

UNAUDITED

**Financial Accounts & Reports
For the Year Ended 30 June 2015**

- > Schedule of Donations
- > Statement of Financial Performance
- > Statement of Financial Position
- > Statement of Cash Flows
- > Notes to the Financial Statements
- > Schedule of Members Transactions
- > Auditor's Certificate (To be presented at the AGM)

Signed: **Chairman**
MJ Peters

Signed: **Executive Officer**
JA Cornwall

PO Box 15,
Te Kauwhata 3741

Email:
Free Phone:
Web Site:

water@tkwa.co.nz
0800 TKWATER (859 283)

www.tkwa.co.nz

Executive Officer:
Andrew Cornwall
Mobile:

021 433 417

Schedule of Donations

2015 Donations Approved		Note
Te Kauwhata & Districts Information & Support Centre (DISC)	1,500	
Lions Club Trust	10,000	
Te Kauwhata Health Awareness	960	
Te Kauwhata College Netball	800	
Maurea Marae	2,900	
North Waikato Transport Trust	5,000	1
Mercer Rowing Club	1,500	
Waerenga Pony Club	1,500	
Brooke Donaghue	2,000	
Te Kauwhata Rugby Sports Club	500	
Te Kauwhata College Whanau Support	5,000	1
TK Emergency Services Trust	250	
	31,910	

2015 Applications Declined

Te Kauwhata College
Te Kauwhata Bowling Club
Te Kauwhata Primary School PTA
Te Kauwhata Playcentre
Huntly College Old Boys Rugby Club
St John Te Kauwhata
Waerenga Cricket Club

Notes:

1. These donations are contingent on conditions being satisfied.

Cummulative Donations Made by the Association:

66,647

UNAUDITED

Statement of Financial Performance

For the Year Ended 30th June 2015

	2014	2015
Income from:		
Water Charges	354,093	369,730
Total Income	354,093	369,730
Less:		
Operating Expenses	122,475	141,554
Administration	61,776	63,289
Executive Remuneration & Expenses	4,060	6,700
Total Expenses	188,311	211,543
Operating Surplus	165,783	158,187
Other Income:		
Subscriptions	4,365	4,710
Lease of DSE		1,143
Other Income	1,652	19,724
Consultancy Recoveries	15,404	0
NZTA Reimbursements (Net)	35,934	170,230
Investment Income	24,638	20,948
Total Other Income	81,993	216,755
Less Interest Paid	0	0
Less Depreciation Charge	138,698	140,793
Less Assets Scrapped		9,878
Revaluation of Inventories		2,875
	138,698	153,546
Net Surplus (Deficit)	109,077	221,396

To be read in conjunction with the Notes attached

Statement of Financial Position
As at 30th June 2015

UNAUDITED

	2014	2015
Current Assets:		
Bank Accounts	215,343	124,645
Short-term Deposits	313,350	400,000
Inventories	44,578	37,863
Prepayments on Assets	16,908	
Accounts Receivable	180,737	312,866
Deferred Capital Payments Due		
Total	770,916	875,374
Less:		
Current Liabilities:		
Accounts Payable	51,631	65,202
GST Payable	5,144	41,981
Total	56,775	107,183
Working Capital	714,141	768,191
Fixed Assets:		
Irrigation Scheme	6,758,865	6,881,300
Additional Assets (Net)	116,844	288,294
Less Scrapped Assets		(13,658)
Less Accumulated Depreciation	(2,472,330)	(2,609,343)
Total	4,403,379	4,546,593
Intangible Assets		
Water Rights	625,000	625,000
Net Assets	5,742,520	5,939,784
Association Funds:		
Opening Balance	5,531,427	5,742,520
This Year's Net Surplus (Deficit)	109,077	221,396
Capital Contributions Received	0	2,850
Asset Revaluation	115,321	
Less Charitable Donations	(13,305)	(26,982)
	211,093	197,264
Total Association Funds	5,742,520	5,939,784

To be read in conjunction with the Notes attached

**Notes to the Financial Statements
For the Year Ended 30th June 2015**
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.

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: These include the intake structure, pumphouse, pumps, filters and electrics

Rising Main: This is the reticulation from the filters to the reservoir + the reservoir

Reticulation: All underground assets extending over approximately 40km

Land: Property owned by the Association plus the cost of easements

Sundry Items: Computers, software, equipment, etc.

	Opening Balance	Additions (Net)	Depreciation	Closing Balance	Average Life (years)
Headworks	870,608	429	50,476	820,561	10 - 75
Rising Main	467,233	(1,970)	20,129	445,134	10 - 50
Reticulation	2,907,561	278,219	74,101	3,111,679	10 - 75
Land	60,220	1,148		61,368	
Sundry Items	706	590	506	790	3 - 10
	4,306,328	278,416	145,212	4,439,532	

4) Accounts Receivable:

Accounts Receivable are stated at their net realisable value. There have been no bad debts in the current year. The outstanding balance invoiced to NZTA is being reviewed. The Association believes payment will be received once all reinstatement work is completed (September 2015).

Other Notes of Explanation:
5) Contingent Liabilities:

There are no contingent liabilities arising from the operations of the Association. Some donation approvals are contingent on the donee satisfying particular requirements. These total \$5,000.

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. 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.
- b. **Rangiriri Bypass:** TKWA has entered into an agreement with NZTA that (inter alia) defines the costs attributable to the Association. The liability of Association has been capped at \$78,800. As at Balance Date, these works have had been largely completed. Discussions are
- c. **Longswamp Section:** For this section of highway, NZTA has requested TKWA undertake a scoping exercise to determine the issues arising from the proposed plans, the scale of reinstating the affected reticulation and an estimate of costs. This report was completed after balance date with works expected to commence in early 2016. The magnitude of the costs to be borne by TKWA have not yet been determined but may be more than \$350,000.

Schedule of Members Transactions

From 1 July 2014 to 30 June 2015

New Financial Accounting rules require the Association 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 that has 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.

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 connections

NZTA: The Association receives amounts from NZTA relating the the reinstatement of reticulation assets following the construction works on SH1.

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

Entitlements: Users and new Members acquire DSE. 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 payments were made to Members and Officers including associated parties (Cash basis, excluding GST)

Members:	MJ Peters	Honorarium	4,000	Expenses	1,215
	Andrews Electrical	Maintenance	284		
	Jackson Engineering	Reinstatement on SH1	30,050		
	Ferguson's Orchard	Parts Supplied	4,480		
	Paul Stone	Parts Supplied	103		
Officers:	Jacer Ltd	Administration	41,977	Consultancy	23,643
	(Andrew Cornwall)	(Contract + Expenses)		(Project Management)	

Grant of DSE: As compensation for access to his property and damage to fencing during the reinstatement of SH1, Paul Stone was granted a DSE entitlement of 6m³ DSE and 2 connections. The estimated value is \$5,450.