

**Regional Software Holdings Limited**

**Annual Report Including Financial Statements**

**For the 9 Months Ended 30 June 2013**

**Regional Software Holdings Limited  
For the 9 Months Ended 30 June 2013**

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## Regional Software Holdings Limited Directors' Report For the 9 Months Ended 30 June 2013

### Chairmans Report

On behalf of Regional Software Holdings Limited (RSHL), and the six regional council shareholders, it is my pleasure to present the Company's first annual report.

RSHL is a major shared services undertaking by the Northland, Waikato, Tararangi, Horizons, West Coast and Southland regional councils. It is responsible for the long-term maintenance and development of the IRIS (integrated Regional Information System) product as developed for and by the shareholding councils.

Over the last few years, the six regional councils have developed a leading edge software solution (IRIS) for the regional council specific functions undertaken by those councils. The development project has been a remarkable success with the project being delivered to specification and within budget. Two regional councils are now live with the IRIS solution and the other four councils will go-live in the next few months.

RSHL was incorporated in 2012/13 with the objective of holding, maintaining and developing the IRIS product. In June 2013, the first call of shares was made. This was accompanied with a transfer of the software from the regional councils to the company. The rest of the transfer of software and the final call of shares will be made in 2013/14 as RSHL becomes fully operative.

The company did not fully operate during the year. Accordingly, the financial results included in this Annual Report do not represent a normal level of activity. Activity with RSHL will increase in 2013/14.

RSHL faces a number of challenges going forward. In particular the company will be looking to expand the number of IRIS users to other regional councils. Additionally, the company will also need to respond to any structural changes that may occur within local government.

From a software solution point of view, a transition needs to occur from the initial development process, to an ongoing maintenance and future development frame of mind.

The success of the software development is due to the collaborative approach of the six regional councils. The success and richness of the IRIS product is a reflection of the contribution, expertise, and commitment of a team of well over 100 people from all the shareholding councils, in a variety of roles and the professional work of the Project Management Office, particularly Derek Postlewaight and Coralie Gibbson. The work of the Regional Council Collaborative Development Group (RCCDG) was excellent. It is a pleasure to record our appreciation to all involved and to note that, in many instances, their roles will transfer to RSHL.

The outlook for RSHL and the IRIS product is bright and there are significant opportunities to support the activities and achievements of New Zealand regional councils.

### Financial Statements

The financial statements required by section 67 of the Local Government Act 2002 (LGA(2002)), together with the audit report required by section 69 of the LGA(2002), are attached.

### Directors

The following directors were in office at the end of the year:

	Remuneration	Benefits
GA Alsweller	-	-
MD Garrett	-	-
C Ingle	-	-
MJ McCartney	-	-
MC Nicolson	-	-
MJ Nield	-	-
Total Remuneration	-	-

There were no changes in directors during the year.

### Registered Office

C/o Horizons Regional Council  
11-15 Victoria Avenue  
Palmerston North

### Auditors

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

**Regional Software Holdings Limited  
Directors' Report (Continued)  
For the 9 Months Ended 30 June 2013**

**Interest Register**

All Directors listed their interests in the register on being appointed to the company. The following interests were registered:

Director	Organisation	Interest
GA Alsweller	Habitat for Humanity (Invercargill) Limited	Director
MD Garrett	G & G Properties (2008) Limited	Director
MJ McCartney	Dundas Farms Limited	Director
	Manawatu-Wanganui LASS Limited	Director
MC Nicholson	Hawk Hill Estates Limited	Director
	The Masters Group Holdings Limited	Director
MJ Nield	Taranaki Stadium Trust	Trustee

**Directors' Insurance** The company has arranged Directors' and Officers' liability insurance cover for \$2 million with QBE Insurance (International) Limited to indemnify the Directors' against loss as a result of actions undertaken by them as Directors and employees provided they operate within the law. This disclosure is made in terms of Section 162 of the Companies Act 1993

**Directors' use of Company** The Board received no notices during the year from Directors requesting use of company information received in their capacity as Directors which would not have been otherwise available to them.

