Performance Report

Te Kauwhata Water Association (TKWA)
For the year ended 30 June 2024

Prepared by Cowley Stanich & Co Ltd

Contents

Entity Information

Te Kauwhata Water Association (TKWA)
For the year ended 30 June 2024

Legal Name of Entity

Te Kauwhata Irrigation Association (Inc)

Entity Type and Legal Basis

Incorporated Society and Registered Charity

Charity 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 funds held in bank term deposits and savings account. The investment policy is reviewed annually.

Other Etities Controlled by the Entity

The Entity does not have any subsidiaries or other controlled entities for financial reporting purposes.

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Chairman

JW Cunningham

Executive Officer

MJ Peters

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 2024

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 2024.

APPROVED

JW Cunningham

Chairman

Date 14/04/2026

MJ Peters

Executive Officer

Date 14/04/2026

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Statement of Service Performance

Te Kauwhata Water Association (TKWA)
For the year ended 30 June 2024

Description of Medium to Long Term Objectives

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.

	2024	2023	VARIANCE %
Description of Significant Activities			
Water Revenue	808,339	659,726	23%
Sundry Income	5,623	15,779	-64%
Investment Income	90,932	59,410	53%

Statement of Financial Performance

Te Kauwhata Water Association (TKWA)
For the year ended 30 June 2024

	NOTES	2024	2023
Revenue			
Membership fees and subscriptions	1	(3,443)	11,422
Revenue from commercial activities	1	808,339	659,726
Interest, dividends and other investment revenue	1	90,932	59,410
Other revenue	1	5,623	15,779
Total Revenue		**901,452**	**746,336**
Expenses			
Expenses related to commercial activities	2	457,794	340,649
Grants and donations made	2	34,001	80
Other expenses	2	89,891	619,562
Total Expenses		**581,686**	**960,291**
Surplus/(Deficit) for the Year		**319,766**	**(213,954)**

This statement should be read in conjunction with the notes to the Performance Report and the Audit Report.

Statement of Financial Position

Te Kauwhata Water Association (TKWA)
As at 30 June 2024

	NOTES	30 JUN 2024	30 JUN 2023
Assets			
Current Assets			
Bank accounts and cash	3	541,411	119,618
Investments (current)	3	880,563	1,702,907
Debtors and prepayments	3	200,260	212,461
Inventory	3	-	98,576
Total Current Assets		**1,622,234**	**2,133,561**
Non-Current Assets			
Property, Plant and Equipment	6	3,717,635	34,704,751
Other non-current assets	4	235,514	238,791
Total Non-Current Assets		**3,953,149**	**34,943,542**
Total Assets		**5,575,383**	**37,077,104**
Liabilities			
Current Liabilities			
Creditors and accrued expenses	5	123,256	148,926
Total Current Liabilities		**123,256**	**148,926**
Total Liabilities		**123,256**	**148,926**
Total Assets less Total Liabilities (Net Assets)		**5,452,127**	**36,928,178**
Accumulated Funds			
Capital contributed by owners or members	7	439,160	439,160
Accumulated surpluses or (deficits)	7	3,912,967	109,883
Reserves	7	1,100,000	36,379,135
Total Accumulated Funds		**5,452,127**	**36,928,178**

This statement should be read in conjunction with the notes to the Performance Report and the Audit Report.

