

Performance Report

Te Kauwhata Water Association (TKWA)
For the year ended 30 June 2022

Prepared by Cowley Stanich & Co Ltd

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Compilation Report

Te Kauwhata Water Association (TKWA) For the year ended 30 June 2022

Compilation Report to the Directors of Te Kauwhata Water Association (TKWA).

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Te Kauwhata Water Association (TKWA) for the year ended 30 June 2022.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

The Trustees are solely responsible for the information contained in this financial report and have determined that the accounting policies used are appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We have no involvement with Te Kauwhata Water Association (TKWA) other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on this financial report.



Cowley Stanich & Co Ltd

7 Hakanoa Street

Huntly

Dated: 3 July 2023

Entity Information

Te Kauwhata Water Association (TKWA) For the year ended 30 June 2022

Legal Name of Entity

Te Kauwhata Irrigation Association (Inc)

Entity Type and Legal Basis

Incorporated Society

Registration Number

CC55044

TKWA's Mission

TKWA's mission is to efficiently supply "outdoor" water to its Members (Users) and bulk water to the Waikato District Council (WDC) for potable treatment. The water is distributed along approximately 36 km of reticulation from its pumphouse on Churchill East Road. TKWA ensures the supply is available at all times without restriction to meet the needs of Users. The reticulation area extends from Rangiriri in the south to Hampton Downs in the north and from the Waikato River in the west to the railway line in the east. To ensure ongoing viability, TKWA maintains its infrastructure to a high standard and extends its reticulation to meet changing demand and new water uses. The water supplied is non-potable and therefore requires additional treatment by the user to make it fit for consumption.

The Association is committed to distribute the annual investment surpluses to local charities for the betterment of the community.

TKWA Structure

TKWA is governed by a committee of Members elected each year at the Annual General Meeting. The Committee has appointed an Executive Officer and Administration Manager to manage the day to day affairs of the Association. The Executive Officer reports directly to the Chairman.

TKWA does not have any employees with all functions being undertaken by contractors.

Main Sources of TKWA's Cash and Resources

TKWA obtains most of its revenues from the sale of non-potable water. Additional sundry income is received from Members subscriptions, new connections, additional water entitlements and interest from investments.

Main Methods Used by TKWA to Raise Funds

TKWA does not seek to receive donations or apply for charitable grants.

TKWA's Reliance on Volunteers and Donated Goods or Services

TKWA does not rely on volunteers and donated goods or services.

Additional Information

TKWA is unable to insure its horizontal assets against damage. The Committee has created an "Adverse Events Reserve" to ensure the Association is able to meet any costs associated with such an event. A significant proportion of the annual cash surpluses are designated to the Adverse Events Reserve. The Adverse Events Reserve is matched by bank term deposits. The investment policy is reviewed annually.

Chairman

MJ Peters

Executive Officer

JA Cornwall

Committee

GWJ Clune
KG Dawson
PP English
DW Hardwick
GW Jackson
BJ Wheeler

Physical Address

No physical address or office

Postal Address

PO Box 15
Te Kauwhata 3741

Telephone

0800 859 283 (0800 tkwater)

Email / Website

water@tkwa.co.nz
www.tkwa.co.nz

Accountants

Cowley Stanich & Co Ltd
7 Hakanoa Street
Huntly

Bankers

Bank of New Zealand

Solicitors

Norris Ward McKinnon
Hamilton

IRD Number

052-062-373

Approval of Financial Report

**Te Kauwhata Water Association (TKWA)
For the year ended 30 June 2022**

The Committee are pleased to present the approved financial report including the historical financial statements of Te Kauwhata Water Association for year ended 30 June 2022.

APPROVED



MJ Peters

Chairman

Date 20/7/23



GW Jackson

Executive Officer

Date 20/7/23

Statement of Service Performance

Te Kauwhata Water Association (TKWA)

For the year ended 30 June 2022

Description of TKWA's Outcomes

To supply non-potable water to its members.

To supply bulk non-potable water to the Waikato District Council for treatment who in turn supply potable water to the wider community.