**Statement of Responsibility**

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

The Board of Directors of Regional Software Holdings Limited 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 Regional Software Holdings Limited for the period ended 30 June 2013.

Signed on behalf of the Board of Directors:

**MJ Nield - Chairman**  
25 September 2013

**M McCartney**  
25 September 2013

**Regional Software Holdings Limited  
Statement Of Comprehensive Income  
For the 9 Months Ended 30 June 2013**

	Note	Actual 2012-13	Budget 2012-13
<b>Income</b>			
Members Contributions		45,402	194,435
Other Income		-	-
<b>Total Income</b>		<b>45,402</b>	<b>194,435</b>
<b>Expenses</b>			
Administration Costs		5,165	52,550
Audit Fees		-	31,530
Datacom Charges		31,389	89,335
GIS Support		5,000	-
Management Fees		3,848	21,020
Depreciation		-	5,000
<b>Total Expenses</b>		<b>45,402</b>	<b>199,435</b>
<b>Net Profit Before Tax</b>		<b>-</b>	<b>(5,000)</b>
<b>Taxation</b>	12	-	-
<b>Net Profit After Tax</b>		<b>-</b>	<b>(5,000)</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>-</b>	<b>(5,000)</b>

**Regional Software Holdings Limited  
Statement Of Movements In Equity  
As at 30 June 2013**

	Actual 2012-13	Budget 2012-13
<b>Opening Equity</b>	-	-
Share Capital	4,500,000	100,000
Comprehensive Income For The Year		(5,000)
<b>Closing Equity</b>	<b>4,500,000</b>	<b>95,000</b>

**Regional Software Holdings Limited**  
**Statement Of Financial Position**  
**As at 30 June 2013**

	Note	Actual 2012-13	Budget 2012-13
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents		-	15,000
Accounts Receivable and Accruals	10	157,692	-
<b>Total Current Assets</b>		<u>157,692</u>	<u>15,000</u>
<b>Non Current Assets</b>			
IRIS Software IP		4,500,000	95,000
<b>Total Non Current Assets</b>		<u>4,500,000</u>	<u>95,000</u>
<b>Total Assets</b>		<u>4,657,692</u>	<u>110,000</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accruals	11	65,970	15,000
Income Received in Advance		91,722	-
<b>Total Current Liabilities</b>		<u>157,692</u>	<u>15,000</u>
<b>Total Liabilities</b>		<u>157,692</u>	<u>15,000</u>
<b>Net Assets</b>		<u>4,500,000</u>	<u>95,000</u>
<b>Represented By:</b>			
<b>Equity</b>			
Authorised Capital		4,500,000	100,000
Retained Earnings		-	(5,000)
<b>Total Equity</b>		<u>4,500,000</u>	<u>95,000</u>



MJ Nield - Chairman  
25 September 2013



M McCartney - Director  
25 September 2013

**Regional Software Holdings Limited**  
**Statement Of Cash Flows**  
**For the 9 Months Ended 30 June 2013**

	Note	Actual 2012-13
<b>Cashflows from Operating Activities</b>		
<b>Cash was provided from:</b>		
Receipts from Customers		-
Interest		-
Other Income		-
Tax Refunds Received		-
<b>Total Operating Receipts</b>		<u>-</u>
<b>Cash was applied to:</b>		
Payments to Suppliers (inc GST)		-
Income Tax		-
<b>Total Operating Payments</b>		<u>-</u>
<b>Net cash from operating</b>	9	<u>-</u>
<b>Cashflow from Investing Activities</b>		
<b>Cash was provided from:</b>		
Term Deposits		-
<b>Total Investment Receipts</b>		<u>-</u>
<b>Cash was applied to:</b>		
Purchase of Investments		-
Term deposits		-
<b>Total Investment Payments</b>		<u>-</u>
<b>Net cash from investing</b>		<u>-</u>
<b>Cashflow from Financing Activities</b>		
<b>Cash was provided from:</b>		
Capital raised		-
<b>Total Financing Receipts</b>		<u>-</u>
<b>Cash was applied to:</b>		
Dividends		-
<b>Total Financing Payments</b>		<u>-</u>
<b>Net cash from financing</b>		<u>-</u>
<b>Net increase (decrease) in cashflow for the year</b>		<u>-</u>
Opening Cash Balance		-
<b>Closing Cash Balance</b>		<u><u>-</u></u>
<b>Made up of:</b>		
Westpac Business Interest Account		-
Westpac Online Saver Account		-
		<u>-</u>

