

Kurow-Duntroon Irrigation Company Limited

Financial Statements

For the year ended 30 June 2016

Kurow-Duntroon Irrigation Company Limited

Financial Statements - Contents

	Page
Company Directory	1
Directors' Responsibility Statement	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Statement of Financial Position	5
Statement of Cash Flows	6
Statement of Accounting Policies	7
Notes to the Financial Statements	10
Independent Auditor's Report	16

Kurow-Duntroon Irrigation Company Limited Company Directory

Incorporation Number: 416443

IRD Number: 50-019-705

Tax Status: Standard Company

Incorporation Date: 15 May 1989

Nature of Operations: Water Supply

Business Location: P O Box 77
Kurow

Directors:

G F Keeling		
J T Slee	Resigned	12/05/2016
M Ross		
M Flannery	Resigned	14/06/2016
G K J Nelson		
J Webster		
Mrs J Slee	Appointed	13/05/2016

Accountants: Crowe Horwath (NZ) Limited
1 Coquet Street
Oamaru
9400

Bankers: ANZ

Solicitor: Berry & Co
Oamaru

Auditors: KPMG - Christchurch

Kurow-Duntroon Irrigation Company Limited

Directors' Responsibility Statement

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, financial statements which fairly reflect the financial position of Kurow-Duntroon Irrigation Company Limited as at 30 June 2016 and the results of its operations for the year ended on that date.


The Directors consider that the financial statements have been prepared using accounting policies appropriate to the Company's circumstances, consistently applied and supported by reasonable and prudent judgements and estimate.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

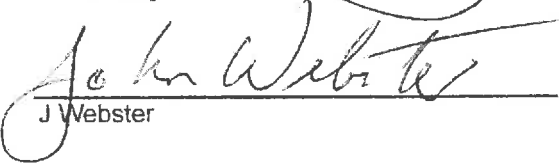
The Directors have a responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the Company's financial statements for the year ended 30 June 2016.

For and behalf of the Directors:


G F Keeling

Date 25-9-16


J Webster

Date 25-9-16

Kurow-Dunroon Irrigation Company Limited

Statement of Comprehensive Income For the year ended 30 June 2016

	Notes	2016	2015
		\$	\$
OPERATING ACTIVITIES - Continuing Operations			
Revenue	6	505,032	430,741
Gross profit		505,032	430,741
Overheads and administrative expenses	9	588,553	438,176
Depreciation	7	9,203	2,590
		597,756	440,766
Operating Profit (loss)		(92,724)	(10,025)
FINANCING ACTIVITIES			
Interest Received	8	13,240	10,061
Net financing profit		13,240	10,061
Profit (Loss) before income tax		(79,484)	36
Income tax expense/ (credit)	10	10,103	25,478
(Loss) for the year		(89,587)	(25,442)
DISCONTINUED OPERATIONS			
Profit/ (loss) for the year from discontinued operations			
Profit/(loss) for the year		(89,587)	(25,442)
Total comprehensive income for the year		(89,587)	(25,442)

These financial statements should be read in conjunction with the notes to the financial statements.

3



Kurow-Duntroon Irrigation Company Limited
Statement of Changes in Equity
For the year ended 30 June 2016

	Notes	Retained Earnings	Capital Reserve	Share Premium Reserve	Share Capital	Total Equity
2016						
Balance 1 July 2015		\$ (446)	\$ 148,083	\$ 55,000	\$ 1,917	\$ 204,554
(Loss) for the year		(89,587)				(89,587)
Other comprehensive income movements for the year						-
Total comprehensive income for the year		(89,587)	-	-	-	(89,587)
Addition to Insurance Reserve		(5,000)		5,000		-
Consideration paid for share capital buy-back						-
Issue of share capital					163,548	163,548
Dividends to shareholders						-
Total transactions with owners recorded directly in equity		(5,000)	-	5,000	163,548	163,548
Balance 30 June 2016		(95,033)	148,083	60,000	165,465	278,515

	Notes	Retained Earnings	Capital Reserve	Insurance Reserve	Share Capital	Total Equity
2015						
Balance 1 July 2014		\$ 29,996	\$ 148,083	\$ 50,000	\$ 1,917	\$ 229,996
(Loss) for the year		(25,442)				(25,442)
Other comprehensive income movements for the year						-
Total comprehensive income for the year		(25,442)	-	-	-	(25,442)
Addition to Insurance Reserve		(5,000)		5,000		-
Consideration paid for share capital buy-back						-
Issue of share capital						-
Dividends to shareholders						-
Total transactions with owners recorded directly in equity		(5,000)	-	5,000	-	-
Balance 30 June 2015		(446)	148,083	55,000	1,917	204,554

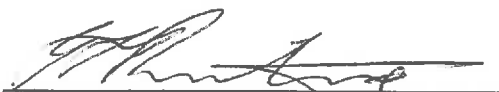
These financial statements should be read in conjunction with the notes to the financial statements.



