



Six Month Report  
to Shareholders  
31 December 2021



Council  
Collaboration  
Into Action

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# Entity Information

## Regional Software Holdings Limited For the 6 months ended 31 December 2021

Regional Software Holdings Limited (RSHL) was incorporated in October 2012. This report covers the 6 months from 1 July 2021 to 31 December 2021 as required by Section 66 of the Local Government Act 2002. RSHL has no subsidiaries or joint ventures.

### Entity Type and Legal Basis

RSHL is a Public Limited Liability Company incorporated and registered under the Companies Act 1993 and is a council-controlled organisation as defined in Section 6 of Local Government Act 2002

### Entity Structure

The Company comprises of a Board of seven Directors. The Board oversee the governance of RSHL. In addition there is a General Manager who is responsible for the day-to-day operations of RSHL and reporting to the Board. Each of the six shareholder entities are entitled to separately appoint one director each, with one independent director appointed by the Board.

### Main Sources of Entity's Cash and Resources

Funds for IRIS development and operation of the company are received by way of levies from each member and customer Council. These levies are set annually in the Statement of Intent. Additional funding for Sector projects and ReCoCo is collected from all 16 regional and unitary councils.

### Nature and Scope of Activities to be Undertaken

RSHL provides a framework for collaboration between shareholders, customers, and across the wider regional council sector. It supports the procurement or development of shared solutions and products in a manner that provides greater consistency in how we operate our core processes. RSHL provides a more cost effective alternative than individual councils can achieve on their own.

The company operates by facilitating collaborative initiatives between councils and through managed contractual arrangements. Some councils are both customers of RSHL and providers of service to RSHL.

RSHL activities are currently grouped into two key programmes of work:

<p>IRIS</p>	<p>The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 8 years and is currently in use at 7 councils. The 7 councils actively collaborate on the use of IRIS and the future development roadmap.</p> <p><b>IRIS Next Generation</b></p> <p>RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 2-4 years.</p> <p>IRIS Next Generation (NextGen) will be cloud based with enhanced online and mobile features. IRIS NextGen will be more efficient for staff and customers.</p> <p>IRIS NextGen is built on the basis of standard best practice as defined by the regional sector. Along with the software solution, we will implement consistent “good practice” processes for the sector.</p> <p>Over the next two years, RSHL will identify:</p> <ul style="list-style-type: none"> <li>• The IRIS NextGen solution.</li> <li>• A transition plan for existing users.</li> <li>• A growth plan to attract new councils to the program.</li> </ul>
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	<p>The IRIS NextGen program will require changes to the shareholding and membership arrangements of RSHL. RSHL will implement these changes over the next two years.</p> <p>The budget for 2021/22 and indicative budget for subsequent years reflect the use of debt to fund the development of IRIS NextGen. This approach is seen as the best way to smooth the costs of the new solution over a longer term than would otherwise be the case.</p>
Sector Shared Services	<p>In 2020 the ReCoCo Programme was superseded by the Sector Financial Management System (SFMS).</p> <p>As part of the SFMS, RSHL is responsible for the management of the funding for regional sector collaborative programmes;</p> <ul style="list-style-type: none"> <li>• Regional Sector Office</li> <li>• Sector Business Plan</li> <li>• River Managers Programme</li> <li>• ReCoCo Technology Projects</li> <li>• EMaR Programme</li> <li>• Bio Managers Programme</li> <li>• Bio Control Programme</li> </ul> <p>The sector has a budget of over \$2.5M for these initiatives. RSHL collects this funding from councils and engages suppliers to deliver services to achieve the outcomes from each of the programmes.</p> <p>ReCoCo is one of the programmes within the SFMS. Under the ReCoCo banner RSHL delivers collaborative technology projects for groups of regional councils. The ReCoCo programme is led by the Corporate and Finance Special Interest Group.</p>

## Vision

To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector.