	2022	2021	VARIANCE %
Description and Quantification of the TKWA's Outputs			
Water Revenue	657,670	462,827	42% ↑
Sundry Income	31,110	34,682	-10% ↓
Investment Income	5,566	28,731	-81% ↓

Statement of Financial Performance

Te Kauwhata Water Association (TKWA)

For the year ended 30 June 2022

	NOTES	2022	2021
Revenue			
Fees, subscriptions and other revenue from members	1	13,528	7,170
Revenue from providing goods or services	1	657,670	462,827
Interest, dividends and other investment revenue	1	5,566	28,731
Other revenue	1	31,110	34,682
Total Revenue		707,874	533,411
Expenses			
Costs related to providing goods or service	2	271,219	290,879
Grants and donations made	2	22,500	22,500
Other expenses	2	1,037,779	321,339
Total Expenses		1,331,498	634,718
Surplus/(Deficit) for the Year		(623,623)	(101,307)

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Financial Position

Te Kauwhata Water Association (TKWA)

As at 30 June 2022

	NOTES	30 JUN 2022	30 JUN 2021
Assets			
Current Assets			
Bank accounts and cash	3	88,672	396,704
Investments (current)	3	1,629,182	1,020,107
Debtors and prepayments	3	184,694	197,030
Inventory	3	98,576	96,435
Total Current Assets		2,001,125	1,710,277
Non-Current Assets			
Property, Plant and Equipment	5	29,056,146	14,707,963
Other non-current assets	3	226,841	699,481
Total Non-Current Assets		29,282,987	15,407,444
Total Assets		31,284,112	17,117,721
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	152,411	104,587
Total Current Liabilities		152,411	104,587
Total Liabilities		152,411	104,587
Total Assets less Total Liabilities (Net Assets)		31,131,700	17,013,134
Accumulated Funds			
Capital contributed by owners or members	6	439,412	432,010
Accumulated surpluses or (deficits)	6	323,836	947,460
Reserves	6	30,368,453	15,633,665
Total Accumulated Funds		31,131,700	17,013,134

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Cash Flows

Te Kauwhata Water Association (TKWA) For the year ended 30 June 2022

	2022	2021
Cash Flows from Operating Activities		
Cash was received from:		
Fees, subscriptions and other receipts from members	7,785	7,170
Receipts from providing goods or services	808,017	620,498
Interest, dividends and other investment receipts	31,080	3,975
Cash receipts from other operating activities	23,994	12,279
Total Cash was received from:	870,876	643,922
Net GST		
GST	(83,184)	(37,615)
Total Net GST	(83,184)	(37,615)
Cash was applied to:		
Payments to suppliers and employees	(307,017)	(381,261)
Donations or grants paid	(22,500)	(22,500)
Total Cash was applied to:	(329,517)	(403,761)
Total Cash Flows from Operating Activities	458,175	202,546
Cash Flows from Investing and Financing Activities		
Cash was received from:		
Receipts from sale of property, plant and equipment	-	9,910
Capital contributed from owners or members	7,150	-
Total Cash was received from:	7,150	9,910
Cash was applied to:		
Payments to acquire property, plant and equipment	(106,426)	(107,439)
Payments to purchase intangibles	(50,804)	(70)
Cash flows from other investing and financing activities	13,056	(8,810)
Total Cash was applied to:	(144,175)	(116,318)
Total Cash Flows from Investing and Financing Activities	(137,025)	(106,409)
Net Increase/(Decrease) in Cash	321,150	96,137
Bank Accounts and Cash		
Opening cash	1,396,704	1,300,567
Net change in cash for period	321,150	96,137
Closing cash	1,717,854	1,396,704

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Statement of Accounting Policies

Te Kauwhata Water Association (TKWA)

For the year ended 30 June 2022

Reporting Entity

The performance report of Te Kauwhata Water Association (TKWA) has been prepared according to Generally Accepted Accounting Practice in New Zealand as determined by the External Reporting Board.

The entity is involved in providing "outdoor" water to its members (users) and bulk water to the Waikato District Council for potable treatment.

Statement of Compliance and Basis of Preparation

Te Kauwhata Water Association (TKWA) is eligible to apply Tier 3 PBE Accounting Requirements: PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. The entity has elected to report in accordance with PBE SFR-A (NFP). All transactions in the Performance Report are reported using the accrual basis of accounting.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a historical cost basis are followed by charitable trust, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

Going Concern

The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Financial Performance and Statement of Financial Position have been applied:

Income Tax

Under Section CW 42 of the Income Tax Act 2007, the entity is exempt from taxation as a non profit organisation. The Entity is registered under the Charities Commission.

Goods and Services Tax (GST)

The entity is registered for GST. Revenue and expenses have been recognised in the performance report exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

Bank Accounts and Cash

Bank accounts and cash are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Property, Plant & Equipment

Property, Plant & Equipment are recognised at revaluation amount less aggregate depreciation and impairment losses. The assets are revalued annually on 1 July; 2 years are completed by desktop valuation and the third year by physical inspection. New assets includes expenditure that is directly attributable to the acquisition of the asset. Depreciation has been calculated on the revalued asset cost over the estimated remaining life of the asset. The depreciation rates are based upon the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines Ver 2.0 2006. Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

Goodwill

Goodwill is an intangible asset representing the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognised.

