

WAIKATO INNOVATION GROWTH LIMITED

Annual Report 2021



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For the year ended 30 June 2021

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DIRECTORY

As at 30 June 2021

Nature of Business	Holding company
Address	Waikato Innovation Park Ruakura Lane Hamilton 3216
Registered Office	Tompkins Wake 430 Victoria Street Hamilton 3204
Authorised Capital	4,000,100 Ordinary Shares
Directors	Barry Harris Earl Rattray David Stanley Peter Hobman
Shareholders	Hamilton City Council 4,000,100 Ordinary Shares
Auditors	Audit New Zealand on behalf of the Auditor-General PO Box 256 Hamilton 3240
Bankers	BNZ 354 Victoria Street Hamilton
Solicitors	Tompkins Wake 430 Victoria Street Hamilton
IRD Number	124-736-676

ANNUAL REPORT

For the year ended 30 June 2021

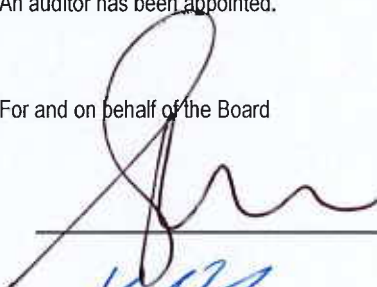
Approval and issue of financial statements

On this date the Directors approve and issue the annual report including the attached financial statements for Waikato Innovation Growth Limited for the year ended 30 June 2021.

Auditor

An auditor has been appointed.

For and on behalf of the Board



Director

10 June 2022



Director

10 June 2022

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
Revenue					
Revenue	4	8,464	8,195	-	-
Cost of sales		(303)	(1,298)	-	-
Gross profit		8,161	6,897	-	-
Share of profit/(loss) from associates	17	(220)	(12)	-	-
Covid-19 government wage subsidy	5	-	77	-	-
Expenses					
Operating expenses		(3,579)	(3,009)	(2)	(2)
Personnel costs	6	(3,152)	(2,518)	-	-
Depreciation	8	(1,035)	(992)	-	-
Audit fees	7	(51)	(63)	(9)	(13)
Directors fees		(173)	(173)	-	-
Bad and doubtful debts		50	(50)	-	-
Other gains and losses	10	-	(10)	-	-
Write down of inventories		(39)	-	-	-
Total expenses		(7,979)	(6,815)	(11)	(15)
Finance income		-	-	-	-
Finance costs		(262)	(297)	-	-
Net finance costs	9	(262)	(297)	-	-
Profit/(loss) before tax		(300)	(150)	(11)	(15)
Subvention payment received/(paid)		-	-	-	28
Income tax	11	172	39	(4)	(4)
Profit/(loss) for the year, net of tax		(128)	(111)	(15)	9
Other comprehensive income					
Gain/(loss) on property revaluation	19	-	-	-	-
Income tax on other comprehensive income	11	-	-	-	-
Total other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		(128)	(111)	(15)	9
Total profit/(loss) attributable to:					
Waikato Innovation Growth Limited		(94)	(75)	(15)	9
Non-controlling interest		(34)	(36)	-	-
Total comprehensive income attributable to:					
Waikato Innovation Growth Limited		(94)	(75)	(15)	9
Non-controlling interest		(34)	(36)	-	-

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

Group	NOTE	\$000 Share capital	\$000 Revaluation reserve	\$000 Retained earnings	\$000 Non- controlling interest	\$000 Total equity
Balance as at 1 July 2019		4,000	4,491	1,286	4,199	13,975
<i>Total comprehensive income</i>						
Profit for the year		-	-	(75)	(36)	(111)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	(75)	(36)	(111)
Balance as at 30 June 2020		4,000	4,491	1,211	4,163	13,865
Balance as at 1 July 2020		4,000	4,491	1,211	4,163	13,865
<i>Total comprehensive income</i>						
Profit for the year		-	-	(94)	(34)	(128)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	(94)	(34)	(128)
Balance as at 30 June 2021		4,000	4,491	1,117	4,129	13,737

Company	NOTE	\$000 Share Capital	\$000 Revaluation reserve	\$000 Retained earnings	\$000 Non- controlling interest	\$000 Total equity
Balance as at 1 July 2019		4,000	-	(1,222)	-	2,778
<i>Total comprehensive income</i>						
Profit for the year		-	-	9	-	9
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	9	-	9
Balance as at 30 June 2020		4,000	-	(1,213)	-	2,787
Balance as at 1 July 2020		4,000	-	(1,213)	-	2,787
<i>Total comprehensive income</i>						
Profit for the year		-	-	(15)	-	(15)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	(15)	-	(15)
Balance as at 30 June 2021		4,000	-	(1,228)	-	2,772

