

Aqua Curo Limited

Annual Financial
Statements

For the year ended
30 June 2020

Aqua Curo Limited Directors' Declaration For the year ended 30 June 2020

Aqua Curo Limited was incorporated on 29th August 2018. Aqua Curo Limited is part of the 'Quayside Group'. The Group's Statement of Intent, prepared in accordance with the Local Government Act 2002, covers prudent financial management and risk management. Aqua Curo Limited achieved the objectives set out in its Statement of Intent for the year ended 30 June 2020. Refer to Note 4 for further information.

The performance of Aqua Curo Limited in undertaking its monitoring and advisory functions will be assessed with respect to:

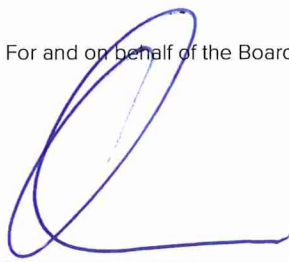
- The quality of financial and other analysis.
- The robustness and accuracy of the information relied upon in providing advice.
- The clarity, timeliness and materiality of advice.
- Compliance with the shareholder's expectation that there should be "no surprises" arising from the company.
- Compliance with the shareholder's expectation for optimal commercial performance from the company.

Achievements

During the year the Bay of Plenty Regional Council (Council) has been fully informed by the directors of the company as to the performance of Aqua Curo Limited. The performance has met the shareholder's expectations as defined in the Quayside Group's Statement of Intent.

The directors are pleased to present the financial statements of Aqua Curo Limited for the year ended 30 June 2020.

For and on behalf of the Board of Directors:



Director

Director

Aqua Curo Limited
For the year ending 30 June 2020

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Independent Auditor's Report

To the readers of Aqua Curo Limited's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Aqua Curo Limited (the Company). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company are on pages 5 to 16 that comprise the statement of financial position as at 30 June 2020, 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 performance information of the Company on page 12.

In our opinion:

- the financial statements of the Company on pages 5 to 16:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the Company on page 12 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2020.

Our audit was completed on 23 November 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter - Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Company as set out in note 15 to the financial statements.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Director's responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material

misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the information included on pages 17 and 18, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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

A handwritten signature in blue ink, appearing to read 'Leon Pieterse', is positioned above the printed name and title.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Aqua Curo Limited
Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
Trading revenue		-	-
Expenses	5	(34)	-
Loss before income tax		(34)	-
Income tax benefit	6	-	-
Net loss for the period		(34)	-
Other comprehensive income		-	-
Total comprehensive income		(34)	-

Aqua Curo Limited
Statement of Changes in Equity
For the year ended 30 June 2020

	Share capital \$000	Retained earnings \$000	Total Equity \$000
Opening balance	-	-	-
Comprehensive income			
Loss for the period	-	(34)	(34)
Total comprehensive income	-	(34)	(34)
Ordinary shares issued (note 10)	1,000	-	1,000
Total transactions with owners	1,000	-	1,000
Balance at 30 June 2019	1,000	(34)	966



Aqua Curo Limited
Statement of Financial Position
As at 30 June 2020

	Note	2020 \$000	2019 \$000
Current assets			
Cash and cash equivalents		977	-
Total current assets		977	-
Non-current assets			
Property plant and equipment	8	2	-
Deferred tax asset	7	-	-
Total current assets		2	-
Current liabilities			
Trade and other payables	9	13	-
Total current liabilities		13	-
Net assets		966	-
Equity			
Share capital		1,000	-
Retained earnings		(34)	-
Total equity		966	-

These financial statements have been authorised for issue by the Board of Directors on 23 November 2020.

 Director

 Director

Aqua Curo Limited
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
Cash flows from operating activities			
Payments to suppliers		(23)	-
Net cash flows from operating activities		(23)	-
Cash flows from investing activities			
		-	-
Net cash flows from investing activities		-	-
Cash flows from financing activities			
Issue of share capital		1,000	-
Net cash flows from financing activities		1,000	-
Net increase / (decrease) in cash and cash equivalents		977	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		977	-

