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**Kurow-Duntroon Irrigation Company Limited**

Financial Statements  
For the year ended 30 June 2019

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## 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  
G K J Nelson  
J Webster  
J Slee  
J E Wilson  
J E Ross

Accountants: Findex (NZ) Limited  
1 Coquet Street  
Oamaru  
9400

Bankers: BNZ

Solicitor: Berry & Co  
Oamaru

Auditors: KPMG  
Christchurch

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## 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 2019 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 paid directors fees, which are disclosed in more detail in the financial statements in Note 25. The company has only one employee with remuneration over \$100,000. The company has made no donations during the 2019 period. (2018: nil)

The Directors are pleased to present the Company's financial statements for the year ended 30 June 2019.

For and behalf of the Directors:

  
G F Keeling

Date

23/10/2019

  
J Slee

Date

23/10/2019



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## Kurow-Duntroon Irrigation Company Limited

### Statement of Comprehensive Income For the year ended 30 June 2019

	Notes	2019	2018
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Revenue	6	535,132	968,001
Overheads and administrative expenses	9	(511,180)	(1,317,166)
Depreciation expense	7	(7,251)	(8,648)
<b>Operating profit/(loss)</b>		<b>16,701</b>	<b>(357,813)</b>
<b>FINANCING ACTIVITIES</b>			
Financing income	8	39,357	81
Financing costs	8	(3,679)	(1,613)
<b>Net financing profit/(loss)</b>	<b>8</b>	<b>35,679</b>	<b>(1,532)</b>
<b>Profit/(loss) before income tax</b>		<b>52,379</b>	<b>(359,345)</b>
Income tax expense	10	-	-
<b>Profit/(loss) for the year</b>		<b>52,379</b>	<b>(359,345)</b>
Other comprehensive income		-	-
<b>Total comprehensive profit/(loss) for the year</b>		<b>52,379</b>	<b>(359,345)</b>



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Kurow-Duntroon Irrigation Company Limited  
Statement of Changes in Equity  
For the year ended 30 June 2019

	Notes	Retained Earnings	Capital Reserve	Insurance Reserve	Share Capital	Total Equity
<b>2019</b>						
Balance 1 July 2018		\$ (701,000)	\$ 148,083	\$ 70,000	\$ 165,465	\$ (317,452)
Profit for the year		52,379	-	-	-	52,379
Other comprehensive income movements for the year		-	-	-	-	-
<b>Total comprehensive profit for the year</b>		<b>52,379</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,379</b>
Addition to insurance reserve	18	(5,000)	-	5,000	-	-
Issue of share capital and calls of share capital	17	-	-	-	5,664,663	5,664,663
Unpaid share capital		-	-	-	(239,200)	(239,200)
Issue of share capital transaction costs		-	-	-	(19,229)	(19,229)
<b>Total transactions with owners recorded directly in equity</b>		<b>(5,000)</b>	<b>-</b>	<b>5,000</b>	<b>5,406,234</b>	<b>5,406,234</b>
<b>Balance 30 June 2019</b>		<b>(653,619)</b>	<b>148,083</b>	<b>75,000</b>	<b>5,571,699</b>	<b>5,141,162</b>

	Notes	Retained Earnings	Capital Reserve	Insurance Reserve	Share Capital	Total Equity
<b>2018</b>						
Balance 1 July 2017		\$ (336,654)	\$ 148,083	\$ 65,000	\$ 165,465	\$ 41,894
Loss for the year		(359,345)	-	-	-	(359,345)
Other comprehensive income movements for the year		-	-	-	-	-
<b>Total comprehensive loss for the year</b>		<b>(359,345)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(359,345)</b>
Addition to insurance reserve	18	(5,000)	-	5,000	-	-
<b>Total transactions with owners recorded directly in equity</b>		<b>(5,000)</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>
<b>Balance 30 June 2018</b>		<b>(701,000)</b>	<b>148,083</b>	<b>70,000</b>	<b>165,465</b>	<b>(317,452)</b>



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## Kurow-Duntroon Irrigation Company Limited