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from 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 and to be consistent

## **Regional Software Holdings Limited Notes to the Financial Statements For the 9 Months Ended 30 June 2013**

### **1 General Information**

#### **Reporting Entity**

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO), owned by 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%) and West Coast Regional Council ( 4.00%.) RSHL was incorporated on 17 October 2012. RSHL was primarily incorporated for the purposes of managing the investment and development of IRIS Software, and has designated itself a Public Benefit Entity (PBE), in keeping with the designation of the shareholders.

The financial statements are those of RSHL, for the 9 months ended 30 June 2013, and were authorised for issue by the Board of Directors on 25 September 2013.

#### **Measurement Base**

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

#### **Differential Reporting**

RSHL qualifies for differential reporting because it is neither publically accountable or large as defined by the Framework for Differential Reporting. Other than the inclusion of a Statement of Cash Flows, all available differential reporting concessions have been applied in preparing these financial statements.

#### **Basis of Preparation of the Financial Statements**

The financial statements presented in this Annual Report include a Statement of Comprehensive Income, a Statement of Financial Position, a Statement of Changes in Equity, and a Statement of Cash Flow. The financial statements have been prepared in accordance with the Financial Reporting Act 1993, and the Companies Act 1993. which include the requirement to comply with New Zealand generally accepted accounting practices ("NZ GAAP"),

The financial statements comply with NZ International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for Public Benefit Entities. The financial statements are presented in New Zealand dollars. The functional currency of RSHL is New Zealand dollars.

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

#### **Expenditure**

Expenditure is recognised on an accrual basis when the service has been provided, or the goods received. 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 received remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000. For this financial year, no staff were employed by RSHL. The audit fee for the period is expected to be \$5,574 GST inclusive paid to Audit New Zealand.



**Regional Software Holdings Limited  
Statement of Accounting Policies Continued  
For the 9 Months Ended 30 June 2013**

**2 Summary of Significant Accounting Policies Continued**

**Cash and Cash Equivalents**

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

**Goods and Services Tax (GST)**

These financial statements have been prepared on a GST exclusive basis.

**Changes in Accounting Policy**

There have been no changes of accounting policy during the financial period.

**Council Controlled Organisation**

The financial results of RSHL for the year ended 30 June 2013 will be incorporated into the shareholder's financial statements.

**Income Tax**

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

**Trade and Other Payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or in the normal operating cycle of the business if longer. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Intangible Assets**

*Software acquisition and development*

Costs that are directly associated with the development of the IRIS software suite are recognised as an intangible asset.

Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

*Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straightline basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful life and associated amortisation rate for the IRIS software suite is 3 years and 33.3%.

**Regional Software Holdings Limited**  
**Statement of Accounting Policies Continued**  
**For the 9 Months Ended 30 June 2013**

**3 Related Party Transactions**

RSHL purchased management services from Waikato Regional Council (WRC) (32.75% shareholder) to the value of \$3,847.92 (excluding GST). At 30 June 2013 \$3,489.10 (including GST) was outstanding to WRC.

RSHL purchased administrative services and reimbursed for ESP Support from Horizons Regional Council (HRC) (15.50% shareholder) to the value of \$10,122.99 (excluding GST). At 30 June 2013 \$11,641.44 (including GST) was outstanding to HRC.