Goodwill is measured at cost, written off on a straight line basis over ten years. Cost is the excess of consideration paid over the acquirer's interest in the net fair value of identifiable assets of the acquired business at the date of acquisition.

The Goodwill of the Water Rights relates to the cost of obtaining water rights from the Waikato Regional Council to take water from the Waikato River. The Water Rights are due for renewal in June 2024.

Changes in Accounting Policies

There have been no changes in accounting policies, except for Goodwill. The Goodwill of the Water Rights have not previously been written off. In the current financial year the Goodwill of the Water Rights have been written down to fair value. All other policies have been applied on a basis consistent with those of the previous performance report.

Notes to the Performance Report

Te Kauwhata Water Association (TKWA) For the year ended 30 June 2022

	2022	2021
1. Analysis of Revenue		
Fees, subscriptions and other revenue from members		
Subscriptions from Members	7,785	7,170
Contributions Received	5,743	-
Total Fees, subscriptions and other revenue from members	13,528	7,170
Revenue from providing goods or services		
Supply to Members	149,562	113,463
Bulk Water Contracts	508,101	348,896
Casual Supply of Water	6	468
Total Revenue from providing goods or services	657,670	462,827
Interest, dividends and other investment revenue		
Interest Received	4,458	25,477
Other	1,108	3,254
Total Interest, dividends and other investment revenue	5,566	28,731
Other revenue		
Connection Charges	12,650	24,100
Lease of DSE	9,148	9,257
Recovery of Damage to Reticulation	-	150
Other	9,312	1,175
Total Other revenue	31,110	34,682

2022 2021

2. Analysis of Expenses

Costs related to providing goods or services

Operating Expenses - Headworks

Electricity	83,154	75,833
Repairs to Infrastructure	55,115	18,231
Total Operating Expenses - Headworks	138,269	94,065

Operating Expenses - Reticulation

Repairs to Infrastructure	20,133	54,065
Operations & Maintenance	5,087	4,668
Total Operating Expenses - Reticulation	25,220	58,732

Administration & Overheads

Administration	23,195	24,435
Waikato Regional Council Water Rights	11,298	8,321
Chairman's Honoraria & Expenses	2,320	8,000
Professional Indemnity Insurance	3,855	2,309
Professional Fees	67,062	95,017
Total Administration & Overheads	107,730	138,082

Total Costs related to providing goods or services

271,219 290,879

Grants and donations made

Charitable Distributions	22,500	22,500
Total Grants and donations made	22,500	22,500

Other expenses

Amortisation of Water Rights	525,000	-
Depreciation	512,779	321,339
Total Other expenses	1,037,779	321,339

2022 2021

3. Analysis of Assets**Bank accounts and cash****Bank Operating Accounts**

BNZ Current Account 00	8,460	4,986
BNZ Savings Account	45,019	150,669
BNZ Savings Rapid 001	35,193	241,049
Total Bank Operating Accounts	88,672	396,704

Total Bank accounts and cash	88,672	396,704
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Investments

Short Term Deposits	1,629,182	1,020,107
Total Investments	1,629,182	1,020,107

Debtors and prepayments

Accounts Receivable	146,360	181,173
Interest Accrual	8,639	13,795
Prepayments	29,695	2,062
Total Debtors and prepayments	184,694	197,030

Inventory

Inventory	98,576	96,435
Total Inventory	98,576	96,435

Other non-current assets**Intangible Assets**

Renewal of WRC Consents	49,210	4,329
Water Rights	100,000	625,000
Reticulation Digital Database (GPS)	61,051	56,934
Deferred Contributions	16,581	13,218
Total Intangible Assets	226,841	699,481

Total Other non-current assets	226,841	699,481
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2022

2021

4. Analysis of Liabilities

Creditors and accrued expenses

Trade & Other Payables	135,590	63,194
GST Payable	16,822	41,393
Total Creditors and accrued expenses	152,411	104,587

5. Property, Plant and Equipment

This Year

Asset Class	Opening Carrying Amount	Purchases / (Sales or Disposals)	Revaluations	Depreciation & Impairment	Closing Carrying Amount
Land & Easements	274,600				274,600
Headworks	4,592,558	15,889	5,362,222	243,406	9,727,263
Reticulation Network	9,827,413	110,283	9,383,460	268,163	19,052,993
Administration	13,393		(10,893)	1,210	1,290
Total	14,707,963	126,172	14,734,789	512,779	29,056,146

Last Year

Asset Class	Opening Carrying Amount	Purchases / (Sales or Disposals)	Revaluations	Depreciation & Impairment	Closing Carrying Amount
Land & Easements	274,600				274,600
Headworks	4,740,786	7,011		155,239	4,592,558
Reticulation Network	9,901,922	90,381		164,890	9,827,413
Administration	14,603			1,210	13,393
Total	14,931,911	97,392		321,339	14,707,963

Revaluations

To disclose revaluations of property, plant and equipment.