### Statement of Financial Position

As at 30 June 2019

	Notes	2019	2018
<b>Assets</b>		\$	\$
<b>Current</b>			
Cash and cash equivalents	11	582,130	-
Income tax receivable	10	12,920	5
Prepayments		76,899	-
Trade debtors and other receivables	12	379,332	179,014
<b>Total current assets</b>		<b>1,051,281</b>	<b>179,018</b>
<b>Non-current</b>			
Property, plant and equipment	14	28,878,627	38,658
Investments	13	2,862	2,856
<b>Total non-current assets</b>		<b>28,881,489</b>	<b>41,514</b>
<b>Total Assets</b>		<b>29,932,770</b>	<b>220,532</b>
<b>Liabilities</b>			
<b>Current</b>			
Cash and cash equivalents	11	-	219,760
Trade creditors and other payables	15	1,487,660	318,223
<b>Total current liabilities</b>		<b>1,487,660</b>	<b>537,984</b>
<b>Non-current</b>			
Borrowings	16	23,303,949	-
<b>Total non-current liabilities</b>		<b>23,303,949</b>	<b>-</b>
<b>Total Liabilities</b>		<b>24,791,608</b>	<b>537,984</b>
<b>Net Assets</b>		<b>5,141,162</b>	<b>(317,451)</b>
<b>Equity</b>			
Issued share capital	17	5,571,699	165,465
Retained earnings		(653,619)	(700,999)
Insurance reserve	18	75,000	70,000
Capital reserve	18	148,083	148,083
<b>Total Equity</b>		<b>5,141,162</b>	<b>(317,451)</b>

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

2019.



Chairman

23/10/2019  
Date



Director

23/10/2019  
Date





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## Kurow-Duntroon Irrigation Company Limited

### Statement of Cash Flows

For the year ended 30 June 2019

Notes	2019	2018
	\$	\$
Cash flow from operating activities		
<i>Cash was provided from/(applied to):</i>		
Receipts from customers	680,777	851,560
Interest received	39,357	81
Interest Paid	(3,679)	-
Payments to suppliers and employees	(948,748)	(1,113,625)
Income tax (paid)/refunded	(12,915)	4,328
<b>Net cash used in operating activities</b>	<b>(245,208)</b>	<b>(257,656)</b>
Cash flow from investing activities		
<i>Cash was provided from/(applied to):</i>		
Purchase of property, plant and equipment	(27,663,085)	-
<b>Net cash used in investing activities</b>	<b>(27,663,085)</b>	<b>-</b>
Cash flow from financing activities		
<i>Cash was provided from/(applied to):</i>		
Proceeds from borrowings	23,303,949	-
Share capital raised	5,406,234	-
<b>Net cash from financing activities</b>	<b>28,710,183</b>	<b>-</b>
Net decrease in cash and cash equivalents	801,890	(257,656)
Cash and cash equivalents, beginning of the year	(219,760)	37,897
Cash and cash equivalents at end of the year	11	582,130
	(219,760)	(219,760)





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## Kurow-Duntroon Irrigation Company Limited

### Notes to the financial statements for the year ended 30 June 2019

#### 1 Reporting entity

Kurow-Duntroon Irrigation Company Limited ('the company') is a for profit company incorporated and domiciled in New Zealand, registered under the Companies Act 1993.

These financial statements comprise the financial statements of Kurow-Duntroon Irrigation Company Limited for the year ended 30 June 2019.

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 NZ GAAP, they comply 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.

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

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 are expected credit losses. The simplified impairment model for trade receivables has been applied.

##### (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.



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## Kurow-Duntroon Irrigation Company Limited

### Notes to the Financial Statements for the year ended 30 June 2019

#### 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 expenses. The following depreciation rates have been applied at each class of property, plant and equipment:

Plant & Equipment	5-50%
Motor Vehicles	20%
Office Equipment	50%
Project Development	Not yet available for use

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, other payables, and borrowings.

#### 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, "amortised cost", 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.

#### (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 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. Revenue from services rendered is recognised in the Statement of Comprehensive Income in proportion to the stage of completion of the transaction at the reporting date.

#### Interest income

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

#### Water charges

Water charges is recognised over the irrigation season by the Company to recover operating and capital costs. Customers are invoiced monthly for access to water delivery infrastructure.





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## Kurow-Duntroon Irrigation Company Limited

### Notes to the Financial Statements for the year ended 30 June 2019

#### (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 generates 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.

#### 4 Changes to accounting policies and disclosures

There were no changes in accounting policies during the year, except for the adoption of NZIFRS 15: Revenue from Contracts with Customers, and NZIFRS 9: Financial Instruments.

The adoption of these accounting standards that became effective during the year have seen no impact on the Company's comprehensive income or total equity. Financial assets that were classified as "loans and receivables" are now "amortised cost" in accordance to NZIFRS 9.

#### 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

	2019	2018
	\$	\$
Development contribution from Crown Irrigation	-	486,429
Share transfer and subdivision fee	-	1,560
Power recharge	29,821	30,056
Sundry income	4,428	6,086
Water charges	500,872	443,870
Rebates received	11	-
<b>Total revenue</b>	<b>535,132</b>	<b>968,001</b>

#### 7 Depreciation

	2019	2018
	\$	\$
Depreciation of plant and equipment	7,251	8,648
<b>Total</b>	<b>7,251</b>	<b>8,648</b>



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## Kurow-Duntroon Irrigation Company Limited Notes to the Financial Statements for the year ended 30 June 2019

8	Finance income	2019	2018
		\$	\$
	Financing income		
	Interest - ANZ	580	18
	Interest - Rates recovered	-	63
	Interest - Berry & Co share monies	38,760	-
	Interest - IRD UOMI	17	-
	<b>Total finance income</b>	<b>39,357</b>	<b>81</b>
	Financing costs		
	Bank interest	3,679	1,613
	<b>Total finance costs</b>	<b>3,679</b>	<b>1,613</b>
	<b>Net finance income</b>	<b>35,679</b>	<b>(1,532)</b>
9	Expenses	2019	2018
		\$	\$
	<i>The following expenses were expensed in the operating profit for the year:</i>		
	ACC levies	1,362	2,490
	Accountancy fees	20,556	16,109
	Administration salaries	26,769	23,861
	Advertising	287	26
	Audit fee	5,500	6,000
	Bank fees and charges	1,664	3,995
	Bad debts	-	1,701
	Computer expenses	2,604	2,088
	Concept design piped scheme non-deductible expenses	-	855,806
	Consultancy fees	19,231	11,857
	Contractors	120,000	120,223
	Directors fees	60,000	60,000
	Donations - non-deductible	-	-
	Entertainment - deductible	15	-
	Entertainment - non-deductible	927	1,051
	Fuel and oil	4,279	3,136
	General expenses	543	240
	Health and safety	247	193
	Insurance	96,886	7,763
	Legal fees	951	2,449
	Legal fees - non-deductible	-	3,168
	Light, heat and power	31,092	30,300
	Meeting expenses	2,990	2,011
	Motor vehicle expenses	9,743	2,599
	Printing and stationery	3,754	3,244
	Rates	779	638
	Rent	10,654	7,800
	Repairs and maintenance	19,314	18,026
	Seminars and conferences	-	462
	Shareholder information	-	-
	Subscriptions and licences	14,388	12,107
	Telephone and tolls	2,253	1,089
	Travelling expenses	195	1,331
	Wages - Manager	48,087	103,000
	Water testing	2,773	10,140
	Water right fee	2,009	383
	Weed and pest control	1,328	1,881
	<b>Total</b>	<b>511,180</b>	<b>1,317,166</b>

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## Kurow-Duntroon Irrigation Company Limited

Notes to the financial statements for the year ended 30 June 2019

### 10 Income tax

	2019	2018
(a) Components of income tax expense	\$	\$
Current year tax expense	-	-
Deferred tax movements		
- temporary differences	-	-
Total income tax expense	-	-
<b>Income tax profit and loss</b>	<b>-</b>	<b>-</b>