RSHL purchased the intellectual property rights to the IRIS software suite from its shareholders. Payment was made by the transfer of the Intellectual Property in lieu of cash for the called up share capital as follows:

<b>Shareholder</b>	<b>Shareholding</b>	<b>\$</b>
Waikato Regional Council	32.75%	1,473,750
Northland Regional Council	16.75%	753,750
Manawatu-Wanganui Regional Council	15.50%	697,500
Taranaki Regional Council	15.50%	697,500
Southland Regional Council	15.50%	697,500
West Coast Regional Council	4.00%	180,000
		<u>4,500,000</u>

**Regional Software Holdings Limited**  
**Notes to the Financial Statements**  
**For the 9 Months Ended 30 June 2013**

**4 Commitments**

There are no significant commitments at balance date, (Nil previous year).

**5 Contingencies**

There are no contingent liabilities at balance date, and no contingent assets at balance date, (Nil previous year).

**6 Events After Balance Date**

Inland Revenue approved a change of tax balance date in order to line up with RSHL balance date on the 16th July 2013. An income tax return for the 15th month period 1 April 2013 - 30 June 2014 will now be needed.

There are no other significant events after balance date.

**7 Equity**

There are 10,000 shares which have been partially called to the value of \$450.00. This partial call was set in exchange for the intellectual property of the IRIS Software at a meeting of the directors dated 27th June 2013.

**8 Imputation Credit Account**

	<b>2012-13</b>
<b>Opening Balance</b>	-
Credits	
Provisional Tax Paid	-
Resident Withholding Tax	-
Terminal Tax	-
Imputation Credits Received	-
<b>Total Credits</b>	<u>-</u>
Debits	
Tax Refund	-
Imputation Credits Paid	-
<b>Total Debits</b>	<u>-</u>
<b>Closing Balance</b>	<u><u>-</u></u>
<b>Imputation Credits Available for Use In Subsequent Periods</b>	<u><u>-</u></u>

**Regional Software Holdings Limited**  
**Notes to the Financial Statements**  
**For the 9 Months Ended 30 June 2013**

**9 Reconciliation of Operating Cash Flows with Reported Operating results**

<b>Reported Surplus (deficit) after Taxation</b>	-
Add (Deduct) deferrals or accruals of past or future operating cash receipts or payments	
Decrease (Increase) in Accrued Revenue	-
(Decrease) Increase in Accounts Payable	-
Decrease (Increase) in Taxation Receivable	-
	<u>-</u>
<b>Net Cashflow from Operating Activities</b>	<u><u>-</u></u>

**10 Trade and Other Receivables**

<b>Current</b>	
Trade Receivables	157,692
<b>Total Trade and Other Receivables</b>	<u>157,692</u>

**11 Trade Payables and Accruals**

<b>Current</b>	
Trade Payables	39,634
Related Party (Horizons Regional Council)	11,641
GST	13,880
Accrued Expenses	814
<b>Total Trade Payables and Other Accruals</b>	<u><u>65,970</u></u>

**12 Intangible Assets**

Movements of intangible assets are as follows:

**IRIS Software Intellectual Property**

<b>Cost</b>	
Opening Balance	-
Additions	4,500,000
Disposals	-
Balance at 30 June 2013	<u>4,500,000</u>
<b>Accumulated amortisation &amp; impairment</b>	
Opening Balance	-
Amortisation charge	-
Disposals	-
Balance at 30 June 2013	<u>-</u>
<b>Carrying amounts</b>	
Opening balance	-
Balance at 30 June 2013	<u><u>4,500,000</u></u>

**Regional Software Holdings Limited**  
**Notes to the Financial Statements**  
**For the 9 Months Ended 30 June 2013**

**13 Tax Reconciliation**

<b>Net Profit Before Tax</b>	-
<b>Tax on Taxable Profit</b>	-
Less Timing Adjustment on Income	-
Less Imputation Credits	-
Less Non-assessable income	-
<b>Tax Expense</b>	-
<b>Current Tax</b>	-
<b>Deferred Tax</b>	-
<b>Less Tax Paid</b>	-
RWHT	-
<b>Tax Payable (Refund)</b>	-

**14 Tax Losses**

<b>Losses Carried Forward</b>	-
Less Losses Utilised	-
Add Excess Imputation Credits	-
Converting to Losses	-
<b>Losses to Carry Forward</b>	-

