



Financial Accounts & Reports

For the Year Ended 30 June 2017

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Committee:	Mike Peters	Chairman	Bank:	Bank of New Zealand, Huntly
	Gerald Jackson	Deputy	Solicitors:	Norris Ward, Hamilton
	David Saxton		Charity #:	CC46354
	Mike Olphert		IRD #:	52 062 373
	Ross Ferguson			
	David Hardwick			

Signed: Chairman
MJ Peters

Executive Officer
JA Cornwall

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Te Kauwhata 3741

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Andrew Cornwall
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Executive Officer:



Schedule of Donations

2017 Donations Approved

Note

No donations were made during this financial year.

2017 Applications Declined

Cumulative Donations Made by the Association:

75,947

Statement of Financial Performance
For the Year Ended 30th June 2017

	2016	2017
Income from:		
Water Charges	328,068	374,097
Total Income	328,068	374,097
Less:		
Operating Expenses	96,224	102,076
Administration	66,919	64,631
Executive Remuneration & Expenses	12,100	1,965
Total Expenses	175,242	168,671
Operating Surplus	152,826	205,426
Other Income:		
Members' Subscriptions	4,830	4,995
Other Income	58,184	41,584
NZTA Reimbursements (Net)	732,041	611,338
Investment Income	21,056	26,973
Total Other Income	816,111	684,890
Less Interest Paid	0	
Less Depreciation Charge	143,166	160,706
Less Assets Scrapped	0	122,692
Revaluation of Inventories	0	
Net Surplus (Deficit)	825,771	606,918

To be read in conjunction with the Notes attached

Statement of Financial Position

As at 30th June 2017

	2016	2017
Current Assets:		
Bank Accounts	75,351	43,712
Short-term Deposits	1,025,000	925,000
Inventories	167,331	93,275
Prepayments on Assets	10,160	0
Accounts Receivable	253,372	347,974
Total	1,531,214	1,409,961
Less:		
Current Liabilities:		
Accounts Payable	55,933	160,812
Advance Payments	467,288	0
GST Payable	(31,489)	12,256
Total	491,733	173,068
Working Capital	1,039,481	1,236,894
Fixed Assets:		
Irrigation Scheme	7,159,716	7,502,987
Additional Assets (Net)	677,034	693,380
Less Accumulated Depreciation	(2,863,250)	(2,812,883)
Total	4,973,500	5,383,484
Intangible Assets		
Water Rights	625,000	625,000
Net Assets	6,637,982	7,245,377
Association Funds:		
Opening Balance	5,939,784	6,637,982
This Year's Net Surplus (Deficit)	825,771	606,918
Capital Contributions Received	3,967	477
Revaluation of Assets	(110,740)	
Less Charitable Donations	(20,800)	0
	698,198	607,395
	6,637,982	7,245,376

To be read in conjunction with the Notes attached

Statement of Cash Flows

For the Year Ended 30th June 2017

	2017
Cash From Operating Activities:	
Receipts from Sales of Water	279,495
Less Payments to Suppliers	(63,793)
Cash Generated from Operations	215,702
Plus Cash from Other Activities:	
Interest Received	26,973
Other Income	46,579
Less Taxes Paid (Net GST)	43,744
NZTA Receipts	144,049
Plus Net Cash Inflows from Other Activities	261,346
Cash Flows from Investment Activities:	
Additional DSE Receipts	477
Less Asset Purchases	609,164
Less Net Cash Spent on Investments	(608,687)
Less Charitable Donations Paid	0
Net Cash Inflows (Outflows)	(131,639)
Cash (Including Deposits) at beginning of year	1,100,351
Cash (Including Deposits) at end of year	968,712
Increase (Decrease) in Cash Balances	(131,639)

**Notes to the Financial Statements
For the Year Ended 30th June 2017**

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 have 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. Reticulation: All underground assets that extend over approximately 40km. Old reticulation associated with the SH1 works has been written off at an assessed value of \$145,480.

Land: Property owned by the Association including service easements at cost.

	Opening Balance	Additions (Net)	Depreciation	Write Off Assets	Closing Balance	Average Life (years)
Headworks	1,196,034	12,791	65,219		1,143,606	10 - 75
Reticulation	3,709,001	680,519	94,989	145,480	4,149,051	10 - 75
Land	61,369	0			61,369	
Sundry Items	3,068	69	497		2,640	3 - 10
	4,969,472	693,380	160,706	145,480	5,356,666	

4) Accounts Receivable:

Accounts Receivable are stated at their net realisable value. There have been no bad debts in the current year. The outstanding invoice to NZTA has since been received.

Other Notes of Explanation:

5) Contingent Liabilities:

- a. The Association is in dispute with the Waikato Regional Council in respect of work undertaken as part of the SH1 reinstatement. Advice is being sought. The liability is estimated at \$4,000.
- b. The Association is in dispute with BWC (a contractor) in respect of work undertaken to complete the Hampton Downs Spur Line. A fair offer has been made and paid. No response has been received. The
- c. The Association is not aware of any other potential liability.

6) Charitable Donations:

Charitable Donations are made by the Association from time to time. No donations were made during this financial year.

7) Contractual Commitments:

- a. **SH1:** The Association is committed to complete certain works along the SH1 corridor. The last remaining works are the installation of zone meters. This is expected to be done in September.
- b. **Subdivisions:** The Association has contracted with 3 property developers to undertake works to enable supply to be made to 40 new sections.

8) Cash Reserves:

The Association holds substantial cash reserves. Because the underground assets are effectively uninsurable, these funds ensure that in the event of an adverse event, the Association can meet the costs of emergency repairs. Recent works on the SH1 project have alerted the Committee to the magnitude of such potential costs and accordingly, a prudent stance has been assumed. Currently, these reserved funds are **\$800,000**.

Schedule of Members Transactions

From 1 July 2016 to 30 June 2017

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 has received 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)

Members:	MJ Peters	Honorarium	0	Expenses	1,570
	Earthcare	Maintenance & new	53,971		
	Jackson Engineering	Reinstatement of SH1 + New Subdivisions	84,453		
	M Handcock	Services Supplied	560		
Officers:	Jacer Ltd	Administration	44,399	Consultancy	101,427
	(Andrew Cornwall)	(Contract + Expenses)		(Project Management for SH1 + Subdivisions)	
	Devine Consulting	Accounting Services	710		

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