	2019	2018
(b) Reconciliation of effective tax rate	\$	\$
Operating profit/(deficit) before tax	52,379	(359,345)
Adjustments for permanent differences:		
Non-assessable development contribution from crown irrigation	-	(486,429)
Non-deductible bad debts	-	1,701
Non-deductible entertainment	927	1,051
Non-deductible legal fees	-	3,168
Non-deductible concept design piped scheme expense	-	855,806
Current year deferred tax not recognised	(352,440)	-
Losses carried forward	(8,918)	(24,870)
	(360,431)	350,427
Taxable loss	(308,052)	(8,919)
Tax expense @ 28% (2018: 28%)	-	-
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

	2019	2018
(c) Income tax (receivable)/payable	\$	\$
Opening balance	(5)	(4,331)
Current year tax expense	-	-
Tax refund received	5	4,331
Provisional tax and RWT paid	(12,920)	(5)
<b>Closing balance</b>	<b>(12,920)</b>	<b>(5)</b>

	2019	2018
(d) Deferred tax not recognised	\$	\$
Derecognition of income tax losses	(308,052)	8,919
<b>Total temporary differences losses not recognised</b>	<b>(308,052)</b>	<b>8,919</b>

The Company has not recognised a deferred tax asset with respect to tax losses, due to uncertainty with respect to the timing of their utilisation.

Tax losses are yet to be confirmed with the IRD.





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## Kurow-Duntroon Irrigation Company Limited

### Notes to the financial statements for the year ended 30 June 2019

#### 10 Income tax (continued)

(e) Deferred tax assets and liabilities	2019	2018
	\$	\$
<b>Deferred tax on temporary differences</b>		
Opening balance	-	-
Temporary difference movements	-	-
<b>Closing asset balance</b>	-	-
<b>Closing deferred tax liability</b>	-	-
Tax losses available but not recognised as a deferred tax asset	-	-

Deferred tax on unused tax losses is recognised as a deferred tax asset when management consider it probable that future tax profits will be available against which tax losses will be utilised.

The Company offsets assets and liabilities of and only if it has a legal enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

#### Reconciliation of temporary differences

	2019	2018
	\$	\$
Accelerated depreciation for tax purposes	-	-
Employee entitlements	-	-
Interest & loan fees capitalised	-	-
<b>Total deferred tax on temporary differences</b>	-	-

There are no income tax consequences attached to the payment of dividends in either 2019 or 2018 by the Company to its shareholders.

(f) Imputation credits	2019	2018
	\$	\$
Opening balance	80,707	85,036
RWT paid	12,920	5
Tax Refunded	(5)	(4,333)
<b>Closing balance</b>	93,622	80,707

#### 11 Cash and cash equivalents

	2019	2018
	\$	\$
Construction account 001	35,829	-
Construction call account 024	430,984	-
BNZ - 00 account	115,317	(219,760)
<b>Total cash and cash equivalents</b>	582,130	(219,760)

#### 12 Trade debtors and other receivables

	2019	2018
	\$	\$
Trade debtors	13,239	158,892
Less: allowance for doubtful debts	(1,956)	(1,956)
GST receivable	368,049	22,078
<b>Total</b>	379,332	179,014

As at 30 June 2019 and 2018, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.



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Kurow-Duntroon Irrigation Company Limited

Notes to the financial statements for the year ended 30 June 2019

13 Investments	2019	2018
	\$	\$
Irrigation scheme	1	1
Farmlands shares	861	855
Waitaki irrigators collective	2,000	2,000
<b>Total</b>	<b>2,862</b>	<b>2,856</b>