The Headworks, Reticulation Network and Administration assets have been restated to valuation in accordance with the valuation report dated 20 July 2022 by registered valuer Jonathan Broome of the firm Bond Construction Management Ltd. The current revaluation surplus on revalued land and buildings is \$29,268,453 (2021: \$14,533,665).

The entity has committed to and contracted for \$nil (2021: \$nil) of future capital expenditure which has not been accounted for in the financial statements.

6. Accumulated Funds

This Year

Description	Capital Contributed by Members	Accumulated Surpluses (Deficits)	Reserves	Total
Opening Balance	432,010	947,460	15,633,665	17,013,135
Capital Contributed	7,402			7,402
Surplus/(Deficit)		(623,623)		(623,623)
Revaluation of Assets			14,734,788	14,734,788
Closing Balance	439,412	323,836	30,368,452	31,131,700

Last Year

Description	Capital Contributed by Members	Accumulated Surpluses (Deficits)	Reserves	Total
Opening Balance	426,215	1,048,767	15,633,665	17,108,647
Capital Contributed	5,795			5,795
Surplus/(Deficit)		(101,307)		(101,307)
Revaluation of Assets				
Closing Balance	432,010	947,460	15,633,665	17,013,135

Breakdown of Reserves

Name	Nature and Purpose	Actual	Actual
		This Year	Last Year
		\$	\$
Revaluation Reserve		29,268,452	14,533,665
Adverse Event Reserve	Accumulates surplus cash reserves in the event of major damage to horizontal infrastructure	1,100,000	1,100,000
	Total	30,368,542	15,633,665

2022 2021

7. Commitments

Commitments to lease or rent assets

No leased assets

- -

Commitment to renew water rights

In June 2024 the current water rights issued by the Waikato Regional Council will be renewed.

250,000 250,000

Commitments to complete connections in subdivisions

TKWA is contracted to a developer to complete the installation of new connections at a subdivision.

- 15,000

8. Contingent Liabilities and Guarantees (Alternative)

There are no contingent liabilities or guarantees as at 30 June 2022 (Last year - nil).

9. Significant Grants and Donations with Conditions not Recorded as a Liability

No significant grants and donations with conditions received during the year.

Goods or Services Provided to TKWA in Kind

No goods or services have been received in kind.

10. Assets Used as Security for Liabilities

No assets have been used as security for any borrowing.

11. Assets Held on Behalf of Others

No assets are held on behalf of any other entity.

2022 2021

12. Related Parties**Receivables**

K & J Dawson; Member - Moorfield Road subdivision	24,150	24,150
J & G Wheelers; Member - Deferred settlement of reticulation upgrade on commercial terms	2,721	9,589
Total Receivables	26,871	33,739

Purchases

M & L Peters Ltd: M Peters; Member - Chairman honorarium	10,000	8,000
M & L Peters Ltd: M Peters; Member - Water Rights renewal consent negotiations	19,225	-
M & L Peters Ltd: M Peters; Member - Maintenance and installation of new services	2,450	1,240
Earthcare Systems Ltd: K Dawson; Member - Maintenance and installation of new services	63,573	47,681
Jackson Engineering Ltd: G Jackson; Member - Maintenance and installation of new services	17,909	24,961
Andrews Electrical Ltd: A Andrews; Member - Electrical maintenance	-	2,734
ENA 2000 Ltd: E Adams; Member - Administration Manager services	34,843	28,527
Jacer Ltd: A Cornwall; Member - Executive Officer Administration services	25,077	49,878
Jacer Ltd: A Cornwall; Member - Consultancy services relating to negotiations, design & project management	49,419	42,470
Devine Consultancy Services Ltd: Associated to Jacer Ltd - Accounting services	738	720

13. Events After the Balance Date (Alternative)

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (Last year - nil).

14. Ability to Continue Operating

The entity will continue to operate for the foreseeable future.