Statement of Cash Flows

Te Kauwhata Water Association (TKWA)
For the year ended 30 June 2024

	2024	2023
Cash Flows from Operating Activities		
Cash received:		
Membership fees and subscriptions	5,696	11,422
Gross sales from commercial activities	804,165	611,849
Interest, dividends and other investment receipts	93,987	42,788
Other cash received	4,038	15,411
Total Cash received:	**907,886**	**681,469**
Net GST		
GST	(26,907)	(5,450)
Total Net GST	**(26,907)**	**(5,450)**
Cash payments:		
Payments related to commercial activities	(424,953)	(369,304)
Grants and donations paid	(34,001)	(80)
Total Cash payments:	**(458,954)**	**(369,384)**
Net cash flows from operating activities	**422,024**	**306,636**
Cash Flows from Other Activities		
Cash received:		
Sale of investments	822,344	-
Capital received from owners (capital contributed)	4,845	950
Total Cash received:	**827,189**	**950**
Cash payments:		
Payments to acquire property, plant and equipment	(754,021)	(147,250)
Payments to purchase investments	-	(73,725)
Payments to purchase intangibles	(73,399)	(56,455)
Cash flows from other investing and financing activities	-	790
Total Cash payments:	**(827,420)**	**(276,640)**
Total Cash Flows from Other Activities	**(231)**	**(275,690)**
Net Increase/(Decrease) in Cash	**421,793**	**30,946**
Bank Accounts and Cash		
Opening cash	119,618	88,672
Net change in cash for period	421,793	30,946
Closing cash	541,411	119,618

This statement should be read in conjunction with the notes to the Performance Report and the Audit Report.

Statement of Accounting Policies

Te Kauwhata Water Association (TKWA)
For the year ended 30 June 2024

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

This performance report is prepared in accordance with the XRB's Tier 3 (NFP) Standard. The entity is eligible to apply these requirements as it does not have public accountability and has total annual expenses of less than $5 million. All transactions in the performance report are reported using the accrual basis of accounting. This performance report is prepared under the assumption that the entity is a going concern and will continue to operate for the foreseeable future.

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 $.

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 and Equipment are recognised at cost less aggregate depreciation and impairment losses. New assets includes expenditure that is directly attributable to the acquisition of the asset. Depreciation has been calculated on the asset cost over the estimated life span of the asset. Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

The Digital Database is recognised at cost less aggregate amortisation. Amortisation has been calculated on the asset cost over the estimated life span of 20 years of the asset.

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 were due for renewal in June 2024.

Changes in Accounting Policies

There have been no changes in accounting policies except for the following:

Property, Plant & Equipment

Previously, property, plant and equipment were recognised using the revaluation model. Management has reviewed the accounting policy and determined that the cost model is more appropriate due to the lack of reliable historical valuation information and supporting documentation.

As a result, property, plant and equipment are now recognised using the cost model, based on estimated cost.

Prior to 2001, the operations of the Association were undertaken by the Whangamarino Water Board. Prior to 2006, the headworks and reticulation assets of the Association were not included in the financial statements. These assets were transferred to the Association in 2006; however, historical cost records and supporting documentation are not available due to the age of the assets and incomplete financial records at the time of transfer and during the early years of the Association.

Accordingly, the estimated cost reflects the value of the assets as at the time of transfer in 2006, based on the best information available, including historical information on the irrigation scheme and management's assessment of the infrastructure currently in use. Management considers this estimated cost to represent a reasonable approximation of the assets' cost for financial reporting purposes. The assets are subsequently accounted for using the cost model and depreciated over their estimated useful lives.

Inventory

Previously inventory was recognised using the lower of cost or market value model. Under Tier 3 NFP reporting, inventory (stock) is defined as items held for sale in the ordinary course of operations. Since these items are for internal use and not for sale, they do not meet the definition of inventory.

As a result, inventory purchases are now recognised as a consumables expense in the Statement of Financial Performance.

Impact on the Accounts for the Changes in Accounting Policy

The 2024 financial statements have been restated to correct the changes. Adjustment of $31,775,816 have been corrected in the current year in terms of the Tier 3 NFP standards by adjusting the opening accumulated funds.

Adjustment for opening accumulated funds	
Accumulated funds opening balance	$36,928,177
Adjustment arising from change from revaluation model to cost model	$31,677,240
Adjustment arising from change from lower of cost or market value model to expense model	$ 98,576
Adjusted accumulated funds opening balance	$ 5,152,361

2. The Entity has adopted the new Tier 3 (NFP) Standard issue on 18 May 2023. This standard is required to be applied for accounting periods that begin on or after 1 April 2024. This Performance Report has been completed in line with this standard.

