

# Annual Report

Lyndhurst Water Scheme Co-Operative Ltd  
For the year ended 31 March 2017

Prepared by Mathieson Chartered Accountants

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# Company Particulars

## Lyndhurst Water Scheme Co-Operative Ltd For the year ended 31 March 2017

### Incorporation Date

18 June 2009

### Company Number

2262988

### IRD Number

102683153

### Share Capital

Ordinary Shares	210
Preference Shares	229,500
Total	229,710

### Constitution

The company adopted its own Constitution dated 29 September 2009.

### Registered Office

Mathieson Chartered Accountants Ltd  
123 Burnett Street  
Ashburton

### Directors

Alan Butterick

Carol Wilson

Grant Henderson

Karl Henderson

Roger Henderson

Malcolm Nell

James Todd

### Bankers

ANZ  
Cnr Tancred & Cass Streets  
Ashburton 7700

**Solicitors**

Argyle Welsh Finnigan  
P O Box 454  
Ashburton 7740

**Chartered Accountant**

Mathieson Chartered Accountants Limited  
123 Burnett Street  
Ashburton

**Auditors**

Martin Wakefield Ltd  
26 Canon Street  
Timaru 7940

# Annual Report

## Lyndhurst Water Scheme Co-Operative Ltd For the year ended 31 March 2017

The Directors submit the annual report of the Lyndhurst Water Scheme Co-Operative Ltd and the financial statements of the company for 31 March 2017

### Financial Statements

The Financial Statements attached to this Report form part of and should be read in conjunction with this report. The directors consider there are no unusual or other matters which warrant their comment other than those discussed below and the company's situation is clearly stated by the accounts. Reliance is placed on the close association of shareholders and directors in the daily management of the company, and hence the knowledge of its situation.

### Business

The business of the Company is Water Scheme Management. There has been no material change in the company's business, or classes of business that the company is engaged in, during the year that is material to an understanding of the company's business.

### Directors

A S Butterick

C S Wilson

G M Henderson

K F Henderson

R B Henderson

J R Todd

M A Nell

### Directors Interests

The following entries have been recorded in the interests register for the year ended 31 March 2017

During the year all the Directors purchased water on the same normal trading terms from the Company as other shareholders

### Directors Remuneration

No Directors or former Directors received any remuneration or other benefits from the company during the year.

## Directors Share Dealing

The following table sets out each Director's relevant interest in shares of the Company held in their own name or where the Director is a shareholder of a Company, Trustee of a Trust, or a Partner of a Partnership which owns shares in the Scheme as at the date of this report.

Director	Date	Entity	Class of Share	Ordinary Shares	Redeemable Preference Shares	Consideration
AS Butterick	06/11/2009	Penwyn Farm Ltd	Fully Paid Shares	13	9,000	\$45,790
M Hearn	06/11/2009	Lyndhurst Farm Partnership	Fully Paid Shares	4	4,500	\$15,820
GM Henderson	06/11/2009	GM Henderson Family Trust	Fully Paid Shares	5	9,000	\$23,150
KF Henderson	06/11/2009	Urrallyn Ltd	Fully Paid Shares	12	9,000	\$42,960
RB Henderson	06/11/2009	Brucefield Farm Ltd	Fully Paid Shares	4	-	\$11,320
	06/11/2009	Limedale Farm Ltd	Fully Paid Shares	3	4,500	\$12,990
	06/11/2009	RB & JM Henderson	Fully Paid Shares	5	4,500	\$18,650
	06/11/2009	Henderson Grange Ltd	Fully Paid Shares	2	4,500	\$10,160
JR Todd	06/11/2009	JR & JE Todd	Fully Paid Shares	5	4,500	\$18,650
MA Nell	01/12/2014	MA & D Nell	Fully Paid Shares	1		\$7,649

## Employee Remuneration

No employees or former employees of the company, not being Directors of the company, received remuneration or other benefits in their capacity as employees exceeding \$100,000 per annum.

## Use of Company Information

No notices were received during the year from Directors requesting to use company information in their capacity as Directors which would not have otherwise been available to them.

## Donations

No donations were paid during this financial year (2017 \$Nil)

**Co-Operative Companies Act 1996 Declaration**

The Company has been a Co-Operative Company since 29th of September 2009.