Aqua Curo Limited

Notes to the Financial Statements

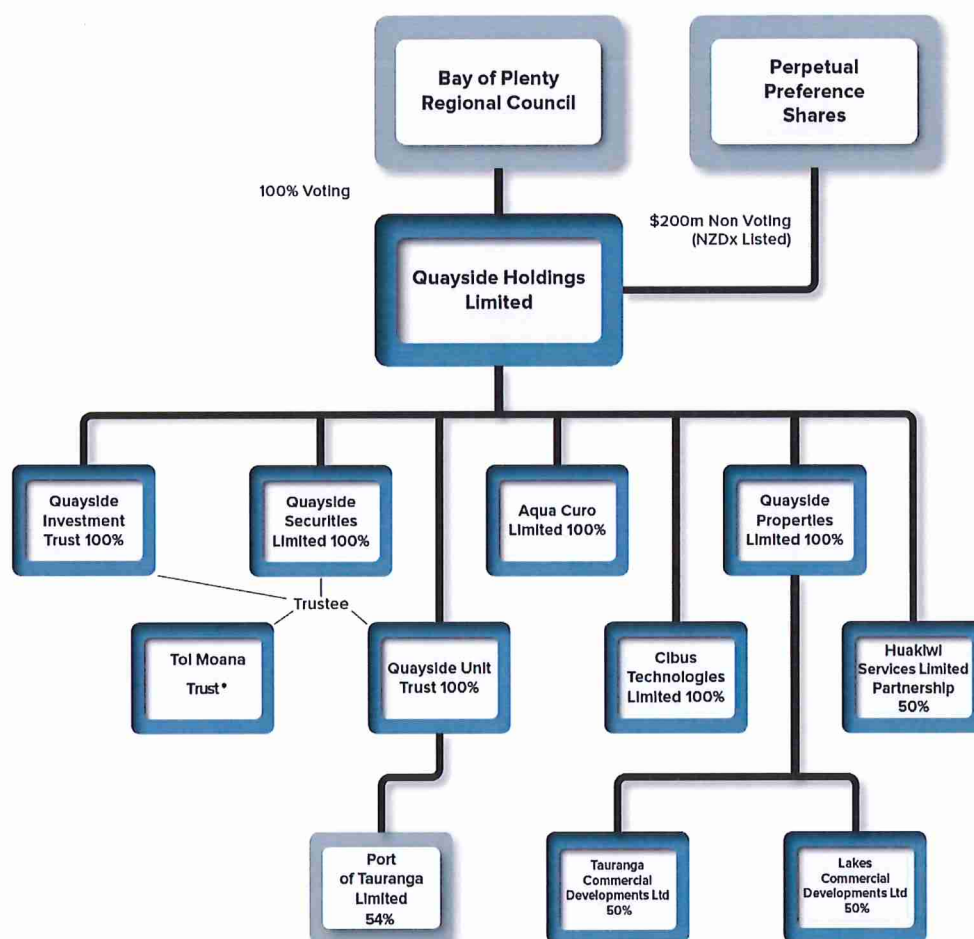
For the year ended 30 June 2020

1 Reporting Entity

Aqua Curo Limited is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Parent is Quayside Holdings Limited and the ultimate controlling entity is the Bay of Plenty Regional Council. The Company is a council-controlled organisation as defined under Section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Quayside Holdings Limited.

The primary purpose of the Company is involvement with macroalgae for bioremediation purposes in the Bay of Plenty region. The Company is a for-profit entity.

The diagram below illustrates the Quayside Group structure:



*Quayside Securities Ltd is the Trustee for the Tol Moana Trust. Bay of Plenty Regional Council holds the majority of units.



Aqua Curo Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

2 Basis of preparation

Statement of compliance

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ("NZ IFRS RDR") and other applicable Financial Reporting Standards as appropriate to for-profit entities. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

NZ IFRS – reduced disclosure regime

The Company applies External Reporting Board Standard A1 'Accounting Standards Framework (For-profit Entities Update)' ('XRB A1'). For the purposes of complying with NZ GAAP, the Company is eligible to apply Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that it is not a large for-profit public sector entity.

The financial statements were approved by the Board of Directors on 23 November 2020.

Basis of measurement

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

Presentation currency

These financial statements are presented in New Zealand dollars (\$), and where presented, rounded to the nearest thousand.

Changes in accounting policies

There were no changes in accounting policies during the period.

Comparatives

As the company did not trade during the 2018/19 financial year the comparative figures shown are zero.

Use of estimates and judgements

The preparation of financial statements 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 estimate is revised and in any future periods affected.



Aqua Curo Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

3 Significant accounting policies

Revenue

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

Cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are measured at their cost less impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Goods and services tax

Aqua Curo Limited is not registered for Goods and Services Tax (GST).

Income tax

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

Current tax is the amount of income tax payable based on the taxable profit for the current year. Current tax also includes adjustments to income tax payable in respect of prior years.

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 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 affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables. A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Aqua Curo Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

4 Statement of Service Performance

Aqua Curo Limited is a Council Controlled Organisation (CCO) and is required to prepare a Statement of Intent (SOI). Recorded below are the targets and results of the *Aqua Curo Limited* Statement of Intent categorised under the following portfolio activity.

(a) Macroalgae for bioremediation purposes

Aqua Curo Limited has been established to pursue opportunities in the aquaculture sector, primarily, the use of macroalgae for bioremediation purposes. The following performance targets were agreed.

Performance measure	Performance target	2020 result
Commercially validate a bioremediation technology using macro algae.	Progress stage 2 pilot plant trial for the commercial validation.	<p>Research agreement with the University of Waikato for stage 2 research project executed. Project involves animal feed trial and 18 months research of macro algae performance in large scale HRAPS at trial site.</p> <p>Project Agreement for trial site at Te Puke Waste Water Plant has been executed with WBOPDC. Key terms include incentives for WBOPDC to develop commercial scale facility.</p>
Recruit appropriate specialist resources.	Ensure project has adequate resources and key personal required to make project success.	<p>Key project manager resource has been appointed by Aqua Curo board and correct monitoring procedures put in place.</p> <p>Advisory panel has been formed and terms of reference agreed. Advisory panel has met once to discuss strategic direction of trial.</p>

Target met: Yes

The Project to commercially validate the bio remediation technology is now underway. Contractual arrangements with WBOPDC, University of Waikato, key personnel have now been finalised and detailed design of the facility is underway. The Project was significantly delayed due to the COVID 19 lockdown and subsequent pressure of international logistics, however this is immaterial to the broader project.

5 Expenses

	2020 \$000	2019 \$000
Audit fees	5	-
Consultants	26	-
Other	3	-
	34	-

Aqua Curo Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

6 Income tax

	2020 \$000	2019 \$000
Reconciliation of effective tax rate		
Profit/(loss) before tax for the period	(34)	-
Income tax for the period at 28%	10	-
Adjustments		
- Unutilised tax losses (refer note 7)	(10)	-
Income tax benefit / (expense)	-	-
Income tax expense is represented by:		
Current tax expense		
Current tax on profits for the year	-	-
Deferred tax benefit/(expense)		
Recognition of temporary differences (Refer note 7)	-	-
Income tax benefit / (expense)	-	-

7 Deferred taxation

Unrecognised Tax Losses or Temporary Differences

At 30 June 2020, a deferred tax asset of \$9,555 has not been recognised in relation to tax losses of \$34,123. The deferred tax asset was not recognised as it is not probable that future taxable profit will be available against which the company can utilise the benefits therefrom.

Aqua Curo Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

8 Property, plant and equipment

	Plant and equipment \$000	Total \$000
Balance at 1 July 2019	-	-
Additions	2	2
Depreciation expense	-	-
Balance at 30 June 2020	2	2

9 Trade and other payables

	2020 \$000	2019 \$000
Current		
Trade payables	13	-
	13	-

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. The carrying value of trade and other payables approximates their fair value.

10 Capital

Share capital

	2020 No.	2019 No.
Number of ordinary shares		
Balance at 1 July	24,000	-
Issue of ordinary shares	1,000,000	24,000
Balance at 30 June	1,024,000	24,000

The holders of the ordinary shares are entitled to dividends as declared from time to time and all shares have equal voting rights at meetings of the Company, and rank equally with regard to the Company's residual assets on wind up. 24,000 shares were issued for zero consideration, and 1,000,000 were issued at \$1 each.

Aqua Curo Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

11 Financial instruments

Categories of financial instruments

	2020 \$000	2019 \$000
Financial assets at amortised cost		
Cash and cash equivalents	977	-
	977	-
Financial liabilities at amortised cost		
Trade and other payables – current	13	-

12 Related party transactions

Parent and ultimate controlling entity

The Parent entity of the Company is Quayside Holdings Limited, which is 100% owned by the Bay of Plenty Regional Council – refer to Note 1.

Key management personnel

The Company has a related party relationship with its directors. The Company does not have any employees.

Other related entities

Other related parties include subsidiaries in the Group – refer Note 1.

No related party debts have been written off or forgiven during the year.

Transactions with key management personnel

The Company does not provide any non-cash benefits to Directors in addition to their Directors' fees or salaries.

Related party transactions and balances

Transaction values and balances outstanding with related parties at 30 June 2019 include:

	2020 \$000	2019 \$000
Quayside Holdings Limited		
Capital paid in	1,000	-

13 Capital commitments and contingencies

The Company has no commitments or contingencies at 30 June 2020.

14 Subsequent events

There were no subsequent events after balance.

15 Covid-19 impact disclosure

The Directors have considered the current and future potential effects on the business caused either directly or indirectly by Covid-19. The financial effect on the overall results in this financial year was relatively minimal, however the lockdown period did delay the project. Future potential effects are speculative and unknown. Directors believe that any potential negative effects would be limited to delayed materials acquisition. The key element in the financial statements would be a delay in capital expenditure on the project.

Aqua Curo Limited

Statutory information

For the year ended 30 June 2020

Information used by directors

During the financial year there were no notices from directors of Aqua Curo Limited requesting to use information received in their capacity as a director which would not otherwise have been available to them.

Indemnification and insurance of directors and officers

As the company has only recently started trading there was no Directors' and Officers' Liability Insurance or separate Directors' and Officers' defence costs insurance for the 2020 year. The Company has arranged policies for the upcoming year.

Donations

No donations were made by Aqua Curo Limited during the year ended 30 June 2020.

Remuneration of directors

The following directors of Aqua Curo Limited held office during the year ended 30 June 2020:

- S Hamilton
- B Barnes

There was no director remuneration.

Loans

There were no loans by Aqua Curo Limited to directors.

Employees

Aqua Curo does not have any employees.

Auditor's remuneration

The following amount is payable to the auditors of the company for the year.

Audit NZ: Audit Fees \$4,548 (GST incl)

**Aqua Curo Limited
Directory
30 June 2020**

Company number

6999395

Incorporation date

29th August 2018

Registered office

41 The Strand
Tauranga 3110
Ph: (07) 579 5925

Postal address

PO Box 13564
Tauranga 3141

Auditors

Audit New Zealand
On behalf of the Auditor-General
745 Cameron Road
PO Box 621
Tauranga 3144
New Zealand

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110