

Notes to the Financial Statements For the Year Ended 30th June 2009

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 costs 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 Committee to amortise each asset over its economic life.
Depreciation Rates are those from the NZ Infrastructure Asset Valuation & Depreciation Guidelines V2.0 2006. This is the basis used by local authorities in New Zealand.
- b) Goods & Services Tax (GST):
Income & Expenditure has been accounted for on a GST exclusive basis in the Accounts
- c) Fixed Assets:
Fixed Assets been independantly revalued having regard to the current estimated replacement cost.
- d) Accounts Receivable:
Accounts Receivable are stated at their net realisable value.

Other Notes of Explanation:

- a) Contingent Liabilities:
As part of the Hampton Downs extension the Association agreed to meet a landowner's legal expenses in relation to the provision of an easement for the pipeline. This invoice has not been received.
- b) Contractual Commitments:
The Association has let 2 contracts for capital works for completion in the first quarter:
 - 1) The replacement of the temporary 125mm line in Hall Road with a 200mm permanent line to ensure adequate capacity in the Hampton Downs area. (\$73,000)
 - 2) The construction of a 900m extension along Hampton Downs Road to provide water to the motor sport park. (\$31,000)

Statement of Financial Performance
For the Year Ended 30th June 2009

	<u>2008</u>	<u>2009</u>
Income from:		
Water Charges	215,632	232,629
Connections, Fees, Etc.	(8,679)	0
Total Income	206,953	232,629
Less:		
Operating Expenses	85,966	95,603
Administration	61,383	52,298
Executive Remuneration & Expenses	0	5,120
Total Expenses	147,348	153,022
Operating Surplus	59,604	79,607
Other Income:		
Subscriptions	3,710	3,915
Lease of DSE		2,000
Investment Income	15,336	14,006
Total Other Income	19,045	19,921
Less Interest Paid	13	0
Less Depreciation Charge	95,072	186,854
Net Surplus (Deficit)	<u>(16,436)</u>	<u>(87,326)</u>

To be read in conjunction with the Notes attached

Statement of Financial Position
As at 30th June 2009

	2008	2009
Current Assets:		
Bank Account	2,624	289
Short-term Deposits	365,119	328,168
Inventories	6,266	9,992
Accounts Receivable	41,380	46,926
Deferred Capital Payments Due	64,394	12,812
Total	479,782	398,188
Less:		
Current Liabilities:		
Accounts Payable	78,699	30,710
GST Payable	1,682	(3,093)
Total	80,381	27,617
Working Capital	399,401	370,571
Fixed Assets:		
Irrigation Scheme	4,458,855	6,035,630
Additional Assets (Net)	43,139	126,020
Less Accumulated Depreciation	(1,868,036)	(2,054,890)
Total	2,633,958	4,106,760
Intangible Assets		
Water Rights	625,000	625,000
Net Assets	3,658,359	5,102,330
Association Funds:		
Opening Balance	3,557,376	3,658,359
This Year's Net Surplus (Deficit)	(16,436)	(87,326)
Capital Contributions Received	114,650	(8,441)
Asset Revaluation	2,769	1,539,738
Less Charitable Donations	0	0
Total Association Funds	3,658,359	5,102,330
Comprising:		
Adverse Event Reserve:	162,938	162,938
<u>General Reserves:</u>		
Asset Revaluation Reserve	1,228,985	2,443,783
Depreciation Reserve	1,868,036	2,054,890
General Reserve	0	50,761
Capital Contribution Reserve	398,400	389,959
Total	3,658,359	5,102,330

To be read in conjunction with the Notes attached