All other accounting policies have been applied on a basis consistent with those from previous financial statement

Notes to the Performance Report

Te Kauwhata Water Association (TKWA)
For the year ended 30 June 2024

	2024	2023

1. Analysis of Revenue

	2024	2023
Membership fees and subscriptions		
Subscriptions from Members	4,260	8,550
Contributions Received	(7,703)	2,872
Total Membership fees and subscriptions	**(3,443)**	**11,422**
Revenue from commercial activities		
Supply to Members	177,107	118,254
Bulk Water Contracts	631,232	541,460
Casual Supply of Water	-	12
Total Revenue from commercial activities	**808,339**	**659,726**
Interest, dividends and other investment revenue		
Interest Received	90,224	58,321
Other	708	1,089
Total Interest, dividends and other investment revenue	**90,932**	**59,410**
Other revenue		
Sundry Income	131	15,311
Connection Charges	625	(750)
Lease of DSE	1,118	1,118
Recovery of Damage to Reticulation	3,857	-
Other	(108)	100
Total Other revenue	**5,623**	**15,779**

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	2024	2023

2. Analysis of Expenses

	2024	2023
Expenses related to commercial activities		
Operating Expenses - Headworks		
Electricity	110,588	106,433
Repairs to Infrastructure	136,078	72,420
Total Operating Expenses - Headworks	**246,666**	**178,852**
Operating Expenses - Reticulation		
Repairs to Infrastructure	19,765	38,247
Operations & Maintenance	3,348	4,110
Total Operating Expenses - Reticulation	**23,113**	**42,357**
Administration & Overheads		
Administration	23,222	23,426
Waikato Regional Council Water Rights	11,930	12,254
Chairman's Honoraria & Expenses	10,102	-
Executive Officer	34,500	36,000
Professional Indemnity Insurance	2,350	2,350
Professional Fees	105,910	45,410
Total Administration & Overheads	**188,014**	**119,439**
Total Expenses related to commercial activities	**457,794**	**340,649**
Grants and donations made		
Charitable Distributions	34,001	80
Total Grants and donations made	**34,001**	**80**
Other expenses		
Depreciation	74,206	539,562
Amortisation of Water Rights	-	80,000
Amortisation of Digital Database	15,685	-
Total Other expenses	**89,891**	**619,562**

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3. Analysis of Current Assets

	2024	2023
Bank accounts and cash		
Bank Operating Accounts		
BNZ Current Account 000	1,883	3,965
BNZ Savings Account 097	43,416	62,664
BNZ Rapid Save 001	496,113	52,989
Total Bank accounts and cash	**541,411**	**119,618**
Investments		
BNZ Short Term Deposits	880,563	1,702,907
Total Investments	**880,563**	**1,702,907**
Debtors and prepayments		
Accounts Receivable	179,850	186,602
Interest Accrual	20,410	24,149
Prepayments	-	1,710
Total Debtors and prepayments	**200,260**	**212,461**
Inventory		
Inventory	-	98,576
Total Inventory	**-**	**98,576**

4. Analysis of Non-Current Assets

	2024	2023
Other Non-Current Assets		
Intangible Assets		
Renewal of WRC Consents	182,012	140,033
Water Rights	-	20,000
Reticulation Digital Database (GPS)	45,366	61,051
Total Intangible Assets	**227,378**	**221,084**
Deferred Contributions		
Deferred Contributions	8,136	17,708
Total Deferred Contributions	**8,136**	**17,708**
Total Other Non-Current Assets	**235,514**	**238,791**

	2024	2023

5. Analysis of Current Liabilities

Creditors and accrued expenses	2024	2023
Trade & Other Payables	114,018	123,233
Accrued Expenses	15,238	-
GST Payable	(5,999)	25,694
Total Creditors and accrued expenses	**123,256**	**148,926**

