating activities		
Cash was provided from/(applied to):		
Joint Regional Economic Development Committee Operating Grants	1,972,000	1,823,552
Whangarei District Council Operating Grants	105,000	105,000
Receipts from services provided	3,304,835	3,664,815
Receipts from exchange transactions	402,431	218,480
Cyclone relief funding received	-	8,682,240
Cyclone relief funding paid out	-	(8,682,240)
Net movement in GST	310,384	(298,650)
Payments to suppliers	(3,429,937)	(3,501,359)
Payments to employees	(2,358,671)	(2,501,010)
<b>Net cash from/(used in) operating activities</b>	<b>306,042</b>	<b>(489,173)</b>
Cash flow from investing activities		
Cash was provided from/(applied to):		
Proceeds from sale of plant and equipment	4,348	14,348
Purchase of plant and equipment	(32,319)	(155,270)
<b>Net cash from/(used in) investing activities</b>	<b>(27,971)</b>	<b>(140,922)</b>
Cash flow from financing activities		
Cash was provided from/(applied to):		
Net Proceed/(Repayment) of borrowings		
Interest received	102,125	62,133
Interest paid on borrowings	(18,496)	-
<b>Net cash from/(used in) financing activities</b>	<b>83,629</b>	<b>62,133</b>
Net (decrease)/increase in cash and cash equivalents	361,700	(567,962)
Cash and cash equivalents, beginning of the year	1,654,634	2,222,596
<b>Cash and cash equivalents at end of the year</b>	<b>2,016,334</b>	<b>1,654,634</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 2024

## 1. Reporting entity

These financial statements comprise the financial statements of Northland Inc Limited (the "Company" or "Entity") for the year ended 30 June 2024.

The financial statements were authorised for issue by the Board of Directors on 18 September 2024.

## 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").

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 due to greater spending on specific projects related to the 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  
Office Furniture & Equipment

26 - 30% DV  
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.

**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.

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)**

Last 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) 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 judgements, 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.

**Agency vs Principal Determination**

Determining whether the entity is acting as a principal or agent in applying revenue recognition policies requires management to exercise judgment and consider the economic substance of the arrangement.

## 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

	2024	2023
	\$	\$
Joint Regional Economic Development Committee Funding	1,972,000	1,823,552
Whangarei District Council Operating Grant Funding	105,000	105,000
Grant Funded Project Income	3,457,557	3,687,067
<b>Total non-exchange revenue</b>	<b>5,534,557</b>	<b>5,615,619</b>

## 7. Expenses

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

	2024	2023
	\$	\$
Audit fees	51,000	49,900
Directors' Fees	134,550	126,790
Motor vehicle expenses	65,450	44,839
Operating lease payments	360,592	147,422
Other direct project expenses	2,238,637	2,242,830
Other indirect expenses	532,882	563,955
Project consultants	38,707	18,335
Regional promotions	147,821	148,300
<b>Total</b>	<b>3,569,639</b>	<b>3,342,372</b>

## 8. Cyclone relief funding and expenses

	2024	2023
	\$	\$
Cyclone relief funding received	-	8,682,240
Cyclone relief funding paid out	-	(8,682,240)
<b>Total Revenue</b>	<b>-</b>	<b>-</b>

## 9. Income Tax

	2024	2023
	\$	\$
Revenue as per financial statements	5,936,988	5,834,099
Loss on sale of assets	3,166	10,562
<b>Total Revenue</b>	<b>5,940,154</b>	<b>5,844,661</b>
Permanent Differences:		
Less:		
Grants from Local authorities exempt income (sec CX47 of the Income Tax Act)	(2,077,000)	(1,928,552)
Other revenue from grant funded operations	(3,457,557)	(3,687,067)
<b>Total Permanent Differences</b>	<b>(5,534,557)</b>	<b>(5,615,619)</b>
Less:		
Deductible expenses	(405,597)	(229,042)
<b>Total Taxable Profit</b>	<b>-</b>	<b>-</b>

## 10. Receivables

	2024	2023
	\$	\$
Trade debtors (non-exchange)	397,747	98,136
Trade debtors (exchange)	35,980	21,054
Related party receivables	6,661	44,419
Prepayments	8,192	15,849
Prepayments employee entitlements	-	-
<b>Total</b>	<b>448,580</b>	<b>179,458</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 2023 and 2024, 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:

2024	Vehicles	Office Furniture and Equipment	Total
<b>Gross carrying amount</b>			
Cost	288,950	364,372	653,322
Additions	11,304	21,015	32,319
Disposals	(19,129)	-	(19,129)
Closing balance	281,125	385,387	666,512
<b>Accumulated depreciation and impairment</b>			
Opening balance	196,506	170,465	366,971
Depreciation for the year	30,771	43,872	74,643
Depreciation written back on disposal	(17,947)	-	(17,947)
Closing balance	209,330	214,337	423,667
<b>Carrying amount 30 June 2021</b>	<b>71,795</b>	<b>171,050</b>	<b>242,845</b>

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

2023	Vehicles	Office Furniture and Equipment	Total
<b>Gross carrying amount</b>			
Cost	274,621	249,931	524,552
Additions	40,829	114,441	155,270
Disposals	(26,500)	-	(26,500)
Closing balance	288,950	364,372	653,322
<b>Accumulated depreciation and impairment</b>			
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
<b>Carrying amount 30 June 2023</b>	<b>92,444</b>	<b>193,907</b>	<b>286,351</b>

## 12. Payables

	2024	2023
	\$	\$
Current		
Trade creditors (non-exchange)	336,211	185,066
Trade creditors (exchange)	3,533	1,862
Non trade payables and accrued expenses	70,606	76,063
GST payable/receivable	84,740	(225,643)
<b>Total payables</b>	<b>495,090</b>	<b>37,347</b>

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

	2024	2023
	\$	\$
<b>Current</b>		
Provision for Holiday Pay	96,929	83,855
<b>Total</b>	<b>96,929</b>	<b>83,855</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.

## 14. Operating leases

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

	2024	2023
	\$	\$
<i>Non-cancellable operating leases are payable as follows:</i>		
Less than one year	308,380	360,820
Between one and five years	558,000	866,380
<b>Total</b>	<b>866,380</b>	<b>1,227,200</b>

## 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.

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

2024	Loans and receivables	Financial liabilities at amortised cost	Total
Financial assets			
Cash and cash equivalents	2,016,334	-	2,016,334
Trade debtors and other receivables	448,580	-	448,580
<b>Total</b>	<b>2,464,914</b>	<b>-</b>	<b>2,464,914</b>
<b>Financial liabilities</b>			
Trade creditors and other payables	-	495,090	495,090
<b>Total</b>	<b>-</b>	<b>495,090</b>	<b>495,090</b>
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
<b>Total</b>	<b>1,818,243</b>	<b>-</b>	<b>1,818,243</b>
<b>Financial liabilities</b>			
Trade creditors and other payables	-	37,347	37,347
<b>Total</b>	<b>-</b>	<b>37,347</b>	<b>37,347</b>

## 16. Commitments

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

## 17. Events after the reporting period

### Shareholding Change

On 4 September 2024, Northland Regional Council, Kaipara District Council, and Far North District Council agreed to transfer 10 shares each (a total of 30) to Whangārei District Council at a price of \$2 per share.

This share transfer will make Northland Regional Council, Kaipara District Council, Far North District Council, and Whangārei District Council equal shareholders in Northland Inc, each owning 30 shares after this transaction.

The share transfer has been completed as at 4<sup>th</sup> September 2024.

## 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.

<i>Key management personnel compensation includes the following expenses</i>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Salaries and other short-term benefits	966,762	922,488
Director's fees	134,550	126,790
<b>Total remuneration</b>	<b>1,101,312</b>	<b>1,049,278</b>
Number of persons recognised as key management personnel	12	12

#### (b) Joint Regional Economic Development Committee

On 1 July 2022, Far North District Council and Kaipara District Council became joint shareholders with Northland Regional Council (referred to collectively as the Joint Regional Economic Development Committee) in Northland Inc Limited.

<i>Grant &amp; funding income received</i>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Joint Regional Economic Development Committee	1,972,000	1,823,552
<b>Total grant &amp; funding income received</b>	<b>1,192,000</b>	<b>1,823,552</b>

<i>Other services income received</i>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Northland Regional Council	368,335	226,991
Kaipara District Council	25,885	119,653
Far North District Council	22,875	106,958
<b>Total other services income received</b>	<b>417,095</b>	<b>453,602</b>

As at 30 June 2024, the following related party balances were outstanding:

<i>Related party receivables</i>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Northland Regional Council	430	1,869
Kaipara District Council	6,131	42,550
Far North District Council	100	-
<b>Total related party receivables</b>	<b>6,661</b>	<b>44,419</b>

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

# Northland**Inc**

## Growing Northland's Economy

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