Kurow-Dunroon Irrigation Company Limited
Statement of Financial Position
As at 30 June 2016

		Notes	2016	2015
Assets			\$	\$
Current				
Cash and cash equivalents	11		181,784	170,217
Term Deposits	12		116,556	170,094
Trade debtors and other receivables	13		32,356	19,055
Total current assets			330,696	359,366
Non-current				
Property, plant and equipment	15		59,124	29,060
Investments	14		2,856	2,810
Total non-current assets			61,980	31,870
Total Assets			392,676	391,236
Liabilities				
Current				
Trade creditors and other payables	16		108,134	93,588
Share Payments in Advance			-	74,340
Income Tax Payable	10		6,027	18,754
Total current liabilities			114,161	186,682
Non-current				
Total non-current liabilities			-	-
Total Liabilities			114,161	186,682
Net Assets			278,515	204,554
Equity				
Issued share capital	17		165,465	1,917
Retained earnings			(95,033)	(446)
Insurance Reserve			60,000	55,000
Other equity reserves	18		148,083	148,083
Total Equity			278,515	204,554

These financial statements have been authorised for issue by the Board of Directors on 2016.


Chairman

25-9-16
Date


Director

25-9-16
Date

These financial statements should be read in conjunction with the notes to the financial statements.



Kurow-Dunroon Irrigation Company Limited
Statement of Cash Flows
For the year ended 30 June 2016

	Notes	2016	2015
		\$	\$
Cash flow from operating activities			
<i>Cash was provided from/(applied to):</i>			
Receipts from customers		512,415	438,623
Interest Received		12,550	8,135
Payments to suppliers and employees		(594,691)	(475,613)
Income tax (paid)/ refunded		(22,830)	(52)
Net cash (used in) operating activities	21	(92,556)	(28,907)
Cash flow from investing activities			
<i>Cash was provided from/(applied to):</i>			
Purchase of Motor Vehicle, plant and equipment		(39,267)	(8,009)
Purchase of shares		(46)	(98)
Proceeds from maturity of term deposit		54,228	(4,122)
Net cash from/(used in) investing activities		14,915	(12,229)
Cash flow from financing activities			
<i>Cash was provided from/(applied to):</i>			
Share Capital		89,208	74,340
Net cash from/(used in) financing activities		89,208	74,340
Net (decrease) in cash and cash equivalents		11,567	33,204
Cash and cash equivalents, beginning of the year		170,217	137,013
Cash and cash equivalents at end of the year	11	181,784	170,217

These financial statements should be read in conjunction with the notes to the financial statements.

Kurow-Dunroon Irrigation Company Limited

Notes to the financial statements for the year ended 30 June 2016

1 Reporting entity

These financial statements comprise the financial statements of Kurow-Dunroon Irrigation Company Limited for the year ended 30 June 2016.

The financial statements were authorised for issue by the Board of Directors on the date stated on page 5.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (NZ IFRS with RDR) and other applicable Financial Reporting Standards as appropriate to profit orientated entities.

The Company is a Tier 2 For-profit entity and has elected to report in accordance with Tier 2 For-profit Accounting Standards as issued by the New Zealand External Reporting Board (XRB). The Company is eligible to report in accordance with Tier 2 For-profit Accounting Standards on the basis that it does not have public accountability and is not a large for-profit public sector entity.

(b) Basis of measurement

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

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars, which is the Company's functional currency.

(d) Comparatives

The comparative financial period is 12 months. Comparatives have been reclassified from that reported in the 30 June 2015 financial statements where appropriate to ensure consistency with the presentation of the current year's position and performance.

All numbers are rounded to the nearest dollar, except when otherwise stated.

3 Summary of significant accounting policies

The accounting policies of the Company have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(b) Trade debtors and other receivables

Trade debtors are amounts due from customers for goods sold and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors and other receivables are measured initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for any impairment.

An allowance for impairment is established where there is objective evidence the Company will not be able to collect all amounts due according to the original terms of the receivable.

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

An allowance for impairment is established where there is objective evidence the Company will not be able to collect all amounts due according to the original terms of the receivable.

Kurow-Duntroon Irrigation Company Limited

Notes to the Financial Statements for the year ended 30 June 2016

(c) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions and subsequent costs

Subsequent costs and the cost replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to profit or loss in the year in which the expense is incurred.

Disposals

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the profit or loss is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Depreciation

Depreciation is charged on a diminishing value (DV) basis on all plant and equipment over the estimated useful life of the asset. Depreciation is charged to profit or loss and disclosed within "depreciation, amortisation and impairment" expenses. The following depreciation rates have been applied at each class of property, plant and equipment:

Plant & Equipment	5-50%
Motor Vehicles	20%

The residual value and useful life of property, plant and equipment is reassessed annually.