**15 Categories of Financial Assets & Liabilities**

	Loans & Receivables	Available -for- sale financial assets	Derivatives classified as held for trading	Financial Liabilities at cost	Total
<b>As At 30 June 2013</b>					
<b>Assets</b>					
Cash & Cash Equivalents	-	-	-	-	-
IRIS Software	-	-	-	-	-
Trade Receivables	157,692	-	-	-	157,692
<b>Total Financial Assets</b>	157,692	-	-	-	157,692
<b>Liabilities</b>					
Trade & Other Payables	-	-	-	157,692	157,692
<b>Total Financial Liabilities</b>	-	-	-	157,692	157,692

**16 Statement of Intent and Performance Targets**

Section 64 of the Local Government Act 2002 (LGA) requires organisations that become Council Controlled Organisations (CCO) before 31 December to prepare a statement of intent (SOI) for that financial year. RSL is in breach of this section of the Act as it did not prepare a SOI for the 9 months to June 2013. Therefore, RSL is unable to meet the requirements of section 68 of the LGA, which requires a CCO to compare the organisation's actual performance with the planned performance as contained in its SOI and explain any variance between the reported performance and the SOI.

This situation arose because while the company was formed on 17 October 2012, no activity took place in the company until its share capital was called up and licence fees invoiced three days before balance date. The performance during this period was measured against targets set out in the company's business plan for the period 1 December 2012 to 30 June 2014.

While RSL did not formally prepare an SOI as required by the LGA, RSL has reported a statement of service performance (SSP) on page 12. The performance measures included in the SSP have been derived from RSL's business plan and RSL considers the performance contained and reported on in the SSP are the same as those measures that would have agreed upon and approved if a 2012/13 SOI had been adopted under the LGA. RSL has prepared an SOI for year ending 30 June 2014.

## **Regional Software Holdings Limited Statement of Service Performance**

**Performance Targets included in the Business Plan 1 December 2012 to 30 June 2014:**

**The targets and actual results for the year were:**

### **RSHL will operate within its budget**

At balance day there was a surplus of revenue over expenses. Some of the administration work program was incomplete and this surplus was carried forward to the 2013/14 year to fund the completion of the work program.

### **IRIS development project to be completed on time to budget**

A production release of IRIS was completed on time (31 December 2013) and on budget.

Two further modules are underway (being web services and disconnected services) and these will be completed in the next financial year.

The overall project is forecast to be completed within budget when the remaining two modules are delivered.

### **IRIS software is deployed in all 6 shareholder councils within 12 months of availability**

Target was to have Northland regional council (NRC) and Waikato regional council (WRC) live by 30 June 2013 with the remaining Councils live by 31 December 2013.

At 30 June 2013, NRC had gone live with WRC electing to delay their go live to August 2013.

## **Independent Auditor's Report**

### **To the readers of Regional Software Holdings Limited's financial statements and statement of service performance for the year ended 30 June 2013**

The Auditor-General is the auditor of Regional Software Holdings Limited (the company). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 3 to 11, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the company on page 12.

### **Opinion**

#### **Financial statements and statement of service performance**

In our opinion:

- the financial statements of the company on pages 3 to 11:
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the company's:
    - financial position as at 30 June 2013; and
    - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the company on page 12:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

**Reporting of performance information**

Without modifying our opinion, we draw your attention to the disclosures made in note 16 on page 11 about the company not preparing a statement of intent for the year ended 30 June 2013 in accordance with section 64 of the Local Government Act 2002. The disclosure also outlines how the company reported performance information in the statement of service performance for the year ended 30 June 2013. We consider the disclosures to be appropriate.

**Other legal requirements**

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 25 September 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

**Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and



- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Responsibilities of the Board of Directors**

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

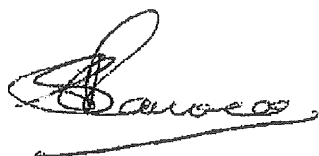
### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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

A handwritten signature in black ink, appearing to read 'Clint Ramoo', with a long horizontal line underneath it.

Clint Ramoo  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand