



## Financial Accounts & Reports For the Year Ended 30 June 2016

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### Directory

<b>Committee:</b>	Mike Peters	Chairman	<b>Bank:</b>	Bank of New Zealand, Huntly
	Gerald Jackson	Deputy	<b>Solicitors:</b>	Norris Ward, Hamilton
	David Saxton		<b>Charity #:</b>	CC46354
	Mike Olphert		<b>IRD #:</b>	052 062 373
	Ross Ferguson			
	David Hardwick			

**Signed:** Chairman  
MJ Peters

**Executive Officer**  
JA Cornwall

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**Executive Officer:** Andrew Cornwall  
Mobile: 021 433 417



## Schedule of Donations

2016 Donations Approved	Note
Te Kauwhata Play centre	2,500
Te Kauwhata A & P Show Committee	2,000
Te Kauwhata Bowling Club	1,900
Te Kauwhata College Netball	700
Aparangi	3,000
Te Kauwhata Primary School	500
Te Kauwhata Disc	500
Waikare Cricket Club	1,500
Te Kauwhata Lions	1,000
Te Kauwhata Primary School PTA	2,200
	<u>15,800</u>

### 2016 Applications Declined

Maramarua Hunt  
Huntly Gymnastics  
Te Kauwhata Health Awareness  
Waerenga Tennis Club

**Cumulative Donations Made by the Association:** **75,947**

## Statement of Financial Performance

For the Year Ended 30th June 2016

	2015	2016
<b>Income from:</b>		
Water Charges	369,730	328,068
<b>Total Income</b>	<b>369,730</b>	<b>328,068</b>
<b>Less:</b>		
Operating Expenses	141,554	96,224
Administration	63,289	68,769
Executive Remuneration & Expenses	6,700	10,250
<b>Total Expenses</b>	<b>211,543</b>	<b>175,243</b>
<b>Operating Surplus</b>	<b>158,187</b>	<b>152,825</b>
<b>Other Income:</b>		
Members' Subscriptions	4,710	4,830
Lease of DSE	1,143	0
Other Income	19,724	57,989
NZTA Reimbursements (Net)	170,230	732,041
Investment Income	20,948	21,252
<b>Total Other Income</b>	<b>216,755</b>	<b>816,112</b>
<b>Less Interest Paid</b>	<b>0</b>	<b>0</b>
<b>Less Depreciation Charge</b>	<b>140,793</b>	<b>143,224</b>
<b>Less Assets Scrapped</b>	<b>9,878</b>	<b>0</b>
<b>Revaluation of Inventories</b>	<b>2,875</b>	<b>0</b>
	<b>153,546</b>	<b>143,224</b>
<b>Net Surplus (Deficit)</b>	<b><u>221,396</u></b>	<b><u>825,713</u></b>

To be read in conjunction with the Notes attached

## Statement of Financial Position

As at 30th June 2016

	2015	2016
<b>Current Assets:</b>		
Bank Accounts	124,645	75,351
Short-term Deposits	400,000	1,025,000
Inventories	37,863	167,331
Prepayments on Assets		10,160
Accounts Receivable	312,866	253,372
<b>Total</b>	<b>875,374</b>	<b>1,531,214</b>
<b>Less:</b>		
<b>Current Liabilities:</b>		
Accounts Payable	65,202	55,933
Advance Payments		467,288
GST Payable	41,981	(31,487)
<b>Total</b>	<b>107,183</b>	<b>491,735</b>
<b>Working Capital</b>	<b>768,191</b>	<b>1,039,479</b>
<b>Fixed Assets:</b>		
Irrigation Scheme	6,881,300	7,159,716
Additional Assets (Net)	288,294	677,035
Less Scrapped Assets	(13,658)	(114,455)
Less Accumulated Depreciation	(2,609,343)	(2,749,082)
<b>Total</b>	<b>4,546,593</b>	<b>4,973,214</b>
<b>Intangible Assets</b>		
Water Rights	625,000	625,000
<b>Net Assets</b>	<b>5,939,784</b>	<b>6,637,693</b>
<b>Association Funds:</b>		
Opening Balance	5,742,520	5,939,784
This Year's Net Surplus (Deficit)	221,396	825,713
Capital Contributions Received	2,850	3,967
		(110,683)
Less Charitable Donations	(26,982)	(20,800)
	197,264	698,197
	<b>5,939,784</b>	<b>6,637,981</b>

To be read in conjunction with the Notes attached

**Statement of Cash Flows**  
**For the Year Ended 30th June 2016**

	<b>2016</b>
<b>Cash From Operating Activities:</b>	
Receipts from Customers	387,561
Less Payments to Suppliers	(165,974)
<b>Cash Generated from Operations</b>	<b>221,587</b>
<b>Plus Cash from Other Activities:</b>	
Interest Received	21,252
Other Income	62,819
Less Taxes Paid (Net GST)	(99,833)
NZTA Receipts	1,199,329
<b>Plus Net Cash Inflows from Other Activities</b>	<b>1,183,567</b>
<b>Cash Flows from Investment Activities:</b>	
Additional DSE Receipts	3,967
Changes to Inventory	(129,468)
Less Asset Purchases	(677,035)
Less Prepayments on Assets	(10,160)
<b>Less Net Cash Spent on Investments</b>	<b>(812,697)</b>
<b>Less Charitable Donations Paid</b>	<b>(20,800)</b>
<b>Net Cash Inflows (Outflows)</b>	<b>571,658</b>
Cash (Including Deposits) at beginning of year	528,693
Cash (Including Deposits) at end of year	1,100,351
<b>Increase (Decrease) in Cash Balances</b>	<b>571,658</b>

## Notes to the Financial Statements For the Year Ended 30th June 2016

### Statement of Accounting Policies

#### General Accounting Policies

The general accounting principles as recommended by the Institute of Chartered Accountants in New Zealand for the measurement and reporting of earnings and financial position on an historical cost basis have been followed.