Signed for on behalf of the Board; Dated:

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# Statement of Comprehensive Income

## Lyndhurst Water Scheme Co-Operative Ltd For the year ended 31 March 2017

	NOTES	2017	2016
<b>Income</b>			
Interest Income		5,805	5,342
Water Charges		45,550	46,497
<b>Total Income</b>		<b>51,355</b>	<b>51,840</b>
<b>Gross Profit</b>			
		<b>51,355</b>	<b>51,840</b>
<b>Expenses</b>			
Depreciation	17	39,699	44,347
Accounting Fees		9,467	6,270
Audit Fees		3,201	4,769
Bank Fees		59	104
Entertainment		331	-
General Expenses		-	350
Honorarium		1,304	-
Insurance		6,093	4,005
Land Rental		1,000	1,000
Light, Power, Heating		15,504	11,576
Printing & Stationery		-	31
Repairs & Maintenance		699	58
Water Testing		5,209	2,261
Legal Fees		393	365
<b>Total Expenses</b>		<b>82,960</b>	<b>75,135</b>
<b>Taxation and Adjustments</b>			
<b>Non Deductible Expenses</b>			
Entertainment		375	-
Income Tax		-	-
<b>Total Non Deductible Expenses</b>		<b>375</b>	<b>-</b>
Income Tax Expense	8	-	-
<b>Total Taxation and Adjustments</b>		<b>375</b>	<b>-</b>
<b>Net Profit (Loss) for the Year</b>		<b>(31,605)</b>	<b>(23,296)</b>
<b>Other Comprehensive Income</b>			
Other Comprehensive Income		-	-
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the Year</b>		<b>(31,605)</b>	<b>(23,296)</b>
	NOTES	2017	2016
<b>Earnings per Share</b>			
Basic Earnings Per Share	10	(151)	(111)

This Statement is to be read in conjunction with the Notes to the Financial Statements.



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	NOTES	2017	2016
Diluted Earnings Per Share	10	-	-

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This Statement is to be read in conjunction with the Notes to the Financial Statements.

# Statement of Changes in Equity

## Lyndhurst Water Scheme Co-Operative Ltd For the year ended 31 March 2017

	NOTES	2017	2016
<b>Share Capital</b>			
Opening Balance		910,456	892,158
<b>New Share Capital Issued</b>			
Share capital		(3,000)	18,298
<b>Total New Share Capital Issued</b>		<b>(3,000)</b>	<b>18,298</b>
<b>Total Share Capital</b>		<b>907,456</b>	<b>910,456</b>
<b>Retained Earnings</b>			
Opening Balance		(331,999)	(299,523)
Total Comprehensive Income for the Period		(31,979)	(23,296)
Retained Earnings		-	-
Dividends Paid		(13,768)	(9,180)
<b>Total Retained Earnings</b>		<b>(377,746)</b>	<b>(331,999)</b>
<b>NOTES</b>			
<b>Total Equity</b>			
<b>Equity</b>			
Opening Balance		578,457	592,634
New Share Capital Issued		(3,000)	18,298
Retained Earnings		-	-
Dividends Paid		(13,768)	(9,180)
Total Comprehensive Income for the Period		(31,979)	(23,296)
<b>Total Equity</b>		<b>529,710</b>	<b>578,457</b>

This Statement is to be read in conjunction with the Notes to the Financial Statements.

# Statement of Financial Position

## Lyndhurst Water Scheme Co-Operative Ltd

As at 31 March 2017

	NOTES	31 MAR 2017	31 MAR 2016
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		40,950	40,046
GST Receivable		3,122	1,710
Income Tax Receivable	8	1,469	1,400
Accounts Receivable	6	634	294
Investments Held to Maturity	9	184,377	180,691
Prepayments	7	-	2,533
<b>Total Current Assets</b>		<b>230,552</b>	<b>226,674</b>
<b>Other Current Assets</b>			
Unpaid Share Capital		-	10,649
<b>Total Other Current Assets</b>		<b>-</b>	<b>10,649</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	17	364,522	404,221
<b>Total Non-Current Assets</b>		<b>364,522</b>	<b>404,221</b>
<b>Total Assets</b>		<b>595,073</b>	<b>641,543</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	12	7,140	4,862
Income Tax Payable		-	-
RPS Dividends Payable		58,224	58,224
<b>Total Current Liabilities</b>		<b>65,364</b>	<b>63,086</b>
<b>Total Liabilities</b>		<b>65,364</b>	<b>63,086</b>
<b>Net Assets</b>		<b>529,710</b>	<b>578,457</b>
<b>Equity</b>			
<b>Share Capital</b>			
Equity Redeemable Preference Shares	10	229,500	229,500
Share Capital		677,956	680,956
<b>Total Share Capital</b>		<b>907,456</b>	<b>910,456</b>
Retained Earnings	11	(377,746)	(331,999)
<b>Total Equity</b>		<b>529,710</b>	<b>578,457</b>

