



Financial Accounts

For the Year Ended 30 June 2011

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Executive Officer: Andrew Cornwall
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Te Kauwhata Water Association

Limited Control Over Revenues:

In common with other organisations of a similar nature, control over the receipt of income from activities, prior to income being recorded is limited and there are no practical audit procedures to determine the effect of this limited control.

In all other respects we have obtained all the information and explanations that we have required.

In our opinion:

Proper accounting records have been kept by Te Kauwhata Water Association, as far as appears from our examination of those records.

The Financial Statements:

> Comply with generally accepted accounting practice in New Zealand

> Give a true and fair view of the financial position of Te Kauwhata Water Association as at year end, and the results of its operation for the year ended on that date.

Our audit was completed on 27th October 2011 and our qualified opinion is expressed as at that date.

If there is any further information you require, please do not hesitate to contact me.

Hart & Associates Limited
Philip R Hart C.A.

Notes to the Financial Statements
For the Year Ended 30th June 2011

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.

Reliance is placed on the fact that 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.

a) 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.

Depreciation is calculated on the estimated replacement cost of each asset.

b) Goods & Services Tax (GST):

Income & Expenditure has been accounted for on a GST exclusive basis.

c) Fixed Assets:

Fixed Assets were independently revalued in 2009 having regard to estimated replacement costs.

d) Accounts Receivable:

Accounts Receivable are stated at their net realisable value.

Other Notes of Explanation:

a) Contingent Liabilities:

The Association is committed to complete certain easements and the preparation of "as built" plans on recent new projects. In total, these legal and survey costs are estimated to be less than \$25,000.

b) Contractual Commitments:

There are no current contractual commitments.

Statement of Cash Flows

	2011
Cash From Operating Activities:	
Receipts from Customers	303,639
Less Payments to Suppliers	(246,655)
Cash Generated from Operations	56,984
Plus Cash from Other Activities:	
Interest Received	13,598
Other Income	6,280
Taxes Paid (Net GST)	19,383
Plus Net Cash Inflows from Operations	96,245
Cash Flows from Investment Activities:	
Additional DSE Receipts	15,649
Less Asset Purchases	30,717
Less Prepayments on Assets	0
Less Additional Inventory	0
Less Net Cash Spent on Investments	(15,068)
Less Charitable Donations	0
Net Cash Inflows (Outflows)	81,177
Cash (Including Deposits) at beginning of year	291,044
Cash (Including Deposits) at end of year	372,221
Increase (Decrease) in Cash Balances at year end	81,177

Statement of Financial Position
As at 30th June 2011

	2010	2011
Current Assets:		
Bank Account	64	160
Short-term Deposits	290,980	372,061
Inventories	24,490	46,364
Prepayments on Assets	7,800	
Accounts Receivable	71,247	42,459
Deferred Capital Payments Due	24,060	17,059
Total	418,641	478,104
Less:		
Current Liabilities:		
Accounts Payable	110,664	36,218
GST Payable	(13,314)	3,185
Total	97,350	39,403
Working Capital	321,291	438,701
Fixed Assets:		
Irrigation Scheme	6,489,764	6,522,916
Additional Assets (Net)	173,060	30,717
Less Accumulated Depreciation	(2,127,135)	(2,085,340)
Total	4,535,689	4,468,293
Intangible Assets		
Water Rights	625,000	625,000
Net Assets	5,481,980	5,531,994
Association Funds:		
Opening Balance	5,511,404	5,481,980
This Year's Net Surplus (Deficit)	(37,922)	11,086
Capital Contributions Received	17,497	9,562
Asset Revaluation	0	29,366
Less Charitable Donations	(9,000)	
Total Association Funds	5,481,980	5,531,994

To be read in conjunction with the Notes attached

Statement of Financial Performance
For the Year Ended 30th June 2011

	2010	2011
Income from:		
Water Charges	290,342	278,607
Total Income	290,342	278,607
Less:		
Operating Expenses	148,715	100,262
Administration	46,446	49,489
New Project Investigation		21,683
Executive Remuneration & Expenses	4,323	10,486
Total Expenses	199,484	181,920
Operating Surplus	90,858	96,687
Other Income:		
Subscriptions	3,945	4,140
Lease of DSE	1,200	1,200
Other Income		940
Investment Income	19,282	13,598
Total Other Income	24,427	19,878
Less Interest Paid	0	0
Less Depreciation Charge	126,269	127,397
Less Assets Scrapped	26,937	82
Revaluation of Inventories		(22,000)
	153,206	105,479
Net Surplus (Deficit)	<u>(37,922)</u>	<u>11,086</u>

To be read in conjunction with the Notes attached