(d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade debtors, cash and cash equivalents, trade creditors and other payables.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through profit or loss, which are measured at fair value.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

De-recognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Company transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by the Company in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

Kurow-Duntroon Irrigation Company Limited

Notes to the Financial Statements for the year ended 30 June 2016

(e) Provisions

A provision is recognised for a liability when the settlement amount or timing is uncertain; when there is a present legal or constructive obligation as a result of a past event; it is probable that expenditures will be required to settle the obligation; and a reliable estimate of the potential settlement can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. The increase in the provision due to the passage of time is recognised as an interest expense.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of consideration received, excluding GST, rebates, and trade discounts.

The following specific recognition criteria must be met before revenue is recognised:

Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Under this method, revenue is recognised in the accounting periods in which the services are provided.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

(g) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributed to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the Inland Revenue Department.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(h) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

(i) Share capital

Share capital represents the consideration received for shares that have been issued. All transaction costs associated with the issuing of shares are recognised as a reduction in equity, net of any related income tax benefits.

Kurow-Duntroon Irrigation Company Limited
Notes to the Financial Statements for the year ended 30 June 2016

4 Changes to accounting policies and disclosures

The application of the new standard in the current year has not significantly changed the basis for determining the carrying amounts of assets and liabilities. The impact of the new standards have been limited to additional note disclosures.

Certain other amendments to NZ IFRS apply for the first time in the 2016 financial year, however they do not significantly impact the financial statements of the Company.

5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS 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. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimates is revised and in the future years affected.

6 Revenue

	2016	2015
Share Transfer and Subdivision Fee	375	1,401
Power Recharge	41,078	40,489
Insurance claim	-	11,500
Sundry income	150	-
Rebates	116	246
Rates Recovered	387,605	377,105
Non Assessable Feasibility Study Income	75,708	0
Total revenue	\$505,032	\$430,741

7 Depreciation

	2016	2015
Depreciation of plant and equipment	9,203	2,590
Total	\$9,203	\$2,590

8 Finance income and costs

	2016	2015
Financing income		
Interest - ANZ	13,208	9,975
Interest - IRD	32	86
Total finance income	\$13,240	\$10,061

Kurow-Duntroon Irrigation Company Limited
Notes to the Financial Statements for the year ended 30 June 2016

9 Expenses

The following expenses were expensed in the operating profit for the year:

	2016	2015
Accountancy Fees	5,561	3,146
Accounting Fees - Administration	4,068	-
Audit Fee	6,800	5,000
Bank fees and Charges	418	119
Assets Under \$500	1,277	-
Computer Expenses	1,760	-
Consultancy Fees	11,927	11,290
Contractors	122,306	111,541
Directors Fees	60,000	31,940
Fuel & Oil	575	-
General Expenses	933	919
Health & Safety	246	-
Insurance	8,114	7,296
Interest - Bank	873	17
IRD Penalties - Non Deductible	(378)	426
Interest - UOM	-	3
Legal Fees	8,466	15,496
Legal Fees Non-Deductible	7,069	2,810
Light, Heat & Power	452	2,544
Light, Heat & Power - Extension	40,798	40,523
Light, Heat & Power - Office	260	-
Meeting Expenses	241	-
Monitoring Fees	40	85
Motor Vehicle Expenses	625	-
Other Non Deductible Expenses	184,581	87,721
Printing and Stationery	1,894	1,183
Professional Fees	296	2,015
Protective Clothing	-	144
Rates	1,216	-
Rent	1,800	-
Repairs and Maintenance	49,662	98,621
Seminars and Conferences	3,600	-
Shareholder Information	104	-
Subscription and Licences	12,249	9,738
Telephone and Tolls	509	-
Travelling Expenses	6,443	-
Wages	27,639	-
Water Testing	3,903	4,795
Water Right Fee	5,651	234
Weed & Pest Control	6,575	570
Total	\$588,553	\$438,176

Kurow-Duntroon Irrigation Company Limited
Notes to the financial statements for the year ended 30 June 2016

10 Income Tax

	2016	2015
Operating (Deficit) Before Tax	(79,484)	36
Adjustment for Permanent Differences		
IRD Penalties	(378)	426
Non Deductible Legal Fees	7,069	2,810
Non Deductible Expenses	184,581	87,721
Non Assessable Income	(75,708)	-
Taxable Income	115,564	90,957
Tax Expense@28%	36,080	90,993
(a) Income Tax Expense	\$ 10,103	\$ 25,478

Income Tax Payable		
Opening Balance	18,754	(6,776)
Current year tax expense	10,103	25,478
Tax Refund Received	-	6,776
Provisional tax and RWT paid	(22,830)	(6,724)
(b) Closing Balance	\$6,027	\$18,754