This statement is to be read in conjunction with the Notes to the Financial Statements.

# Statement of Cash Flows

## Lyndhurst Water Scheme Co-Operative Ltd For the year ended 31 March 2017

	2017	2016
<b>Cash Flows from Operating Activities</b>		
<b>Cash was provided from</b>		
Water Charges	45,436	48,039
GST Received	9,084	15,223
Taxation Received	-	404
Interest received	735	5,062
<b>Total Cash Provided</b>	<b>55,255</b>	<b>68,729</b>
<b>Cash was disbursed to</b>		
Payments to suppliers	38,975	29,270
GST Paid	9,672	9,459
Repairs & Maintenance	699	58
<b>Total Cash Disbursed</b>	<b>49,346</b>	<b>38,786</b>
<b>Cash receipts from other operating activities</b>		
Other Comprehensive Income	-	-
<b>Total Cash receipts from other operating activities</b>	<b>-</b>	<b>-</b>
Cash payments from other operating activities	-	-
<b>Total Cash Flows from Operating Activities</b>	<b>5,908</b>	<b>29,942</b>
<b>Cash Flows from Investing Activities</b>		
<b>Cash was Disbursed to:</b>		
Purchase of property, plant and equipment	-	5,370
Term Deposits	154	128,931
<b>Total Cash Disbursed</b>	<b>154</b>	<b>134,301</b>
Withholding tax paid	1,261	(1,401)
<b>Total Cash Flows from Investing Activities</b>	<b>1,108</b>	<b>(135,702)</b>
<b>Cash Flows from Financing Activities</b>		
Dividends paid	(13,768)	-
<b>Cash was provided from</b>		
Share Issue	7,649	13,649
Other Cash Items	8	-
<b>Total Cash Provided</b>	<b>7,657</b>	<b>13,649</b>
<b>Total Cash Flows from Financing Activities</b>	<b>(6,111)</b>	<b>13,649</b>
<b>Net Cash Flows</b>	<b>904</b>	<b>(92,110)</b>
<b>Cash Balances</b>		
Cash and cash equivalents at beginning of period	40,046	132,156
Cash and cash equivalents at end of period	40,950	40,046
Net change in cash for period	904	(92,110)

# Notes to the Financial Statements

## Lyndhurst Water Scheme Co-Operative Ltd For the year ended 31 March 2017

### 1. Reporting Entity

Lyndhurst Water Scheme Co-Operative Ltd (the Company) is a company incorporated and domiciled in New Zealand, and registered under the Co-Operative Companies Act 1996 and also the Companies Act 1993.

The Company is an issuer for the purposes of the Financial Reporting Act 2013.

The financial statements of the Company have been prepared in accordance with the Financial Reporting Act 2013.

The principal activity of the Company is Water Scheme Management

Registered Office:

123 Burnett Street

Ashburton 7700

### 2. Statement of Compliance

The financial statements of Lyndhurst Water Scheme Co-Operative Ltd have been prepared in accordance with the Financial Reporting Act 2013 and Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial standards as appropriate for profit-orientated entities.

### 3. Basis of Preparation

#### Changes to Financial Reporting Framework

The new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993, effective for all for-profit entities with reporting periods beginning on or after 1 April 2014.

In accordance with the transitional provisions under section 55 of the FRA 2013 the financial statements of Lyndhurst Water Scheme Co-Operative Ltd continue to comply with the Financial Reporting Act 1993 for the year ended 31 March 2017.

The directors are in the process of reviewing the company's transition to Financial Market Conduct Act 2013. The change in legislation will have no material impact on the company's obligation to prepare general purpose financial statements.