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
ASSETS					
Non-current assets					
Investment in subsidiaries	18	-	-	2,800	2,800
Investment in associates	17	3,384	3,604	-	-
Property, plant and equipment	19	18,763	19,554	-	-
Right of use assets	21	860	377	-	-
Assets under construction		8	10	-	-
Deferred tax assets	11	-	-	-	4
Intangible asset	20	1	1	-	-
Total non-current assets		23,016	23,546	2,800	2,804
Current assets					
Cash and cash equivalents	13	226	175	-	-
Inventories	14	29	350	-	-
Trade and other receivables	15	897	810	-	-
Accrued income		14	7	-	-
Prepayments		100	106	-	-
Total current assets		1,266	1,448	-	-
Total assets		24,282	24,994	2,800	2,804
EQUITY AND LIABILITIES					
Equity					
Share capital	12	4,000	4,000	4,000	4,000
Revaluation reserve	12	4,491	4,491	-	-
Retained earnings		1,117	1,211	(1,228)	(1,213)
Equity attributable to owners of the Company		9,608	9,702	2,772	2,787
<i>Non-controlling interest</i>		4,129	4,163	-	-
Total equity		13,737	13,865	-	-
Non-current liabilities					
Deferred tax liabilities	11	2,008	2,180	-	-
Deferred income	22	2,007	2,204	-	-
Term loans	24	3,925	4,675	-	-
Other loans	25	390	310	-	-
Lease liabilities	26	881	384	-	-
Provisions	23	-	172	-	-
Total non-current liabilities		9,211	9,925	-	-

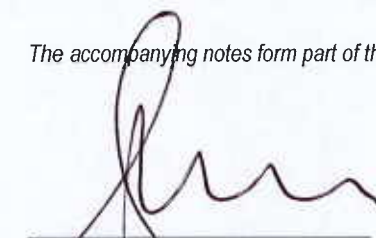
The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Continued)

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
Current liabilities					
Payables and accruals	16	520	442	8	5
Short term employee entitlements		243	233	-	-
Deferred income	22	199	289	-	-
Provisions	23	172	-	-	-
Other loans	25	200	240	-	-
Related parties loans	27	-	-	20	12
Total current liabilities		1,334	1,204	28	17
Total liabilities		10,545	11,129	28	17
Total equity and liabilities		24,282	24,994	2,800	2,804

The accompanying notes form part of these financial statements.


 Director
 10 June 2022


 Director
 10 June 2022

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
Cash flow from operating activities					
Receipts from customers		8,101	7,908	-	-
Payments to suppliers and employees		(6,917)	(6,208)	-	-
Interest paid		(222)	(275)	-	-
Tax payments		11	41	-	-
GST (net)*		62	16	-	-
Net cash from operating activities	28	1,035	1,482	-	-
Cash flow from investing activities					
Purchase of property, plant and equipment		(182)	(476)	-	-
Purchase of assets under construction		(37)	(4)	-	-
Investment in associate		-	(997)	-	-
Net cash from/(used in) investing activities		(219)	(1,477)	-	-
Cash flow from financing activities					
Proceeds from borrowings		3,315	12,820	-	-
Repayment of borrowings		(4,025)	(12,709)	-	-
Repayment of lease liabilities		(55)	(23)	-	-
Net cash from/(used in) financing activities	29	(765)	88	-	-
Net increase/(decrease) in cash and cash equivalents		51	93	-	-
Cash and cash equivalents at 1 July		175	82	-	-
Cash and cash equivalents at 30 June	13	226	175	-	-

*The GST (net) component of operating activities reflects the net GST transactions with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. REPORTING ENTITY

Waikato Innovation Growth Limited (the "Company") is a company domiciled and incorporated in New Zealand under the Companies Act 1993, and a Council-Controlled Organisation under the Local Government Act 2002 with effect from the 1st December 2017. The Company's parent and ultimate parent entity is Hamilton City Council.

The financial statements of Waikato Innovation Growth Limited and Group are for the year ended 30 June 2021. The financial statements were authorised for issue by the Board of Directors on the 10th June 2022. The owners or others do not have the power to amend the financial statements after issue.

The group consists of Waikato Innovation Growth Limited, its subsidiary New Zealand Food Innovation (Waikato) Limited (70% owned) and New Zealand Food Innovation (Waikato) Limited subsidiary's NZFIW D2 LP Limited (100% owned).

2. BASIS OF PREPARATION

a. Statement of Compliance

The financial statements for the Company and Group have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002. Waikato Innovation Growth Limited is a for-profit entity.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS RDR"), and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The Company qualifies for NZ IFRS (RDR) as it does not have public accountability and it is not a large for-profit public sector entity. The Company has elected to apply NZ IFRS (RDR) and has applied disclosure concessions.

b. Discontinued Operations

From the 1st of July 2018 the business growth operations have been transferred to Waikato Regional Economic Development Limited. Waikato Innovation Growth Limited will continue to exist and hold the shares of New Zealand Food Innovation (Waikato) Limited.

c. Basis of Measurement

The financial statements have been prepared on an historical basis except for property, plant and equipment which is measured to fair value.

d. Functional and Presentational currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

e. Use of Estimates and Judgements

The preparation of the financial statements in conformity with NZ IFRS RDR 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 19: Property, plant and equipment

Note 22: Deferred income

Note 23: Provisions

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all periods presented in these financial statements.

a. Basis of Consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries

Subsidiaries are those entities that are controlled by the Company. Subsidiaries are consolidated from the date control is transferred to the Group. They are de-consolidated from the date that control ceases. All significant inter-company accounts and transactions are eliminated on consolidation. Control exists when the Company has power over the entity, exposure or rights to variable returns from its involvement with the entity, and the ability to use its power over the entity to offset the amount of the entity's returns.

Investments in subsidiaries are recorded at cost less the amount of estimated value of impairment in the parent company's financial statements.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the identifiable assets and liabilities recognised on acquisition together with the minority interest's share of post acquisition surpluses.

The Company holds 70% shares in its subsidiary New Zealand Food Innovation (Waikato) Limited and there is no significant restriction on its ability to access or use assets or settle liabilities of the group.

The New Zealand Food Innovation (Waikato) Limited holds 100% shares in its subsidiary NZFIW D2 LP Limited and there is no significant restriction on its ability to access or use assets or settle liabilities, of the group.

Associates

An associate is an investee, not being a subsidiary or joint venture arrangement, over which the group has the capacity to exercise significant influence through participation in the financial and operating policy decisions of the investee.

Associates are recognised using the equity method which recognises the Group's share of the associate's net surplus or deficit in the profit or loss and its share of other comprehensive income. The Group's associate is:

- Melody Dairies Limited Partnership. Melody Dairies Limited Partnership (MDLP) is 10% owned by NZFIW D2 LP Limited. Significant judgement and assumptions have been used to determine that New Zealand Food Innovation (Waikato) Limited Group (NZFIW Group) has significant influence over MDLP. NZFIW Group has a representation on the board of directors of MDLP. Due to the existing Management Agreement between NZFIW Group and MDLP, NZFIW Group is considered providing essential technical information to MDLP. As a result, it has been determined that NZFIW Group has significant influence over MDLP and therefore should account for it as an associate under NZ IAS 28 Investments in Associates and Joint Ventures.

Melody Dairies Limited Partnership's principle place of business is 12 Melody Lane, Hamilton.

- Melody Dairies GP Limited. Melody Dairies GP Limited (MDGPL) is 10% owned by New Zealand Food Innovation (Waikato) Limited (NZFIW). Significant judgement and assumptions have been used to determine that NZFIW has significant influence over MDGPL. NZFIW has a representation on the board of directors of MDGPL. As a result, it has been determined that NZFIW has significant influence over MDGPL and therefore should account for it as an associate under NZ IAS 28 Investments in Associates and Joint Ventures. MDGPL is dormant.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

Non-controlling interest (NCI)

The interests of the parent and the NCI in the subsidiaries are adjusted to reflect the relative change in their interests in the subsidiaries equity. Any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owner of the parent.

b. Revenue

The Group recognises revenue from the rendering of spray dryer services and from rendering of sales of goods. Spray drying is a method of producing a dry powder from a liquid provided by customers by quickly drying this with a hot gas. The Group enters into a contract with the customer for usage of the spray dryer for a fixed period of time and the consideration includes the daily charge rates and utility costs oncharged. The Group enters into a contract with the customer to produce product per minimum quantity specified.

The Group satisfies its performance obligations as services are rendered. Payment terms are the customer must pay the amount due or before the 20th day of the month of invoice. No obligations for returns, refunds and other similar obligation or types and warranties and related obligations are attached to the contracts.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of the service to a customer.

Judgements around the timing of satisfaction of performance obligations, the transaction price and amounts allocated to performance obligations are determined per the contracts.

The Directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate as the performance obligations are satisfied at a point in time, and there is no contractual liability for unsatisfied performance obligations at year end.

The Group recognises sale of consents revenue when it transfers the control of the consents to the customer.

Interest income is accounted for on an accrual basis.

Grants received are recognised in the Statement of Comprehensive Income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the Statement of Financial Position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

c. Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

d. Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the date of the transactions.

e. Leases

Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs incurred. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right of use assets are presented as a separate line in the consolidated statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

f. Cash and Cash Equivalents

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

g. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

h. Trade and Other Receivables

Trade and other receivables are stated initially at fair value then at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified. Trade and Other Receivables are classed as 'Trade and other receivables' financial instruments (Note 27).

i. Work in progress

Work in progress is valued at cost.

j. Intangible Assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Trademarks	10 years
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k. Property, Plant & Equipment

Property, plant & equipment is measured at fair value less subsequent depreciation. Computer and office equipment is recognised at cost price less depreciation and impairment losses.

Depreciation is calculated on a straight line basis and diminishing value basis to allocate the cost or revalued amounts over the estimated useful lives, as follows:

Buildings	25 years
Plant & Equipment	20 years
Computer hardware	3-5 years
Office Equipment	20 years

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Revaluation

Property, plant & equipment is revalued with sufficient regularity and at least every three years to ensure that its carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Property, plant and equipment revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the profit or loss. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the profit or loss will be recognised first in the profit or loss up to the amount previously expensed, and then recognised in other comprehensive income.

l. Goods and Services Tax (GST)

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

The net amount of GST receivable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

m. Trade and Other Payables

Payables and accruals are recognised when the Group becomes obligated to make future payments resulting from the purchase of goods or services. They are recognised initially at fair value and subsequently at amortised cost.

n. Income Tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

o. Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave and bonuses. Short-term employee entitlement obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

p. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

q. Impairment

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

4. REVENUE

	Group \$000		Company \$000	
	2021	2020	2021	2020
Revenue from contracts for the sale of goods	226	1,685	-	-
Revenue from contracts for the rendering of services	8,053	6,317	-	-
Revenue from the rendering of services	6	14	-	-
Deferred grant income	179	179	-	-
Total operating revenue	8,464	8,195	-	-

Timing of revenue recognition - At point in time.

5. OTHER INCOME

	Group \$000		Company \$000	
	2021	2020	2021	2020
Covid-19 government wage subsidy	-	77	-	-
Total other income	-	77	-	-

6. PERSONNEL COSTS

	Group \$000		Company \$000	
	2021	2020	2021	2020
Salaries and wages	3,091	2,393	-	-
Defined contribution plan	61	48	-	-
Covid-19 government wage subsidy payment	-	77	-	-
Total personnel costs	3,152	2,518	-	-

Annual remuneration by band for employees

	2021 Number	2020 Number
< \$100,000	38	31
\$100,000 - \$109,999	1	2
\$110,000 - \$119,999	4	2
\$120,000 - \$129,999	-	-
\$130,000 - \$139,999	3	2
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	-	-
\$170,000 - \$179,999	1	1
Total Employees	48	39

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
	2021	2020	2021	2020
7. AUDIT FEES				
Audit fee for 2020/21 year	50	-	8	-
Audit fee for 2019/20 year	1	49	1	8
Audit fee for 2018/19 year	-	14	-	5
Total audit fees	51	63	9	13

	Group \$000		Company \$000	
	2021	2020	2021	2020
8. DEPRECIATION				
Property, plant and equipment depreciation	1,007	980	-	-
Right of use asset depreciation	28	12	-	-
Total depreciation	1,035	992	-	-

	Group \$000		Company \$000	
	2021	2020	2021	2020
9. FINANCE COSTS				
<i>Finance income</i>				
Interest income	-	-	-	-
Total finance income	-	-	-	-
<i>Finance costs</i>				
Bank fees	(21)	(14)	-	-
Interest on bank borrowings	(200)	(265)	-	-
Interest on lease liabilities	(41)	(18)	-	-
Total finance costs	(262)	(297)	-	-
Net finance costs	(262)	(297)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
10. OTHER GAINS AND LOSSES	2021	2020	2021	2020
<i>Losses</i>				
Net foreign exchange loss	-	(9)	-	-
Loss on disposal of fixed assets	-	(1)	-	-
Total other gains and losses	-	(10)	-	-

	Group \$000		Company \$000	
11. INCOME TAX	2021	2020	2021	2020
<i>Current tax</i>				
Current year	-	-	-	-
Adjustment for prior years	-	(11)	-	-
	-	(11)	-	-
<i>Deferred tax</i>				
Current year	146	38	(4)	4
Adjustment for prior years	26	12	-	(8)
Total income tax expense recognised	172	39	(4)	(4)

The income tax expense for the year can be reconciled to the accounting profit as follows:

Profit before tax	(300)	(150)	(11)	(15)
Income tax expense at 28%	84	42	3	4
Deferred tax not recognised	63	-	(7)	-
Effect of expenses that are not deductible	(1)	(3)	-	-
Adjustment for prior year - other	26	-	-	-
Adjustment for prior year - subvention payment	-	-	-	(8)
Income tax expense recognised in profit or loss	172	39	(4)	(4)

Deferred tax balances

Group (\$000)

Deferred tax assets/(liabilities) in relation to:

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(3,004)	(39)	-	(3,043)
Provisions	(17)	(24)	-	(41)
Deferred income	662	(50)	-	612
Tax losses	179	285	-	464
Balance as at 30 June 2021	(2,180)	172	-	(2,008)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

(\$000)	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<i>Deferred tax assets/(liabilities) in relation to:</i>				
Property, plant and equipment	(2,930)	(74)	-	(3,004)
Provisions	(22)	5	-	(17)
Deferred income	712	(50)	-	662
Tax losses	10	169	-	179
Balance as at 30 June 2020	(2,230)	50	-	(2,180)

Deferred tax balances

Company (\$000)

Deferred tax assets/(liabilities) in relation to:

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Tax losses	4	(4)	-	-
Balance as at 30 June 2021	4	(4)	-	-

(\$000)	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<i>Deferred tax assets/(liabilities) in relation to:</i>				
Tax losses	8	(4)	-	4
Balance as at 30 June 2020	8	(4)	-	4

The parent has not recognised a deferred tax asset in relation to tax losses of \$26,230. However, the asset has been recognised at a group level.

12. EQUITY

Share capital

Ordinary shares (4,000,100 shares)

	Group \$000		Company \$000	
	2021	2020	2021	2021
Balance 1 July	4,000	4,000	4,000	4,000
Total Ordinary shares	4,000	4,000	4,000	4,000
Total issued and called shares 30 June	4,000	4,000	4,000	4,000

Ordinary Shares

All ordinary shares carry equal voting rights and entitle the holder to participate in dividends and the right to share in any surplus on winding up. The shares have no par value.

4,000,100 shares have been issued and fully paid.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

Revaluation Reserve	Group \$000		Company \$000	
	2021	2020	2021	2020
Property				
Opening balance	(25)	(25)	-	-
Revaluation	-	-	-	-
Income tax on revaluation surplus	-	-	-	-
Closing balance	(25)	(25)	-	-
Plant and equipment				
Opening balance	5,369	5,369	-	-
Revaluation	-	-	-	-
Income tax on revaluation surplus	-	-	-	-
Closing balance	5,369	5,369	-	-
Total revaluation reserve	5,344	5,344	-	-

13. CASH AND CASH EQUIVALENTS	Group \$000		Company \$000	
	2021	2020	2021	2020
BNZ Bank account	226	175	-	-
Total cash and cash equivalents	226	175	-	-

New Zealand Food Innovation (Waikato) Limited has an overdraft facility with BNZ with a limit of \$250,000.

14. INVENTORIES	Group \$000		Company \$000	
	2021	2020	2021	2020
Raw materials	29	350	-	-
Total inventories	29	350	-	-

The cost of inventories recognised as an expense during the year was \$303,474 (2020: \$1,296,745).

The amount of inventories write-down recognised as an expense during the year was \$39,155 (2020: NIL).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
15. TRADE AND OTHER RECEIVABLES	2021	2020	2021	2020
Contract assets	548	769	-	-
Trade receivables	5	-	-	-
Provision for doubtful debts	-	(50)	-	-
Related parties receivable	343	80	-	-
Income tax receivable	-	9	-	-
Other receivables	1	2	-	-
Total trade and other receivables	897	810	-	-

	Group \$000		Company \$000	
16. PAYABLES AND ACCRUALS	2021	2020	2021	2020
Trade payables	196	318	-	-
Accruals	119	105	8	5
Other payables	205	19	-	-
Total payables and accruals	520	442	8	5

A letter of credit is held for \$81,600 for the favouree iPayroll.

	Group \$000		Company \$000	
17. INVESTMENT IN ASSOCIATES	2021	2020	2021	2020
<i>Melody Dairies Limited Partnership</i>				
Interest held by the group	10%	10%	-	-
Opening balance	3,604	2,619	-	-
Additions during the year	-	997	-	-
Share of revenue and expenses	(220)	(12)	-	-
Balance at 30 June	3,384	3,604	-	-
<i>Melody Dairies GP Limited</i>				
Interest held by the group	10%	10%	-	-
Balance at 30 June	-	-	-	-
Total investment in associates	3,384	3,604	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
18. INVESTMENT IN SUBSIDIARIES	2021	2020	2021	2020
<i>New Zealand Food Innovation (Waikato) Limited</i>				
Shares at cost	-	-	2,800	2,800
Total investment in subsidiaries	-	-	2,800	2,800

19. PROPERTY, PLANT AND EQUIPMENT

Group (\$000)

For the year ended 30 June 2020

	Property	Plant & Equipment	Computer & Office	Total
Opening net book amount	3,483	16,504	29	20,016
Additions	323	127	69	519
Disposals	-	(1)	-	(1)
Depreciation charge	(144)	(829)	(7)	(980)
Closing net book amount	3,662	15,801	91	19,554

As at 30 June 2020

Cost or valuation	3,806	16,630	107	20,543
Accumulated depreciation	(144)	(829)	(16)	(989)
Net book amount	3,662	15,801	91	19,554

For the year ended 30 June 2021

Opening net book amount	3,662	15,801	91	19,554
Additions	48	147	21	216
Depreciation charge	(154)	(836)	(17)	(1,007)
Closing net book amount	3,556	15,112	95	18,763

As at 30 June 2021

Cost or valuation	3,854	16,777	127	20,758
Accumulated depreciation	(298)	(1,665)	(32)	(1,995)
Net book amount	3,556	15,112	95	18,763

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

Company (\$000)	Property	Plant & Equipment	Computer & Office	Total
For the year ended 30 June 2020				
Opening net book amount	-	-	-	-
Disposals	-	-	-	-
Closing net book amount	-	-	-	-
As at 30 June 2020				
Cost or valuation	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book amount	-	-	-	-
For the year ended 30 June 2021				
Opening net book amount	-	-	-	-
Disposals	-	-	-	-
Closing net book amount	-	-	-	-
As at 30 June 2021				
Cost or valuation	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book amount	-	-	-	-

No valuation was completed in 2021. Property, plant & equipment was valued by North Langley & Associates Ltd, an independent registered valuer on 28 March 2019. The valuation technique used was the Optimised Depreciated Replacement Cost as the spray dryer has specialised equipment and comparable sale information is limited. North Langley & Associates Ltd are a reputable valuation company specialising in the valuation of plant, machinery and equipment.

There was no impairment in 2021 (2020: NIL). No borrowing costs were capitalised during the year (2020: NIL).

	Group \$000		Company \$000	
20. INTANGIBLE ASSETS	2021	2020	2021	2020
<i>Cost - Trademark</i>				
Balance 1 July	1	1	-	-
Amortisation	-	-	-	-
Balance 30 June	1	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
21. RIGHT OF USE ASSETS	2021	2020	2021	2020
Property - Land				
Cost 1 July	389	389	-	-
Adjustment to value	226	-	-	-
Additions	285	-	-	-
Cost 30 June	900	389	-	-
Accumulated depreciation 1 July	12	-	-	-
Charge for the year	28	12	-	-
Accumulated depreciation 30 June	40	12	-	-
Carrying amount 30 June	860	377	-	-

New Zealand Food Innovation (Waikato) Limited leases land from Waikato Innovation Park Limited. The lease term is 33 years. The contract started 1 July 2018 and had renewal term of 20+10+5.