## Mission

Deliver shared solutions to the regional council sector along with collaborative outcomes through sector special interest groups to achieve:

- Consistent, good-practice regional council specific processes and functions
- Value through economies of scale
- Greater influence for the sector with central government through cohesion and collaboration
- Reduced risk through ensuring continuity of supply and control of the destiny of regional council sector specific software.

## Values

In all RSHL decisions and interactions the Board and staff together with council participants who may be working within the RSHL framework will observe the following values and ethos:

- We are forward thinking and innovative
- We are responsive and deliver value
- We are professional and accountable
- We are flexible and open.

## Guiding Principles

- The best decision is that which provides the best end result, primarily for participating councils and indirectly the communities they serve
- Our solutions will be practical, appropriate to the scale of the problem and affordable
- Where appropriate we will utilise codes of practice and standards produced by industry groups
- All parties to any decision or interaction will be treated with respect, dignity, integrity and honesty.

## Objectives

The principal objective of RSHL is to deliver on the vision, mission and values.

The secondary objective of RSHL is to:

- Achieve the objective of its shareholders, both commercial and non-commercial as specified in the Statement of Intent
- Be a good employer
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

# Statement of Service Performance

## Regional Software Holdings Limited For the 6 months ended 31 December 2021

Progress against the Statement of Intent (SOI) performance measures is reported in the following section.

Items of significance during the six months include:

IRIS	<p>As the focus shifts to the future and IRIS NextGen, we have reduced the frequency of IRIS releases. The next release (4.05) is scheduled for February 2022.</p> <p>In this period we rolled out a BI Reporting module for IRIS that will enable easier reporting and analysis on consenting activity.</p> <p>The tools will also support councils' data cleansing, an important activity to be completed prior to migration to IRIS NextGen.</p>
IRIS Next Generation	<p>In this period the IRIS NextGen Programme continued to build momentum.</p> <p>We positively concluded our Due Diligence activities on the proposal from Datacom and, have commenced the Discovery phase of the programme. The Discovery Phase will help RSHL and Datacom to establish a solid basis for the remainder of the programme, to reduce risk and prepare for the work to come.</p> <p>We are pleased that 5 additional councils are working with us on IRIS NextGen. We have established a new Advisory Group to oversee the programme.</p>
Sector Shared Services	<p>In August 2021 the RCEOs forum approved the business case for the creation of a Regional Sector Shared Services organization based on RSHL.</p> <p>The intention is to have the new organisation in place by July 2022.</p> <p>In this period, we have confirmed that 10 councils (4 new) intend to take a shareholding in the new organization, with remaining councils requiring more information, or more time to make a commitment.</p> <p>We have commenced the legal work on the new structure of the company.</p> <p>The FY2023 DRAFT Statement of Intent for RSHL will be provided to councils for feedback by 1 March. This SOI will reflect the changes to the operation of the company.</p>
Sector Financial Management System	<p>In 2020 the ReCoCo Programme was superseded by the Sector Financial Management System (SFMS).</p> <p>As part of the SFMS, RSHL is responsible for the management of the funding for regional sector collaborative programmes;</p> <ul style="list-style-type: none"> <li>• Regional Sector Office</li> <li>• Sector Business Plan</li> <li>• River Managers Programme</li> <li>• ReCoCo Technology Projects</li> <li>• EMaR Programme</li> <li>• Bio Managers Programme</li> <li>• Bio Control Programme.</li> </ul> <p>This programme is now operating as a BAU activity. Along with managing funding, RSHL also provides practical assistance for sector projects – for example managing the new sector web presence (teurukahika.govt.nz) and related accounts.</p> <p>The ReCoCo Technology Programme currently has 3 significant projects in flight.</p>

## Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2021-2022 financial year.