## 14 Property, plant and equipment

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

2019	Plant & Equipment	Motor Vehicles	Office Equipment	Project Development	Total
	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>					
Opening balance	56,676	21,739	-	-	78,415
Additions	-	-	3,028	28,844,192	28,847,220
Closing balance	56,676	21,739	3,028	28,844,192	28,925,635
<b>Accumulated depreciation and impairment</b>					
Opening balance	(31,239)	(8,518)	-	-	(39,757)
Current year depreciation	(3,856)	(2,644)	(751)	-	(7,251)
Closing balance	(35,095)	(11,162)	(751)	-	(47,008)
<b>Carrying amount 30 June 2019</b>	<b>21,581</b>	<b>10,577</b>	<b>2,277</b>	<b>28,844,192</b>	<b>28,878,627</b>

2018	Plant & Equipment	Motor Vehicles	Office Equipment	Project Development	Total
	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>					
Opening balance	56,676	21,739	-	-	78,415
Closing balance	56,676	21,739	-	-	78,415
<b>Accumulated depreciation and impairment</b>					
Opening balance	(25,896)	(5,213)	-	-	(31,109)
Current year depreciation	(5,343)	(3,305)	-	-	(8,648)
Closing balance	(31,239)	(8,518)	-	-	(39,757)
<b>Carrying amount 30 June 2018</b>	<b>25,437</b>	<b>13,221</b>	<b>-</b>	<b>-</b>	<b>38,658</b>

Borrowing costs capitalised during the 2019 year are interest of \$256,067 and loan fees of \$96,372 against the Project Development.

Project Development had no depreciation during the period because the asset is not yet available for use.

## 15 Trade creditors and other payables

15 Trade creditors and other payables	2019	2018
	\$	\$
<b>Current</b>		
Trade creditors	1,461,737	301,100
Accruals	8,786	6,000
Farmlands	2,070	463
BNZ credit card	1,167	-
PAYE payable	13,899	10,660
<b>Total</b>	<b>1,487,660</b>	<b>318,223</b>





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## Kurow-Dunroon Irrigation Company Limited

### Notes to the Financial Statements for the year ended 30 June 2019

16 Borrowings	2019	2018
	\$	\$
Non current		
Crown Irrigation Investments Limited Loan	23,303,949	-
<b>Total</b>	<b>23,303,949</b>	<b>-</b>

The Crown have provided the company with a loan facility with a contracted limit of \$30,600,000. Interest and loan fees are capitalised each month, these costs are found in the additions to Project Development in Property, Plant & Equipment. The loan is secured over all property. Unpaid interest is accrued on the loan and must be paid in cash. Repayments are not due until the project has reached completion; the expected date of completion is April 2020.

Wataki District Council have provided the company with a \$3,000,000 loan facility available for cash drawdowns to assist the funding of the project. Interest expense is to be capitalised against the project development. As at balance date the company has not yet drawn down on this loan facility.

17 Share capital	2019		2018	
	# of shares	Carrying value	# of shares	Carrying Value
		\$		\$
Ordinary shares				
Opening balance	1,983	165,465	1,983	165,465
Ordinary shares issued in the year	1,952	5,406,234	-	-
<b>Closing balance</b>	<b>3,935</b>	<b>5,571,699</b>	<b>1,983</b>	<b>165,465</b>

The amount of unpaid share capital at balance date is \$239,200, the full amount is paid by 31 July 2019 and do not have a par value (2018: share capital was paid in full). 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	2019	2018
	\$	\$
Capital reserve	148,083	148,083
Insurance reserve	75,000	70,000
<b>Total</b>	<b>223,083</b>	<b>218,083</b>

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

The purpose of the insurance reserve is to cover any unforeseen liabilities which are not covered by insurance policies.

### 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 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.

#### (c) Credit Risk

To the extent that the Company has a receivable from another party, there is a credit risk in the event of non-performance by that counter party. Financial Instruments which potentially subject the Company to credit risk principally consist of bank balances as described in Note 11 and receivables as described in Note 12.

The Company manages its exposure to credit risk to minimise losses from bad debts. The Company regularly monitors the credit quality of its major counterparties



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## Kurow-Duntroon Irrigation Company Limited Notes to the Financial Statements for the year ended 30 June 2019

### 20 Financial Instruments (continued)

#### (d) Liquidity Risk

Liquidity risk represents the Company's ability to meet contractual obligations as they fall due. Financial liabilities that subjects the Company to liquidity risk principally consist of payables as described in Note 15 and borrowings as described in Note 16.