#### Measurement Base

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

#### Presentation Currency

The information is presented in New Zealand dollars and rounded to the nearest dollar.

#### Estimates and Judgement

The preparation of financial statements requires management to make judgements and estimates 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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following accounting policies.

#### Fair Value Hierarchy

The entity classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest input to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a Level 3 measurement

### Property, Plant & Equipment

Property, Plant & Equipment are carried at cost less accumulated depreciation and impairment. At each reporting date the carrying amounts are reviewed for indications of impairment. If any such indication exists the recoverable amount is estimated and compared against the carrying amount. Where the carrying amount exceeds the recoverable amount the difference is charged to the statement of comprehensive income.

### Standards and Interpretations on issue but not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet adopted:

The effect of new accounting standards not yet adopted has not yet been assessed.

Standard	Effective for Annual reporting periods beginning on or after	Expected to be initially applied in the year ending
NZ IFRS 9: Financial Instruments	01/01/18	31/03/19
NZ IFRS 16: Leases	01/01/19	31/03/20
NZ IFRS 15: Revenue	01/01/18	31/03/19

## 4. Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of profit and the financial position have been applied:

### Revenue Recognition

Revenue from water charges is recognised when invoiced. Invoices are raised based on shareholder's water requirements on a per unit basis. Each ordinary shareholder is entitled to access a maximum of one water unit per ordinary share held.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income received on cash and cash equivalents is recorded as earned.

## Income Tax

Income tax expenses in relation to the surplus or deficit for the period comprises current tax and deferred tax.

### Current Tax

Income tax for the period is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that is unpaid (or refundable).

### Deferred Tax

Tax effect accounting is applied on a comprehensive basis to all temporary differences using the liability method. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income nor accounting profit.

## Share Capital

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of the issue.

Redeemable preference share capital - Preference share capital is classified as equity if it is redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's directors. Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

A dividend of 4 cents per share has been accrued in accordance with the terms set out in the 2009 prospectus.

## Property, Plant & Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for.

The useful lives and associated depreciation rates of assets of major classes have been estimated as follows:

Buildings 30 Years (3%)

Plant & Equipment 5-20 Years (8.0% - 25.0%)

Groundworks (8.0%)

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.



## Impairment of Assets

Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The value in use for cash-generating assets is the present value of expected future pre-tax cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Statement of Comprehensive Income. The reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

## Financial Instruments

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised 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 the risks and rewards of the asset.

Purchases and sales of financial assets are accounted for at trade date. Financial liabilities are de-recognised if the company's obligations specified in the contract expire, are discharged or are cancelled. They include cash balances, bank overdrafts, payables, receivables, investments and term borrowings.

## Cash & Cash Equivalents

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

## Trade & Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts). The carrying amount for receivables is not materially different from estimated realisable value.

A provision for impairment of receivables is established when there is objective evidence that they will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

## Trade Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

## Cash Flows

For the purpose of the cash flow statement, cash includes cash on hand and deposits held at call with banks, net of bank overdrafts. The following terms are used in the statement of cash flows:

**Operating Activities:** are the principal revenue producing activities of the Company and other activities that are not investing or financing activities.

**Investing Activities:** are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

**Financing Activities:** are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

## Goods & Services Tax

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

The net amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of current assets or liabilities in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to the investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Any commitments and contingencies are disclosed exclusive of GST.

## Changes in Accounting Policies

There are no changes in accounting policies from those used in previous year.

	2017	2016
<b>5. Cash &amp; Cash Equivalents</b>		
<b>Cash &amp; Cash Equivalents</b>		
ANZ - Cheque Account	40,950	40,046
<b>Total Cash &amp; Cash Equivalents</b>	<b>40,950</b>	<b>40,046</b>

	2017	2016
<b>6. Trade &amp; Other Receivables</b>		
Trade & Other Receivables	634	294
<b>Age of Receivables</b>		
Current	(50)	8,935
30-60 days	68	-
Older than 90 days	616	406
<b>Total Age of Receivables</b>	<b>634</b>	<b>9,341</b>

The average credit period for water connection fees and unit charges is 60 days. The water connection fees and unit charges are charged annually and in advance.

	2017	2016
<b>7. Prepayments</b>		
<b>Prepayments</b>		
Prepaid Insurance	-	2,533
<b>Total Prepayments</b>	<b>-</b>	<b>2,533</b>

	2017	2016
<b>8. Income Tax Expense</b>		
<b>(a) Reconciliation of Income Tax</b>		
<b>Loss before Income Tax</b>		
Loss before Income Tax	31,605	23,138
<b>Total Loss before Income Tax</b>	<b>31,605</b>	<b>23,138</b>
<b>Add/(Subtract)</b>		
Accrued Interest on Term Deposit	1,142	874
<b>Total Add/(Subtract)</b>	<b>1,142</b>	<b>874</b>
<b>Total (a) Reconciliation of Income Tax</b>	<b>32,747</b>	<b>24,012</b>
Prima Facie Tax at 28%	(9,169)	(6,863)
Unused Tax Losses not recognised as Deferred Tax Assets	(9,169)	(6,863)
<b>(b) Unrecognised Tax Losses</b>		
Losses brought forward	(363,339)	(339,701)
Net Tax Deficit for the period	(31,605)	(23,638)
<b>Total (b) Unrecognised Tax Losses</b>	<b>(394,944)</b>	<b>(363,339)</b>
<b>(c) Statement of Financial Position Income Tax Asset</b>		
Income Tax Expense	-	-
Taxation Receivable	1,469	1,400
<b>Total (c) Statement of Financial Position Income Tax Asset</b>	<b>1,469</b>	<b>1,400</b>
<b>(d) Imputation Credit Account</b>		
Opening Balance	1,401	404
Plus: RWT on Interest	1,329	1,401
Less: Income Tax Refund	(1,468)	(404)
<b>Total (d) Imputation Credit Account</b>	<b>1,262</b>	<b>1,401</b>

The tax rate used on the above reconciliation is the corporate tax rate of 28% payable by NZ companies under NZ tax law. No deferred tax asset is recognised on the losses as it is not currently probable that any deferred tax asset would be utilised by the Company returning income in future periods.

	2017	2016
<b>9. Investments Held to Maturity</b>		
<b>Term Deposit</b>		
Investments (current)	184,377	180,691
<b>Total Term Deposit</b>	<b>184,377</b>	<b>180,691</b>
<b>Total Investments Held to Maturity</b>	<b>184,377</b>	<b>180,691</b>

The ANZ Term Deposit 1000 matures on 25 May 2017 after a term of 148 days at 3.25%.

The ANZ Term Deposit 1001 matures on 18 April 2017 after a term of 92 days at 2.60%.

## 10. Share Capital

### Ordinary Shares

Balance as at 31 March 2016: 210 Shares with Share Capital of \$745,566

Balance as at 31 March 2017: 210 Shares with Share Capital of \$742,566

### Prospectus Costs

Prospectus Costs as at 31 March 2016: \$64,610

Prospectus Costs as at 31 March 2017: \$64,610

### Net Issued Share Capital \$680,956 (2016: 656,658)

On 9 October 2009, a prospectus was issued detailing an application for 168 ordinary shares of \$2,830.00 each.

On 3 November 2014, a prospectus was issued detailing an application of 29 new ordinary shares of \$7,649 each, and an option to existing shareholders to purchase up to 250 ordinary shares at \$3,000 each. 10 ordinary shares were purchased by existing shareholders.

During the year to 31 March 2016 a further 3 ordinary shares were issued to existing shareholders.

All ordinary shares entitle shareholders to one vote per share held; ordinary shares have equal voting rights and share equally in dividends and surplus on winding up; ordinary shares have no par value.

### Redeemable Preference Shares

The redeemable preference shares (RPS) have no fixed date of repayment and hold no voting rights. A gross dividend of 4% per annum will be payable on the RPS. The dividend will be payable annually in arrears on a date determined by the Board and will be cumulative. The dividend will be payable for a period of 10 years or such other term as determined by the board. The RPS are redeemable at the option of the Company with 5 business days' notice. The RPS would be redeemed on liquidation in priority to all other shareholders.

The RPS had an issue price of \$1.00 per share.

Balance as at 31 March 2016: 229,500 Shares with Share Capital of \$229,500

Balance as at 31 March 2017: 229,500 Shares with Share Capital of \$229,500

### Basic Earnings Per Share

The calculation of basic earnings per share at 31 March 2017 was based on the loss attributable to ordinary shareholders of \$(31,605) (2016 \$(23,138)) and a weighted average number of ordinary shares of 209 (2016: 209).

### Diluted Earnings Per Share

The calculation of diluted earnings per share at 31 March 2017 was based on the loss attributable to ordinary shareholders of \$(31,605) (2016 \$(23,138)) and the dividends accrued on redeemable preference shares of \$13,768. (2016: \$9,180). The diluted weighted average number shares is based on the basic weighted average shares of 229,709 ordinary and redeemable preference shares (2016: 229,680).

	2017	2016
<b>Basic Earnings Per Share</b>		
Net Profit/(Loss) Attributable to Shareholders	(31,605)	(23,138)
Weighted Average number of ordinary shares - Basic	209	209
Basic Earnings Per Share	(151)	(111)

	2017	2016
<b>Diluted Earnings Per Share</b>		
Net Profit/(Loss) for the Year	(31,605)	(23,138)
Less Dividends on Redeemable Preference Shares	(13,768)	(9,180)
Net Profit/Loss Attributable to Ordinary Shareholders	(45,373)	(32,318)
Weighted Average of Ordinary Shares - Diluted	229,709	229,680
Diluted Earnings Per Share	-	-

	2017	2016
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## 11. Total Equity

### Total Equity

#### Ordinary Shares

Ordinary Share Capital	700,136	703,136
Share Issue Costs	(22,180)	(22,180)
<b>Total Ordinary Shares</b>	<b>677,956</b>	<b>680,956</b>

Equity Redeemable Preference Shares	229,500	229,500
Retained Earnings	(331,841)	(299,523)
<b>Total Total Equity</b>	<b>575,615</b>	<b>610,933</b>

#### Retained Earnings

Opening Retained Earnings	331,999	299,523
Current Year Earnings	31,979	23,296
Dividends	13,768	9,180
<b>Total Retained Earnings</b>	<b>377,746</b>	<b>331,999</b>

	2017	2016
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## 12. Trade Payables

Trade and other payables	7,140	4,862
<b>Total Trade Payables</b>	<b>7,140</b>	<b>4,862</b>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

	2017	2016
<b>13. Reconciliation of Net Operating Result with Operating Cash Flow</b>		
Net Surplus	(31,605)	(23,180)
<b>Add/(Less) Non Cash Items</b>		
RWT on Interest	1,329	(1,401)
Depreciation & Loss on Sale	39,699	44,347
<b>Total Add/(Less) Non Cash Items</b>	<b>41,028</b>	<b>42,946</b>
<b>Add/(Less) Movements in Working Capital</b>		
Trade Receivables & Prepayments (incl GST movements)	3,515	8,787
Trade Payables	-	(54)
<b>Total Add/(Less) Movements in Working Capital</b>	<b>3,515</b>	<b>8,733</b>
Net increase/(decrease) in cash from operating activities	5,908	28,541

#### 14. Contingencies

There are no contingent liabilities or assets at 31 March 2017 (2016: \$NIL)

#### 15. Commitments

There are no commitments as at 31 March 2017 (2016: \$NIL)

#### 16. Segment Reporting

The Company operates in one industry to operate a water enhancement scheme.

All operations are carried out within New Zealand.

## 17. Property, Plant & Equipment

	Buildings	Plant & Equipment	Groundworks	Total
<b>31 March 2016</b>				
Carrying Amount	1,091	337,568	104,537	443,196
Additions		0		12,607
Disposals				
Depreciation	<u>34</u>	<u>35,951</u>	<u>8,363</u>	<u>44,347</u>
<b>Total Carrying Amount</b>	<b>1,058</b>	<b>306,987</b>	<b>96,174</b>	<b>404,221</b>
<b>31 March 2016</b>				
Cost	1,292	605,171	107,401	713,865
Accumulated Depreciation	<u>233</u>	<u>298,184</u>	<u>11,227</u>	<u>309,644</u>
<b>Total</b>	<b>1,091</b>	<b>306,987</b>	<b>96,174</b>	<b>404,221</b>
<b>31 March 2017</b>				
Carrying Amount	1,058	306,987	96,174	404,221
Additions				
Disposals				
Depreciation	<u>32</u>	<u>31,973</u>	7,694	39,699
<b>Total Carrying Amount</b>	<b>1,026</b>	<b>275,014</b>	<b>88,480</b>	<b>364,522</b>
<b>31 March 2017</b>				
Cost	1,292	605,171	107,401	713,865
Accumulated Depreciation	<u>265</u>	330,157	18,921	349,343
<b>Total</b>	<b>1,058</b>	<b>275,014</b>	<b>88,480</b>	<b>364,522</b>