However, the Committee has resolved to prepare these statements in a manner consistent with previous years given the abnormal effects of the revenues received from NZTA and subdivisions. This is consistent with the role of the Association which is to reticulate water to its members.

Reliance is placed on the fact the entity is a going concern.

Accrual accounting is used to match revenues and expenses.

#### Particular Accounting Policies:

The following particular accounting principles which materially affect the measurement of profit and financial position have been applied.

- 1) Depreciation of Fixed Assets:  
Depreciation is provided for at rates estimated by the Association to amortise each asset over its economic life.  
The Depreciation Rates used are those from the NZ Infrastructure Asset Valuation & Depreciation Guidelines V2.0 2006. This is the same basis as used by local authorities in New Zealand. The mid-point of the range has generally been adopted.  
Depreciation is calculated on the most recent estimated replacement cost of each asset.

- 2) Goods & Services Tax (GST):  
Income & Expenditure has been accounted for on a GST exclusive basis.

- 3) Fixed Assets:  
Fixed Assets were independently revalued in 2009 having regard to estimated replacement costs. More frequent revaluations are a material cost.  
The principal classes of assets are:  
**Headworks:** All above ground assets. These include the intake structure, pumphouse, pumps, filters and electrics at Churchill Road East, the 1.8km rising main, the header tank and other assets at the Hall Road site.  
**Reticulation:** All underground assets extending over approximately 40km.  
**Land:** Property owned by the Association including service easements at cost.  
**Sundry Items:** Computers, software, equipment, etc.

	Opening Balance	Additions (Net)	Depreciation	Closing Balance	Average Life (years)
<b>Headworks</b>	1,265,356	1,126	70,448	<b>1,196,034</b>	<b>10 - 75</b>
<b>Reticulation</b>	3,105,381	675,619	71,997	<b>3,709,003</b>	<b>10 - 75</b>
<b>Land</b>	61,369	0		<b>61,369</b>	
<b>Sundry Items</b>	3,556	290	779	<b>3,067</b>	<b>3 - 10</b>
	<b>4,435,661</b>	<b>677,035</b>	<b>143,224</b>	<b>4,969,473</b>	

- 4) Accounts Receivable:  
Accounts Receivable are stated at their net realisable value. There were no bad debts in the current year. The outstanding balance invoiced to NZTA has been received.

#### Other Notes of Explanation:

- 5) Contingent Liabilities:  
There are no contingent liabilities arising from the operations of the Association.
- 6) Charitable Donations:  
Charitable Donations are made by the Association each year. Those made during this financial year are listed in the attached Schedule. These follow from applications received in accordance with the Rules of the Association.
- 7) Contractual Commitments:
  - a. **SH1:** The Association is committed to complete certain works along the SH1 corridor to realign its current reticulation as a result of major construction along the highway. In total this involves approximately 6.2km of new pipelines.
  - b. **Longswamp Section:** As at balance date, the first section has been completed. The remaining works await the awarding of the principal contract by NZTA. NZTA has paid the Association in advance for these works.
  - c. **Subdivisions:** The Association has contracted with 2 property developers to undertake works to enable supply to be made to 54 new rural life style sections.

## Schedule of Members Transactions (and other information)

From 1 July 2015 to 30 June 2016

The Association is required to disclose all transactions with Members and Officers.

All receipts and payments are processed through the Association's bank accounts. There are no cash transactions.

**Membership:** The owner of every property having an entitlement (DSE) to take water is deemed to be a "Member" of the Association. A "User" is a member who has a connection and takes water.

**Revenues:** The Association derives its revenues from the following sources:

**Sales of Water:** Bulk water is sold the Waikato District Council on negotiated terms.

Reticulated water is metered and sold to Users on standard terms.

Casual supply arrangements are made from time to time for temporary supply to contractors.

**Subscriptions:** All Users receiving an invoice for water pay a subscription currently set at \$15 per quarter.

**Recoveries:** Users and others reimburse the Association for DSE that is leased, any damage caused to reticulation and other recoveries.

**New Connections:** Members are charged for new and upgraded connections.

**NZTA:** The Association is receiving negotiated amounts from NZTA relating the reinstatement of its reticulation assets following the construction works on SH1.

**Interest:** The Association receives interest from savings and term deposits held at the BNZ.

**Entitlements:** Users and new Members acquire additional DSE where the property does not have existing or sufficient entitlements. These payments are not treated as operational revenues.

**Payments:** Payments are only made to suppliers upon receipt of a tax invoice. All work is done at standard commercial rates.

During this Financial Year, the following amounts were paid to Members and Officers including associated parties. (Cash basis, excluding GST)

<b>Members:</b>	<b>MJ Peters</b>	Honorarium	<b>10,000</b>	Expenses	<b>250</b>
	<b>Earthcare</b>	Maintenance & new connections	<b>5,332</b>		
	<b>Jackson Engineering</b>	Reinstatement of SH1 + New Subdivisions	<b>55,742</b>		
<b>Officers:</b>	<b>A Tait</b>	Services Supplied	<b>2,620</b>		
	<b>Jacer Ltd</b>	Administration	<b>37,690</b>	Consultancy	<b>108,615</b>
	(Andrew Cornwall)	(Contract + Expenses)		(Project Management for SH1 + Subdivisions)	
	<b>Devine Consulting</b>	Accounting Services	<b>523</b>		

**Grant of DSE:** No grants of DSE were made this financial year.