	Performance Measures	For the period ending 31 December 2021
Non Financial	Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Complete. The IRIS user survey was completed in November 2021. Results were reported to the board in February 2022 and reflected overall improvement in the performance of RSHL, Datacom and the IRIS Product.
Non Financial	Develop, approve, communicate and refine the product strategy for IRIS NG.	In Progress. The IRIS NextGen product strategy will be delivered by the IRIS NextGen Programme Discovery Phase.
Non Financial	Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	Complete. The IRIS Development roadmap extends for 3 years. It is refined by the Advisory Group as required. The roadmap was presented to the board in November 2021.
Non Financial	Major Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	In Progress. Business Intelligence Implementation - is on track and on budget and has been delivered. MAJ057 IRIS Advanced Search Enhancement is on track and on budget for delivery in the IRIS v4.05 release in February.
Non Financial	Budgets for support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.	In Progress. Expenditure on support and minor enhancements are in line with budget.
Financial	RSHL will operate within approved budget, with any material variations approved by the Board.	In Progress. Expenditure in FY2022 has been in line with budget.
Financial	Annual charges for shareholders and customers to be at the level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.	In Progress. There is no expectation we will seek additional contributions from members.
Growth	Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholders base of RSHL.	In Progress. This is being achieved through IRIS NextGen, the Sector Financial Management System and the Shared Services Implementation.
Growth	Engage with councils in the sector to evaluate options for the eventual replacement of the current IRIS software package. The objective is to identify a solution that can be adopted by an increasing number of councils in the sector.	In Progress. The objective will be achieved through the IRIS NextGen Programme.

Growth	Be a service delivery vehicle for wider regional council sector shared programmes under the Sector Financial Management System (or similar).	In Progress. SFMS is in place for 2021/22. RSHL has collected \$1.5M of funding on behalf of the regional sector and paid \$1.2M in expenses.
Growth	Be a service delivery vehicle for wider regional council sector and related council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the ReCoCo Advisory Group.	In Progress. There are several projects in flight under the ReCoCo framework. All projects are managed using appropriate project management controls.
Growth	Work with the RCEOs Group to develop a business case for the Regional Sector Services Organisation. Business case to be considered by December 2021 to allow for the development of a new Statement of Intent in early 2022.	Complete. The business case for the Regional Sector Shared Services organisation was approved on 3 August 2021.



# Directors Report

## Regional Software Holdings Limited For the 6 months ended 31 December 2021

### Financial Position

Member Contributions and Other Revenue are tracking to budget for the year.

Regional Sector Shared Services Revenue is slightly more than budget, as work programme budgets were amended in July 2021. NB There is no impact on RSHLs final results because this is revenue in advance that RSHL holds on behalf of the regional sector.

Operating expenditure for RSHL activities is tracking to budget. Personnel costs will be more than budget because of the recruitment of a Product Manager. This will be offset by a reduction in Management Fees and additional revenue.

The company is running at a loss. This reflects the depreciating value of the investment in the IRIS product.

Expenditure on the IRIS solution is no longer being treated as a capital investment. As a result, the book value of the asset is depreciating rapidly. This is appropriate as the product nears the end of its life and the company looks to reinvest in IRIS NextGen. Cash balances remain healthy as the losses are resulting from depreciation rather than trading activities.

Expenditure for shared services is in line with expectations.

The cash position is very favourable to budget due to the Sector Financial Management Funds which are held on behalf of the regional sector.

It is expected that the income and expenditure for RSHL activities will be close to budget.

### Financial Statements

The financial statements required by section 66 of the Local Government Act 2002 are attached.

### Registered Office

C/- O'Fee Next Level Accounting

PO Box 1007

Palmerston North

### Auditors

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

### Directors

The directors appointed for the period that this six monthly report covers were:

Mike Nield (Chairperson)	Taranaki Regional Council
John Crane	Waikato Regional Council
Malcolm Nicolson	Northland Regional Council
Ged Shirley	Horizons Regional Council
Jane Carroll	Southland Regional Council
Heather Mabin	West Coast Regional Council
A Aakjaer (Independent Director)	

## Interest Register

All directors listed their interests in the register on being appointed to the company and interest are reviewed at each board meeting. The following interests are registered:

Director	Organisation	Interest
MJ Nield	Taranaki Stadium Trust	Trustee
J Crane	-	-
MC Nicolson	Hawk Hill Estates Limited The Masters Group Holdings Limited	Director Director
G Shirley	-	-
J Carroll	JCom Limited JC's Properties Limited Voicecom Technologies Limited	Director & Shareholder Director & Shareholder Shareholder
A Aakjaer	Negotiate Limited Aakjar Trustee Company Limited Ice Bear Holdings Limited One Sheep at a Time Limited Note: Negotiate Consulting may from time to time provide advisory services to Northland Regional Council and Waikato Regional Council	Director & Shareholder
H Mabin	-	-

## Additional Disclosure

The Companies Act 1993 requires disclosure of the amount of donations, audit fees, fees for other services from the auditor, and the number of employees of the company who receives remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000. For this financial year, two employees were employed by RSHL and their remunerations are both over \$140,000. The audit fee for the period is unconfirmed at the time of writing, paid to Audit New Zealand.

## Statement of Compliance and Responsibility

In terms of the Local Government Act 2002, the Board of Directors is responsible for the preparation of RSHL financial statements and to assist the company to meet its objectives and any other requirements in its Statement of Intent (SOI).

The Board of Directors of RSHL has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of RSHL for the six months ended 31 December 2021.

Signed on behalf of the Board of Directors:



MJ Nield - Chairperson



JE Crane - Director

Date: 28 February 2022

# Statement of Comprehensive Revenue and Expense

## Regional Software Holdings Limited For the 6 months ended 31 December 2021

	NOTES	31 DEC 2021 6 MONTHS (UNAUDITED)	31 DEC 2020 6 MONTHS (UNAUDITED)	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>Revenue</b>					
Interest		645	287	600	631
Regional Sector Shared Services		1,485,475	1,367,914	2,551,392	2,132,784
Member Contributions		667,576	953,193	1,340,947	1,317,976
Other revenue	1	143,325	115,959	231,931	154,612
<b>Total Revenue</b>		<b>2,297,021</b>	<b>2,437,352</b>	<b>4,124,870</b>	<b>3,606,002</b>
<b>Expenses</b>					
Administration Costs	2	40,998	29,572	61,865	55,746
Audit and Legal Fees		-	-	86,534	32,765
Datacom Support Services		139,020	97,713	260,000	210,427
Environmental Charges		9,674	10,366	22,444	20,455
External Contractors		164,577	156,515	300,040	268,074
External Directors Fees		16,500	19,179	33,000	14,804
Management Fees		78,216	94,728	145,000	180,416
Other Direct Software Expenses		227,592	171,160	472,066	610,372
Personnel costs		136,167	73,802	176,610	144,601
Promotional costs		50	2,080	8,000	7,836
Regional Sector Shared Services		1,230,661	556,351	2,551,392	2,132,784
Travel and Meeting Costs		5,619	6,939	18,750	7,061
Depreciation	5	471,445	472,075	920,438	943,520
<b>Total Expenses</b>		<b>2,520,519</b>	<b>1,690,480</b>	<b>5,056,139</b>	<b>4,628,860</b>
<b>Surplus/(deficit) before tax</b>		<b>(223,498)</b>	<b>746,872</b>	<b>(931,269)</b>	<b>(1,022,858)</b>
<b>Surplus/(deficit) after tax</b>		<b>(223,498)</b>	<b>746,872</b>	<b>(931,269)</b>	<b>(1,022,858)</b>
<b>Surplus/(deficit) attributable to RSH Ltd</b>		<b>(223,498)</b>	<b>746,872</b>	<b>(931,269)</b>	<b>(1,022,858)</b>
<b>Total comprehensive revenue and expense</b>		<b>(223,498)</b>	<b>746,872</b>	<b>(931,269)</b>	<b>(1,022,858)</b>

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.