The carrying amount of financial assets and liabilities in each of the financial instrument categories are as follows:

	2017	2016
<b>18. Financial Instruments</b>		
<b>Loans and receivables</b>		
Cash and Cash Equivalents	40,950	40,046
Receivables	3,756	2,004
<b>Total Loans and receivables</b>	<b>44,706</b>	<b>42,050</b>
<b>Investments Held to Maturity</b>		
Investments Held to Maturity	184,377	180,691
<b>Total Investments Held to Maturity</b>	<b>184,377</b>	<b>180,691</b>
<b>Financial liabilities measured at amortised cost</b>		
Payables	65,364	63,086
<b>Total Financial liabilities measured at amortised cost</b>	<b>65,364</b>	<b>63,086</b>

### Currency Risk

The Company has no exposure to currency risk.

### Interest rate risk

The value of financial instruments will fluctuate due to changes in the market interest rates. This could impact on the interest received from cash held in the bank.

### Credit Risk

In the normal course of its business, the Company incurs credit risk from trade debtors and transactions with financial institutions. The Company manages its exposure to credit risk by only transacting with shareholders of the water scheme and entering into a water supply agreement with each shareholder to minimise losses from bad debts.

The Company does not have any significant concentrations of credit risk. It does not require any collateral or security to support financial instruments as it only deposits with, or loans to, banks and other financial institutions with high credit ratings. It does not expect the non-performance of any obligations at balance date.

All cash and cash equivalents are held with the ANZ Bank which has a Standard & Poors AA- credit rating.

Maximum Exposure to Credit Risk:

- Bank Balances
- Receivables
- Term Deposit



### **Liquidity Risk**

Liquidity risk is the risk that the Company may encounter difficulty in raising funds at short notice to meet its commitments. Currently the Company is using funds received from its most recent share issue and has been reliant on these to fund the set up of the scheme. Yearly water charges are charged to fund the operation of the scheme. These fees and charges are charged annually and in advance.

### **Capital Management**

The Company's capital includes share capital and retained earnings. The Company's capital is managed so that all obligations can be met on time.

### **Sensitivity Analysis**

At 31 March 2017, it is estimated that a general change of one percent in interest rates would change the Company's surplus for the period by approximately \$1,806 (2016 : \$505). This calculation is based on a 1% rise in interest rates receivable on term deposits only and does not include any adjustment relating to redeemable preference share dividends as these are at a fixed rate.

### **Fair Values**

The carrying value is considered by the directors to be the fair value for all on-balance sheet financial instruments.

## 19. Related Party Transactions

All directors of the Company paid Water Charges to the Company during the year as they are involved with entities which own shares in the water scheme providing them with water. Directors are charged on the same basis as other shareholders.

The table below outlines the water charges invoiced to entities belonging to the following Directors of the Company. Water charges for the financial year ending 31 March 2017 were invoiced during April 2016 and therefore payments for the water charges received in April 2016. Water charges for the financial year ending 31 March 2018 were invoiced during April 2017 and therefore payments for the water charges received are not reported in the 2017 financial statements.

	<u>Related Party</u>	2017	2016
		\$	\$
<b>Water Charges</b>			
Alan S Butterick	Penwyn Farm Ltd	2,466	2,466
Maryanne Hearn	Lyndhurst Farm Partnership	838	838
Grant M Henderson	G M Henderson Family Trust	1,202	1,202
Karl F Henderson	Urrallyn Ltd	2,308	2,308
Roger B Henderson	Brucefield Farm Ltd	632	632
Roger B Henderson	Limedale Farm Ltd	680	680
Roger B Henderson	Henderson Grange Ltd	522	522
Roger B Henderson	RB & JM Henderson	966	996
James Todd	JR & JE Todd	996	996
Malcolm Nell	MA & D Nell	966	275
<b>Total</b>		<b>10,915</b>	<b>10,915</b>

No related party debts have been written off or provided as doubtful. All related party balances are unsecured.