On 1 June 2020 the land lease was revalued by Waikato Innovation Park and an additional 512.4sqm of land was added to the lease. On 1 July 2020 and additional 1,581.4sqm of land was added to the lease.

	Group \$000		Company \$000	
22. DEFERRED INCOME	2021	2020	2021	2020
Original grant	3,794	3,794	-	-
less deferred grant recognised prior years	(1,432)	(1,253)	-	-
	2,362	2,541	-	-
Opening balance	2,362	2,541	-	-
less deferred grant recognised	(179)	(179)	-	-
Total deferred grant	2,186	2,362	-	-
Revenue received in advance	20	131	-	-
Total deferred income	2,206	2,493	-	-
Current portion	199	289	-	-
Non-current portion	2,007	2,204	-	-
Total deferred income	2,206	2,493	-	-

Deferred grant relates to government grants provided to develop the spray dryer facility (part of property, plant and equipment). The deferred grant is written off over 20 and 25 years respectively for the spray dryer facility, being the estimated useful life of the assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
23. PROVISIONS	2021	2020	2021	2020
<i>Silo contracts</i>				
Opening balance	172	168	-	-
On acquisition	-	-	-	-
Charge to profit or loss	-	4	-	-
Balance 30 June	172	172	-	-
Total provisions	172	172	-	-

NZFIW entered into a contract with the following customers, Central Dairy Goat, Spring Sheep Dairy, NZ Nutritional Goat and Maui Milk for use of Silo 4 for five years and to each loan NZFIW \$65,000 for the building of Silo 4 at the factory. NZFIW will reimburse the customers \$43,333 on the 30th June 2022. Should the customer still be manufacturing at the FoodWaikato site beyond May 2022 the repayment will be made at the end of the year, that the customer stops manufacturing at Food Waikato. NZFIW has created a provision (discounted to present value) for \$43,333 of the loan.

	Group \$000		Company \$000	
24. TERM LOANS	2021	2020	2021	2020
BNZ 92346126-04 loan	3,925	4,675	-	-
	3,925	4,675	-	-
Current portion	-	-	-	-
Non-current portion	3,925	4,675	-	-
Total term loans	3,925	4,675	-	-

Term loans are secured by a mortgage over the property at Ruakura Road, Hamilton certificate of title No. 135745.

	2021		2020	
	<i>Interest rate</i>	<i>Maturity Date</i>	<i>Interest rate</i>	<i>Maturity Date</i>
BNZ 92346126-04 loan	4.34%	November 2022	4.44%	November 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
25. OTHER LOANS	2021	2020	2021	2020
Bonds	590	550	-	-
Total other loans	590	550	-	-
Total current portion	200	240	-	-
Total non-current portion	390	310	-	-
Total other loans	590	550	-	-

	Group \$000		Company \$000	
26. LEASE LIABILITIES	2021	2020	2021	2020
Opening balance	384	389	-	-
Adjustment to value	226	-	-	-
Additions	285	-	-	-
Cash flows	(55)	(23)	-	-
Non-cash movement	41	18	-	-
Balance 30 June	881	384	-	-
Total lease liabilities	881	384	-	-

	Group \$000		Company \$000	
Non-cancellable operating lease commitments as lessee are as follows:	2021	2020	2021	2020
No later than one year	54	23	-	-
Later than one year and no later than five years	216	93	-	-
Later than five years	594	278	-	-
	864	394	-	-

	Group \$000		Company \$000	
Amounts recognised in Statement of Comprehensive Income	2021	2020	2021	2020
Expenses relating to short-term leases	50	58	-	-
Expenses relating to leases of low value assets	5	1	-	-
	55	59	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
27. RELATED PARTIES LOANS	2021	2020	2021	2020
New Zealand Food Innovation (Waikato) Limited	-	-	20	12
Total related parties loans	-	-	20	12

New Zealand Food Innovation (Waikato) Limited is owned by Waikato Innovation Growth (70%) and Callaghan (30%). New Zealand Food Innovation (Waikato) Limited has paid operating costs on behalf of Waikato Innovation Growth Limited.

	Group \$000		Company \$000	
28. RECONCILIATION OF PROFIT/(LOSS) FOR THE YEAR TO NET CASH	2021	2020	2021	2020
Profit/(loss) for the year	(128)	(111)	(15)	9
Add/(less) non-cash items				
Bad and doubtful debts	(50)	50	-	-
Interest - provisions and leases	41	22	-	-
Write down of inventories	39	-	-	-
Depreciation and amortisation	1,035	992	-	-
Loss on disposal of fixed assets	-	1	-	-
Share of associates (surplus)/deficit	220	12	-	-
Deferred income	(287)	(290)	-	-
Total non-cash items	998	787	-	-
Add/(less) movements in working capital				
Accrued income	(7)	(7)	-	-
Trade debtors and other receivables	(46)	(62)	-	-
Prepayments	6	(4)	-	-
Income tax expense & subvention payment in profit/loss	(172)	(38)	4	-
Payables and accruals	92	(186)	4	1
Short term employee entitlements	10	(35)	-	-
Related parties loans	-	-	7	(14)
Inventories	282	1,138	-	-
Total movement in working capital	165	806	15	(13)
Net cash flow from operating activities	1,035	1,482	-	(4)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