# Statement of Comprehensive Revenue and Expense - RSHL Activity

Regional Software Holdings Limited  
For the 6 months ended 31 December 2021

NOTES	31 DEC 2021 6 MONTHS UNAUDITED	31 DEC 2020 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>Revenue</b>				
Interest	645	287	600	631
Members Contribution	667,576	953,193	1,340,947	1,317,976
Other revenue	143,325	115,959	231,931	154,612
<b>Total Revenue</b>	<b>811,546</b>	<b>1,069,439</b>	<b>1,573,478</b>	<b>1,473,218</b>
<b>Expenses</b>				
Administration Costs	40,998	29,572	61,865	55,746
Audit and Legal Fees	-	-	86,534	32,765
Datacom Support Contract	139,020	97,713	260,000	210,427
Environment Charges	9,674	10,366	22,444	20,455
External Contractors	164,577	156,515	300,040	268,074
External Directors Fees	16,500	19,179	33,000	14,804
Management Fees	78,216	94,728	145,000	180,416
Other Direct Software Expenses	227,592	171,160	472,066	610,372
Personnel Costs	136,167	73,802	176,610	144,601
Promotional costs	50	2,080	8,000	7,836
Travel, Accommodation & Meeting costs	5,619	6,939	18,750	7,061
Depreciation	471,445	472,075	920,438	943,520
<b>Total Expenses</b>	<b>1,289,858</b>	<b>1,134,129</b>	<b>2,504,747</b>	<b>2,496,077</b>
<b>Surplus/(deficit) before tax</b>	<b>(478,311)</b>	<b>(64,691)</b>	<b>(931,269)</b>	<b>(1,022,858)</b>
<b>Surplus/(deficit) after tax of RSHL Activity</b>	<b>(478,311)</b>	<b>(64,691)</b>	<b>(931,269)</b>	<b>(1,022,858)</b>

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.

# Statement of Comprehensive Revenue and Expense - ReCoCo Activity

Regional Software Holdings Limited  
For the 6 months ended 31 December 2021

NOTES	31 DEC 2021 6 MONTHS UNAUDITED	31 DEC 2020 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>Revenue</b>				
Regional Sector Share Services	1,485,475	1,367,914	2,551,392	2,132,784
<b>Total Revenue</b>	<b>1,485,475</b>	<b>1,367,914</b>	<b>2,551,392</b>	<b>2,132,784</b>
<b>Expenses</b>				
Regional Sector Share Services	1,230,661	556,351	2,551,392	2,132,784
<b>Total Expenses</b>	<b>1,230,661</b>	<b>556,351</b>	<b>2,551,392</b>	<b>2,132,784</b>
<b>Surplus/(deficit) before tax</b>	<b>254,814</b>	<b>811,563</b>	-	-
<b>Surplus/(deficit) ReCoCo Activity</b>	<b>254,814</b>	<b>811,563</b>	-	-

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.

# Statement of Financial Position

## Regional Software Holdings Limited

As at 31 December 2021

	NOTES	31 DEC 2021 6 MONTHS UNAUDITED	31 DEC 2020 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	3	2,495,267	1,336,016	2,495,267	685,927
Accounts Receivable and Accruals	4	90,540	589,389	90,540	2,321,647
Income Tax Receivable		525	261	525	351
<b>Total Current Assets</b>		<b>2,586,332</b>	<b>1,925,667</b>	<b>2,586,332</b>	<b>3,007,926</b>
<b>Non-Current Assets</b>					
Property, Plant & Equipment (PPE)	5	3,014,430	4,081,178	3,014,430	3,485,875
<b>Total Non-Current Assets</b>		<b>3,014,430</b>	<b>4,081,178</b>	<b>3,014,430</b>	<b>3,485,875</b>
<b>Total Assets</b>		<b>5,600,763</b>	<b>6,006,844</b>	<b>5,600,763</b>	<b>6,493,801</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Payables and Accruals	6	298,766	154,977	298,766	881,228
Income Received in Advance		29,886	29,886	29,886	19,924
Revenue in Advance - ReCoCo		1,653,590	172,274	1,653,590	1,653,590
Goods and services tax		27,737	65,696	27,737	124,778
<b>Total Current Liabilities</b>		<b>2,009,979</b>	<b>422,832</b>	<b>2,009,979</b>	<b>2,679,520</b>
<b>Total Liabilities</b>		<b>2,009,979</b>	<b>422,832</b>	<b>2,009,979</b>	<b>2,679,520</b>
<b>Net Assets</b>		<b>3,590,784</b>	<b>5,584,012</b>	<b>3,590,784</b>	<b>3,814,281</b>
<b>Equity</b>					
Contributed Capital	7	5,149,150	5,149,150	5,149,150	5,149,150
Accumulated Funds	7	(1,558,366)	434,862	(1,558,366)	(1,334,869)
<b>Total Equity</b>		<b>3,590,784</b>	<b>5,584,012</b>	<b>3,590,784</b>	<b>3,814,281</b>

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

# Statement of Changes in Equity/Net Assets

## Regional Software Holdings Limited

### For the 6 months ended 31 December 2021

	31 DEC 2021 6 MONTHS UNAUDITED	31 DEC 2020 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>Equity</b>				
Opening Balance	3,814,281	4,837,140	3,814,281	4,837,140
Total Comprehensive Revenue and Expense for the year	(223,498)	746,872	35,519	(1,022,858)
<b>Balance at 30 June</b>	<b>3,590,784</b>	<b>5,584,012</b>	<b>3,849,800</b>	<b>3,814,281</b>
<b>Total Comprehensive Revenue and Expense Attributable to</b>				
Regional Software Holdings Ltd	(223,498)	746,872	35,519	(1,022,858)

# Statement of Cash Flows

## Regional Software Holdings Limited

### For the 6 months ended 31 December 2021

	31 DEC 2021 12 MONTHS UNAUDITED	31 DEC 2020 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>Cash Flows from Operating Activities</b>				
Receipts from Members	775,548	907,866	775,548	1,534,935
Interest Received	645	287	645	631
ReCoCo Income	3,381,657	1,177,860	3,381,657	1,710,126
Other Income	38,667	-	38,667	-
Income tax received/(paid)	(174)	(74)	(174)	(163)
Payments to suppliers and employees	(2,511,782)	(1,205,408)	(2,511,782)	(2,908,251)
GST	124,779	2,575	124,779	(77,617)
<b>Total Cash Flows from Operating Activities</b>	<b>1,809,340</b>	<b>883,106</b>	<b>1,809,340</b>	<b>259,660</b>
<b>Cash Flows from Investing and Financing Activities</b>				
Payments to acquire property, plant and equipment	-	(149,056)	-	(175,698)
<b>Total Cash Flows from Investing and Financing Activities</b>	<b>-</b>	<b>(149,056)</b>	<b>-</b>	<b>(175,698)</b>
<b>Net Increase/ (Decrease) in Cash</b>	<b>1,809,340</b>	<b>734,051</b>	<b>1,809,340</b>	<b>83,962</b>
<b>Cash Balances</b>				
Cash and cash equivalents at beginning of period	685,927	601,965	685,927	601,965
Cash and cash equivalents at end of period	2,495,267	1,336,016	2,495,267	685,927
Net change in cash for period	1,809,340	734,051	1,809,340	83,962

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated



# Statement of Accounting Policies

## Regional Software Holdings Limited

### For the 6 months ended 31 December 2021

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO), owned by:

Council	Ownership
Waikato Regional Council	32.75%
Northland Regional Council	16.75%
Horizons Regional Council	15.50%
Taranaki Regional Council	15.50%
Southland Regional Council	15.50%
West Coast Regional Council	4.00%

RSHL was incorporated in October 2012. RSHL was primarily incorporated for the purposes of providing a framework for the collaboration between the shareholders and across the wider regional council sector. RSHL has designated itself a Public Benefit Entity (PBE) for the purposes of complying with generally accepted accounting practices.

The financial statements are those of RSHL, for the six months ended 31 December 2021, and were authorised for issue by the Board of Directors on 28 February 2022.

#### Public Benefit Entity Simple Format Reporting

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

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. RSHL is not publicly accountable and expenditure is not higher than \$30 million. These financial statements comply with PBE standard.

#### Basis of Preparation of the Financial Statements

The Financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The financial statements have been prepared on a historical costs basis. All transactions are reported using the accrual basis of accounting.

#### Statement of Compliance

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

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. RSHL is not publicly accountable and expenditure is not higher than \$30 million. These financial statements comply with PBE standards.

### **Presentation currency and rounding**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

### **Changes in Accounting Policies**

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

### **Summary of Significant Accounting Policies**

#### **Revenue**

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

- a) Members Contributions and other forms of revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis.
- b) Interest revenue is recorded as it is earned.

#### **Expenditure**

Expenditure is recognised on an accrual basis when the service was provided, or the goods received. Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

#### **Bank Accounts and Cash**

Cash and cash equivalents includes cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts. Bank overdrafts are presented as a current liability in the Statement of Financial Position.

#### **Receivables**

Short-term receivables are recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recognised as a bad debt expense.

#### **Inventories**

Inventory is initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and their selling process. Goods for use or distribution are subsequently measured at cost and written down if they become obsolete.

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

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

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.

The net GST paid to, or recovered from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

## Income Tax

Income tax expenses calculated using the axes payable method. As a result no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustents to prior year tax liabilities.

## Payables

Short term creditors and other payables are recorded at the amount owed.

## Property, Plant and Equipment

### *Software acquisition and development*

Costs

that are directly associated with the development of the IRIS software suite are recognised as property, plant and equipment.

### *Depreciation*

Depreciation begins when the asset is available for use and ceases at the date that the asset is derecognised. The depreciation charge for each period is recognised through the Statement of Financial Performance.

The carrying value is depreciated on a straight-line basis over its useful life. The useful life and associated depreciation rate for the IRIS software suite is 10 years and 10%.

Where software in this category is replaced, upgraded or determined by RSHL to be of no further operational benefit, a change in value will be recognised through the Statement of Financial Performance. This change in value will be the difference between the carrying value of the original item and its fair value.

## Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumption have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

## Additional Disclosure

The companies Act 1993 requires disclosure of the amount of the donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000.

For this financial year two staff members are employed by RSHL.

Remuneration Bracket	Staff
100,000 - 110,000	0
110,000 - 120,000	0
120,000 - 130,000	0
130,000 - 140,000	0
140,000 -150,000	1
150,000 - 160,000	0
160,000 - 170,000	0
170,000 +	1

The audit fee for the six month period is expected to be \$nil (GST Exclusive) paid to Audit New Zealand.

# Notes to the Performance Report

## Regional Software Holdings Limited

### For the 6 months ended 31 December 2021

	31 DEC 21 6 MONTHS UNAUDITED	31 DEC 20 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>1. Other Income</b>				
User Funding - Hawkes Bay Regional Council	78,466	115,959	156,931	154,612
ReCoCo Expense Recovery	24,573	-	75,000	-
Other Revenue	40,287	-	-	-
<b>Total Other Income</b>	<b>143,325</b>	<b>115,959</b>	<b>231,931</b>	<b>154,612</b>

	31 DEC 21 6 MONTHS UNAUDITED	31 DEC 20 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>2. Administration Expenses</b>				
Accounting & Technical Support	36,260	25,137	32,343	51,210
Administration Costs	2,204	2,060	27,222	3,435
Bank Fees	184	134	-	138
Insurance	2,350	2,240	2,300	963
<b>Total Administration Expenses</b>	<b>40,998</b>	<b>29,572</b>	<b>61,865</b>	<b>55,746</b>

	31 DEC 21 6 MONTHS UNAUDITED	31 DEC 20 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>3. Cash and cash equivalents</b>				
Business Online Saver	280,331	580,172	-	280,271
Credit Card - Mark Donnelly	(1,108)	(496)	-	(222)
Current Account	2,216,044	756,340	-	405,878
<b>Total Cash and cash equivalents</b>	<b>2,495,267</b>	<b>1,336,016</b>	<b>-</b>	<b>685,927</b>

	31 DEC 21 6 MONTHS UNAUDITED	31 DEC 20 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>4. Receivables and accruals</b>				
Accounts Receivable	60,654	559,504	-	2,261,876
Prepayments	29,886	29,886	-	59,771
<b>Total Receivables and accruals</b>	<b>90,540</b>	<b>589,389</b>	<b>-</b>	<b>2,321,647</b>

## 5. Property, Plant and Equipment

	E-Learning Software	IRIS Software Intellectual Property	Computer Hardware	Total
Carrying amounts as at 1 July 2020	31,186	4,421,265	631	4,453,052
Additions	-	117,394	-	117,394
Disposals (net accumulated depreciation)	-	-	-	-
Depreciation Expense	(4,253)	(938,637)	(631)	(943,520)
Work in Progress written off/impaired	-	(141,050)	-	(141,050)
<b>Carrying amount as at 30 June 2021</b>	<b>26,933</b>	<b>3,458,942</b>	<b>-</b>	<b>3,485,875</b>
Carrying amounts as at 1 July 2021	26,933	3,458,942	-	3,485,875
Additions	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation Expense	(2,126)	(469,318)	-	(471,445)
Work in Progress written off/impaired	-	-	-	-
<b>Carrying amount as at 31 December 2021</b>	<b>24,806</b>	<b>2,989,624</b>	<b>-</b>	<b>3,014,430</b>

At 31 December 2021 the working progress value of the IRIS Asset is \$Nil (31 December 2020: \$100,200).

	31 DEC 21 6 MONTHS UNAUDITED	31 DEC 20 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>6. Payables and accruals</b>				
Accounts Payable	260,268	124,836	-	763,691
PAYE Payable	8,527	7,082	-	7,082
Employee Entitlements	18,971	9,947	-	10,596
Accrued Expenses	11,000	13,113	-	99,859
<b>Total Payables and accruals</b>	<b>298,766</b>	<b>154,977</b>	<b>-</b>	<b>881,228</b>

	31 DEC 21 6 MONTHS UNAUDITED	31 DEC 20 6 MONTHS UNAUDITED	30 JUNE 2022 12 MONTHS SOI	30 JUNE 2021 12 MONTHS UNAUDITED
<b>7. Equity</b>				
<b>Contributed Capital</b>				
Balance at 1 July	5,149,150	5,149,150	5,149,150	5,149,150
Capital Contribution	-	-	-	-
<b>Balance at end of period</b>	<b>5,149,150</b>	<b>5,149,150</b>	<b>5,149,150</b>	<b>5,149,150</b>
<b>Accumulated Surplus</b>				
Balance at 1 July	(1,334,869)	(312,010)	(999,610)	(312,011)
Surplus/(deficit) for the year	(220,214)	746,872	(931,269)	(1,022,858)
<b>Balance at end of period</b>	<b>(1,555,083)</b>	<b>434,862</b>	<b>(1,930,879)</b>	<b>(1,334,869)</b>
<b>Total Equity</b>	<b>3,594,067</b>	<b>5,584,012</b>	<b>3,218,271</b>	<b>3,814,281</b>

## 8. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 December 2021 (Last year - nil).

## 9. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect RSHL would have adopted in dealing with the party at arm's length in the same circumstances.

Related Party Transactions Significant to RSHL Requiring Disclosure:

RSHL purchased management services from Waikato Regional Council (WRC) (32.75% shareholder) to the value of \$97,752 (including GST) (Dec 2020: \$85,551(incl. GST)).

RSHL purchased management services from Taranaki District Council (TRC) (15.50% shareholder) to the value of \$13,878 (including GST) (Dec 2020 : \$Nil)

RSHL purchases administrative services from West Coast Regional Council (WCRC) (4.0% shareholder) to the value of \$Nil (including GST) (Dec 2020: \$7,101 (incl. GST)).



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