11 Cash and cash equivalents

	2016	2015
ANZ 00	156,319	7,951
ANZ - Call Account	20,438	162,266
ANZ 02 Account	5,027	-
Total cash and cash equivalents	\$181,784	\$170,217

12 Term Deposits

	2016	2015
ANZ Term Deposits	116,556	170,094
Total	\$116,556	\$170,094

13 Trade debtors and other receivables

	2016	2015
Trade debtors	3,667	11,049
GST receivable	28,689	8,006
Total	\$32,356	\$19,055

As at 30 June 2016 and 2015, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

14 Investments

	2016	2015
Irrigation Scheme	i	i
Farmlands Shares	855	809
Waitaki Irrigators Collective	2,000	2,000
Total	\$2,856	\$2,810

Kurow-Dunroon Irrigation Company Limited

Notes to the financial statements for the year ended 30 June 2016

15 Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

2016	Plant & Equipment	Motor Vehicles	Total
Gross carrying amount			
Opening balance	39,148	-	39,148
Additions	17,528	21,739	39,267
Disposals	-	-	-
Closing balance	56,676	21,739	78,415
Accumulated depreciation and impairment			
Opening balance	(10,088)	-	(10,088)
Current year depreciation	(8,122)	(1,081)	(9,203)
Depreciation written back on disposal	-	-	-
Closing balance	(18,210)	(1,081)	(19,291)
Carrying amount 30 June 2016	\$38,466	\$20,658	\$59,124

2015	Plant & Equipment	Motor Vehicles	Total
Gross carrying amount			
Opening balance	25,871	-	25,871
Additions	13,277	-	13,277
Disposals	-	-	-
Closing balance	39,148	-	39,148
Accumulated depreciation and impairment			
Opening balance	(7,498)	-	(7,498)
Current year depreciation	(2,590)	-	(2,590)
Depreciation written back on disposal	-	-	-
Closing balance	(10,088)	-	(10,088)
Carrying amount 30 June 2015	\$29,060	\$0	\$29,060

16 Trade creditors and other payables

	2016	2015
Current		
Trade creditors	97,619	93,588
ANZ Visa	117	-
Farmlands	2,305	-
PAYE payable	8,093	-
Total current	108,134	93,588
Non-current		
Total non-current	-	-
Total	\$108,134	\$93,588



Kurow-Duntroon Irrigation Company Limited
Notes to the Financial Statements for the year ended 30 June 2016

17 Share capital

	2016		2015	
	# of shares	Carrying value	# of shares	Carrying value
Ordinary shares				
Opening balance	1,917	1,917	1,917	1,917
Ordinary shares issued in the year	66	163,548	-	-
Closing balance	1,983	\$165,465	1,917	\$1,917

All issued shares are fully paid and do not have a par value. The holders of ordinary shares have equal voting rights and share equally in any dividend distribution and any surplus on winding up of the Company.

18 Other equity reserves

	2016	2015
Capital Reserve	148,083	148,083
Total	\$148,083	\$148,083

The capital reserve is available for tax free distribution to shareholders on ultimate wind up of the Company.

19 Dividends

The directors did not recommend any dividend be paid or declared during this financial period.

20 Financial instruments

(a) Carrying value of financial instruments

The carrying amount of all material financial position assets and liabilities are considered to be equivalent to fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of financial instruments

All financial assets held by the Company classified as "loans and receivables" are carried at cost less accumulated impairment losses.

All financial liabilities held by the Company are carried at amortised cost using the effective interest rate method.

21 Reconciliation of cash flows from operating activities

	2016	2015
Profit (Loss) for the year	(89,587)	(25,442)
<i>Adjustments:</i>		
Depreciation	9,203	2,590
Interest Accrued	(691)	(1,926)
(Increase)/ decrease in trade debtors and other receivables	7,382	7,882
Increase/ (decrease) in trade creditors and other payables	14,546	(33,180)
Increase/ (decrease) in GST	(20,682)	(4,361)
Increase/(decrease) in income tax payable	(12,727)	25,530
Net cash flows (used in) operating activities	(92,556)	(28,907)

Kurow-Duntroon Irrigation Company Limited
Notes to the Financial Statements for the year ended 30 June 2016

22 Commitments

The Company had no capital commitment at balance date (2015:nil).

23 Events after the reporting period

No adjusting or significant non adjusting events have occurred between the reporting date and the date of authorisation.

24 Contingent assets and contingent liabilities

The Company has no contingent assets or liabilities at balance date (2015:nil)

25 Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Company.

Unless otherwise stated transactions with related parties in the years reported have been on an arms-length basis, none of the transactions included special terms, conditions or guarantees.

26 Imputation credits

There are imputation credits of \$74,678 (2015 \$51,848) which are available to attach to any future dividend distributions from the Company's reserves, subject to certain shareholder continuity provisions.