6. Property, Plant and Equipment

This Year

Asset Class	Opening Carrying Amount (Restated)	Purchases	Disposals	Depreciation and Impairment	Revaluation Movements	Closing Carrying Amount
Land & Easements	52,369					52,369
Headworks	975,688	756,744		31,388		1,701,044
Reticulation Network	1,996,688	7,587		41,897		1,962,378
Administration	2,766			920		1,846
Total	**3,027,511**	**764,331**		**74,206**		**3,717,636**

Last Year

Asset Class	Opening Carrying Amount	Purchases	Disposals	Depreciation and Impairment	Revaluation Movements	Closing Carrying Amount
Land & Easements	274,600					274,600
Headworks	9,727,263	163,979		252,509	2,395,762	12,034,495
Reticulation Network	19,052,993	10,560		285,615	3,614,921	22,392,860
Administration	1,290	2,944		1,438		2,796
Total	**29,056,146**	**177,484**		**539,562**	**6,010,683**	**34,704,751**

Headworks & Reticulation Network Project Costs

Asset Class	Project	2024	2023
Headworks	Hall Road Meter & Chlorine Plant	161,524	15,056
	Switchboard Rebuild	595,220	148,423
	Hampton Downs Arterial Manifold		500
	Headworks Total	**756,744**	**163,979**
Reticulation Network	Moorfield Road Sub	3,414	
	New Connections	4,173	10,560
	Reticulation Network Total	**7,587**	**10,560**

7. Accumulated Funds

This Year

Description	Capital Contributed by Members	Accumulated Surpluses or Deficits	Restricted & Discretionary Reserves	Property, Plant & Equipment Revaluation Reserves	Total
Opening Balance (Restated)	**439,160**	**3,593,201**	**1,120,000**		**5,152,361**
Capital Contributed					
Capital Returned					
Surplus/(Deficit)		319,766			319,766
Transfer to Restricted Reserves					
Transfer from Restricted Reserves			(20,000)		(20,000)
Revaluation Movements					
Closing Balance	**439,160**	**3,912,967**	**1,100,000**		**5,452,127**

Last Year

Description	Capital Contributed by Members	Accumulated Surpluses or Deficits	Restricted & Discretionary Reserves	Property, Plant & Equipment Revaluation Reserves	Total
Opening Balance	**439,412**	**323,836**	**1,200,000**	**29,168,452**	**31,131,700**
Capital Contributed					
Capital Returned	(252)				(252)
Surplus/(Deficit)		(213,954)			(213,954)
Transfer to Restricted Reserves					
Transfer from Restricted Reserves			(80,000)		(80,000)
Revaluation Movements				6,010,683	6,010,683
Closing Balance	**439,160**	**109,882**	**1,120,000**	**35,259,135**	**36,928,17 7**

Accumulated Funds Adjustment

There have been 2 adjustments to the Accumulated Funds in the 2024 year.

1. The Water Rights have been separated from the Revaluation of Assets and Adverse Event Reserves. The Water Rights Reserve was created in the 2006 financial year with the creation of Water Rights intangible asset for $625,000 by way of a non cash journal entry. In the 2022 financial year the Water Rights Reserve was written down to $100,000 to reflect the remaining value of the water rights through to their renewal in the 2024 year. The balance of $100,000 has been amortised in the 2023 and 2024 years, as recorded through the tables above.

Breakdown of Reserves

		2024	2023
Name	**Nature and Purpose**	**$**	**$**
Revaluation Reserve	Restatement of assets to valuation	0	35,259,135
	Less transfer to Adverse Event reserve	0	0
	Total Revaluation Reserve	**0**	**35,259,135**
Water Rights Reserve	Waikato Regional Council Water Rights	20,000	100,000
	Less amortisation of Water Rights	(20,000)	(80,000)
	Total Water Rights Reserve	**-**	**20,000**
Adverse Event Reserve	Accumulates surplus cash reserves in the event of major damage to horizontal infrastructure	**1,100,000**	**1,100,000**
	Total Reserves	**1,100,000**	**36,379,135**

8. Commitments

TKWA has no commitments, other than those disclosed below, as at 30 June 2024 (2023: nil).