29. RECONCILIATION OF FINANCING ACTIVITIES

Group \$000

Financing activities

	2020	Cash flows	Non-cash changes	2021
Term loans	4,675	(750)	-	3,925
Other loans	550	40	-	590
Provisions	172	-	-	172
Lease liabilities	384	(55)	552	881
Total liabilities from financing activities	5,781	(765)	552	5,568

Financing activities

	2019	Cash flows	Non-cash changes	2020
			Fair value changes	
Term loans	4,274	401	-	4,675
Other loans	840	(290)	-	550
Provisions	168	-	4	172
Related parties	389	(23)	18	384
Total liabilities from financing activities	5,671	88	22	5,781

Company \$000

Financing activities

	2020	Cash flows	Non-cash changes	2021
Total liabilities from financing activities	-	-	-	-

Financing activities

	2019	Cash flows	Non-cash changes	2020
Total liabilities from financing activities	-	-	-	-

30. CAPITAL COMMITMENTS

The following amounts have been committed to by the group but are not recorded in either the Statement of Comprehensive Income or the Statement of Financial Position.

As at 30 June 2020 New Zealand Food Innovation (Waikato) Limited had a capital commitments of \$1,143 to Combined Technologies Limited for the completion of an Attach to Lots software (2021: NIL).

As at 30 June 2020 New Zealand Food Innovation (Waikato) Limited had a capital commitments of \$14,425 to Portacom for the purchase of a multipurpose unit (2021: NIL).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
31. FINANCIAL INSTRUMENTS	2021	2020	2021	2020
Financial assets at amortised cost				
Cash and cash equivalents	226	175	-	-
Trade and other receivables	897	849	-	-
Total loans and receivables	1,123	1,024	-	-
Financial liabilities at amortised cost				
Payables and accruals	520	442	8	5
Short term employee entitlements	243	233	-	-
Term loans	3,925	4,675	-	-
Other loans	590	550	-	-
Provisions	172	172	-	-
Related parties	-	-	20	12
Total financial liabilities at amortised costs	5,450	6,072	28	17

The Group has no: financial liabilities classified at fair value through profit or loss; financial assets classified at fair value through profit or loss; or fair value through other comprehensive income.

Net gains or net losses on financial assets measured at amortised costs are recognised through the profit or loss and includes interest or dividend income. Net gains or net losses on financial liabilities at amortised cost are recognised in the profit or loss and includes interest expense.

32. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties on normal commercial terms during the year:

Shareholder

The Company's ultimate parent entity is Hamilton City Council. The Company paid \$206,434 (2020: \$162,896) to Hamilton City Council for trade waste. No amount is outstanding at balance date (2020: \$45,649).

Subsidiaries and associates

New Zealand Food Innovation (Waikato) Limited

New Zealand Food Innovation (Waikato) Limited has paid operating costs of \$7,757 (2020: \$14,759) on behalf of Waikato Innovation Growth Limited. No amount is outstanding at balance date (2020: NIL).

In 2020 New Zealand Food Innovation Limited (Waikato) paid a subvention payment of \$28,383 (2021: NIL) to Waikato Innovation Growth Limited for the 2019 tax year.

NZFIW D2 LP Ltd

The Company has paid operating costs of \$10,457 (2020: \$11,139) on behalf of NZFIW D2 LP Limited. No amount is outstanding at balance date (2020: NIL).

In 2020 New Zealand Food Innovation (Waikato) Limited has paid \$997,106 (2020: NIL) to NZFIW D2 LP Limited for capital amounts for Melody Dairies Limited Partnership.

New Zealand Food Innovation (Waikato) Limited received on behalf of NZFIW D2 LP Limited GST refund of \$1,686 (2020: NIL)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

Melody Dairies Limited Partnership

Melody Dairies Limited Partnership has paid \$1,125,072 (2020: NIL) to New Zealand Food Innovation (Waikato) Limited for management fees and have reimbursed \$1,065,348 (2020: NIL) for operating costs paid by the Company. A balance of \$343,171 inclusive was outstanding at 30 June 2021 (2020: NIL).

During the year the Limited Partnership has received \$238,557 (2020: NIL) GST exclusive from New Zealand Food Innovation (Waikato) Limited for operating costs paid by the Limited Partnership. A balance of \$630 GST inclusive was owing at 30 June 2021 (2020: NIL).

In 2020 Melody Dairies Limited Partnership has paid \$137,292 (2021: NIL) to New Zealand Food Innovation (Waikato) Limited for project management and have reimbursed \$474,791 (2021: NIL) for project costs paid by the Company previously. A balance of \$79,716 inclusive was outstanding at 30 June 2020 (2021: NIL).

In 2020 New Zealand Food Innovation (Waikato) Limited received on behalf of Melody Dairies Limited Partnership \$77,326 from the Covid-19 government wage subsidy (2021: NIL).

Callaghan Innovation

New Zealand Food Innovation (Waikato) Limited made sales of \$80,000 (2020: \$80,000) to Callaghan Innovation for Business Development Manager services. No amount is outstanding at balance date (2020: NIL).