The Company aims to generate sufficient cashflows from its operating activities to make timely payments.

### 21 Commitments

#### Capital Commitments

The Company is contractually committed to the irrigation project at balance date. The project is forecast to be complete by the end of April 2020 with a total cost of \$17,876,757 still remaining after balance date. This cost includes capitalised interest and loan fees (2018:nil).

#### Operating Commitments

Lease of office premises is on a month by month agreement, therefore no commitment to report. (2018: none)

### 22 Events after the reporting period

In the 2018 financial statements in the events after reporting period note detailed a share offering to existing shareholders and new shareholders post balance date (31 October 2018). The fourth instalment on share capital is due 30 September 2019 which will generate share capital of \$1,297,187.50 from existing shareholders. The financial impact of these events after reporting date has been to increase the equity of the Company.

The company has made the following loan draw downs since balance date:

Crown Irrigation Investments Limited Loan	22-Jul-19	\$1,000,000
Crown Irrigation Investments Limited Loan	22-Aug-19	\$2,100,000
Waitaki District Council Loan Facility	23-Sep-19	\$1,800,000

### 23 Contingent assets and contingent liabilities

The Company has no contingent assets or liabilities at balance date (2018:nil)

### 24 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.

The company has transactions with its farmer directors in the ordinary course of business. During the year the company collected water rates and electricity charges from the farmer directors' respective shareholding companies.

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.

#### a) Director Fees

	2019	2018
	\$	\$
G F Keeling	16,250	17,000
G K J Nelson	8,250	9,000
J Webster	15,250	16,000
J Slee	8,250	9,000
J W Wilson	8,250	9,000
J E Ross	3,750	-
<b>Total director fees</b>	<b>60,000</b>	<b>60,000</b>



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## Kurow-Dunroon Irrigation Company Limited

### Notes to the Financial Statements for the year ended 30 June 2019

#### 24 Related party transactions (continued)

	2019	2018
<b>b) Rates Charges</b>	\$	\$
G F Keeling	76,250	67,100
G K J Nelson	23,000	19,360
J Slee	19,000	16,720
J W Willson	34,000	29,920
<b>Total rates charges</b>	<b>152,250</b>	<b>133,100</b>
<b>c) Electricity Charges</b>	\$	\$
G F Keeling	21,062	20,770
<b>Total electricity charges</b>	<b>21,062</b>	<b>20,770</b>
<b>d) Amounts Receivable</b>	2019	2018
	\$	\$
G F Keeling (shareholder of Keeling Dairies Limited)	3,116	-
G K J Nelson (shareholder of MFS Ventures Limited)	-	230
<b>Total electricity charges</b>	<b>3,116</b>	<b>230</b>

#### 25 Going Concern

In the 2018 financial statements the going concern note detailed a list of events that were due to occur subsequent to balance date that would bring the company out of negative equity. These events included loan funding from Crown Irrigation Investments Limited of \$35.5m, an overdraft facility with Bank of New Zealand, funding from Waitaki District Council, and share capital issues and calls. In the 2019 year the company is no longer in negative equity and can meet its obligations.

The directors believe there is sufficient facilities available to fund the completion of the project and normal operations. If project costs exceed budget, the directors may need to proceed with further equity calls. The directors are confident of obtaining sufficient additional share capital, if necessary, to realise the Company's assets and discharge its liabilities as they fall due. The Directors are confident that in the circumstances the use of the going concern assumption remains appropriate.







# Independent Auditor's Report

To the shareholders of Kurow-Duntroon Irrigation Company Ltd

## Report on the audit of the financial statements

### Opinion

In our opinion, the accompanying financial statements of Kurow-Duntroon Irrigation Company Ltd (the 'company') on pages 3 to 16:

- i. present fairly in all material respects the company's financial position as at 30 June 2019 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2019;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.



### Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Financial Statements. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, 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.



## Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



## Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.

KPMG  
Christchurch

24 October 2019