Capital Commitments

At balance date, the entity had planned capital expenditure relating to a switchboard upgrade, with an estimated cost of $300,000 (2023: $900,000), and the renewal of water rights, with an estimated cost of $50,000 (2023: $159,000). No binding agreements had been entered into as at balance date; accordingly, these amounts have not been recognised or disclosed as capital commitments.

9. Contingent Liabilities and Guarantees (Alternative)

There are no contingent liabilities or guarantees as at 30 June 2024 (Last year - nil).

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

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

11. Goods or Services Provided to Te Kauwhata Water Association in Kind

No goods or services have been received in kind.

12. Related Parties

	2024	2023
Receivables		
K & J Dawson; Member - Moorfield Road subdivision	-	24,150
J & G Wheeler; Member - Deferred settlement of reticulation upgrade on commercial terms	1,516	696
Total Receivables	**1,516**	**24,846**
Purchases		
Ignition Partner Ltd: J Cunningham; Member - Chairman honorarium	10,000	-
M & L Peters Ltd: M Peters; Member - Executive Officer Administration services	41,539	43,787
M & L Peters Ltd: M Peters; Member - Consultancy services relating to negotiations, design & project management	42,180	59,523
M & L Peters Ltd: M Peters; Member - Maintenance services	8,110	-
Earthcare Systems Ltd: K Dawson; Member - Maintenance and installation of new services	33,641	42,123
Jackson Engineering Ltd: G Jackson; Member - Maintenance and installation of new services	10,151	12,465
ENA 2000 Ltd: E Adams; Member - Administration Manager services	40,150	39,089
ENA 2000 Ltd: E Adams; Member - Maintenance services	2,885	-
ENA 2000 Ltd: E Adams; Member - Project management	2,175	-
Jacer Ltd: A Cornwall; Member - Executive Officer Administration services	9,650	22,787
Jacer Ltd: A Cornwall; Member - Consultancy services relating to negotiations, design & project management	12,216	5,970
Devine Consultancy Services Ltd: Associated to Jacer Ltd - Accounting services	-	716
Polyweld Contracting Ltd: N Warner; Member - Maintenance services	-	260
Total Purchases	**212,697**	**226,720**

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13. Assets Used as Security for Liabilities

No assets have been used as security for any borrowing.

14. Assets Held on Behalf of Others

No assets are held on behalf of any other entity.

15. 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).

16. Ability to Continue Operating

The Performance Report of Te Kauwhata Water Association (the Entity) have been prepared on a going concern basis, which assumes that the Entity will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Entity's ability to continue as a going concern is dependent on securing continued contracts for the supply of water to the Waikato District Council. A significant portion of the Entity's revenue is derived from funding streams that are not guaranteed, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The governing body has a reasonable expectation that the entity has sufficient resources to continue its operations.

The going concern basis is considered appropriate based on an assessment of the following factors:

- The entity has sufficient cash reserves of $1,421,974 and a positive working capital position of $1,498,978 as at balance date.
- Positive cash flow from operating activities of $422,024 for current financial year.

The Entity is confident in the continued support from the members and Waikato District Council and accordingly has adopted the going concern assumption of these financial statements. The governing body concludes that there is no material uncertainties related to events or conditions that may cash significant doubt on the entity's ability to continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of these performance report.

17. Name Change

From 19 November 2025 the Association has changed its name from Te Kauwhata Irrigation Association Incorporated to Te Kauwhata Water Association Incorporated. The Association is in the process of changing the name with all appropriate organisations.

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