In 2020 New Zealand Food Innovation (Waikato) Limited paid \$470 (2021: NIL) to Callaghan Innovation for Directors travel expense to board meetings. There was no amount is outstanding at 31 March 2020 (2021: NIL).

Key Management Personnel Disclosure

Key management personnel compensation	2021: \$612,998	2020: \$620,826
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Directors' Remuneration Disclosure

	2021	2020
B Harris	45,000	45,000
P Hobman	45,500	45,500
S Korn - Callaghan	27,500	-
M Kenny - Callaghan	-	27,500
D Stanley	27,500	27,500
E Rattray	27,500	27,500

Other

Stuart Gordon the CE of NZFIW is the CE of Waikato Innovation Park Limited which provides management services and ground lease to NZFIW. During the year Waikato Innovation Park Limited charged NZFIW \$471,206 GST exclusive for these services (2020: \$307,716). A balance of \$32,169 inclusive is owing at 30 June 2021 (2020: \$27,780).

Matt Kenny (ceased 28-07-2020) is a Director of New Zealand Food Innovation Auckland Limited (ceased 31-07-2020) which provides CRM and innovation network support. During the year New Zealand Food Innovation Auckland Limited charged the Company \$13,126 GST exclusive for these services (2020: \$3,044). A balance of \$2,189 inclusive is owing at 30 June 2021 (2020: \$182).

Matt Kenny (ceased 28-07-2020) is a Director of New Zealand Food Innovation (South Island) Limited (ceased 21-07-2020). During the year New Zealand Food Innovation (South Island) Limited charged NZFIW \$1,324 (2020: \$485). No amount is outstanding at balance date (2020: NIL).

33. CONTINGENCIES

No contingencies have been identified at balance date (2020: NIL).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

34. BREACH OF STATUTORY DEADLINE

The Company was required under section 67(5) of the Local Government Act 2002 to complete and adopt its audited financial statements and service performance information by 30 November 2021. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

35. COVID-19 IMPACT DISCLOSURES

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. There were various movements between level 2 and level 1 in 2021.

NZFIW was certified by MPI as an essential business during this period and therefore continued to operate albeit under enhanced tracking and social distancing regime.

NZFIW continued as normal. The effect on our operations is reflected in these financial statements, based on the information available to the date these financial statements are signed. There may be secondary implications that affect the NZFIW in the future due to the effect Covid-19 might have on customers in the medium term. However interviews with our key customers have disclosed to date no significant issues.

NZFIW D2 LP Limited did not encounter any impact from the lock down. This is due to the Company having no operations and only holding the investment in Melody Dairies Limited Partnership whichs fair value was not impacted by Covid-19.

PERFORMANCE TARGETS AND RESULTS

For the year ended 30 June 2021

The Group prepares an annual Statement of Corporate Intent, which is approved by the Shareholders and incorporates financial and performance measure for the ensuing year. This is in accordance with section 64(5) of the Local Government Act 2002. The 2020/21 Statement of Corporate Intent was approved by Hamilton City Council.

Performance information relevant to the Company is disclosed below:

Waikato Innovation Growth Limited (Group)

	2021 Actual \$000	2021 Statement of Corporate Intent \$000	2020 Actual \$000	2020 Statement of Corporate Intent \$000
Budget and actual results				
Net Profit after tax	(128)	471	(111)	337
Shareholder's funds/Tangible assets	56%	75%	55%	70%

New Zealand Food Innovation (Waikato) Limited

	2021 Actual \$000	2021 Statement of Corporate Intent \$000	2020 Actual \$000	2020 Statement of Corporate Intent \$000
Budget and actual results				
EBITDA NZFIW	1,240	1,932	1,177	1,956
NZFIW Cash from operating activities	1,035	1,442	1,482	856
Capital expenditure	216	560	519	650
Investment in Melody Dairies	-	-	3,604	1,670

Key objectives and actual results to 30 June 2021

Key objectives	Actual results
1. 275 days of product development production via the spray dryer contributing exceeding \$60 million to the regional economy.	Actual dryer days achieved were 252 contributing to \$30.4 M of exports. This shortfall was driven by the downturn in the goat industry. A major sales channel to China was driven by tourists and overseas students visiting Australia and New Zealand which collapsed due to Covid-19. NZ Food source the Market Rate value for Exports from its market-based Customers, the quantity of exports are obtained internally based on dryer production levels, the export value is then derived by multiplying these figures.
2. The Melody Limited Partnership plant will have been completed and in full operation.	Project completed per budget of \$54m. Commercial production commenced July 2020.
3. An 11% minority interest in new spray dryer will increase open access space for the sheep industry customers.	Most of the sheep milk production was transferred to the New Dryer to service the increased volumes. A total of 332 tonnes over 30.5 days were achieved. This is expected to increase by 85% next season.
4. Assist with the development of new valued added sheep milk industry products and the international launch of one substantial new product.	Significant growth in fresh sheep milk production. Spring Sheep Dairy wins Best Infant Nutrition category with it's Gentle Sheep brand at World Dairy Innovation Awards
5. Income receiving from managing Melody Dairies expects to amount to gross of \$1.1m.	\$1.125m GST exclusive received.

