

Performance Report

Te Kauwhata Water Association (TKWA)
For the year ended 30 June 2023

Prepared by Cowley Stanich & Co Ltd

Contents

3	Compilation Report
4	Entity Information
6	Approval of Financial Report
7	Statement of Service Performance
8	Statement of Financial Performance
9	Statement of Financial Position
10	Statement of Cash Flows
11	Statement of Accounting Policies
13	Notes to the Performance Report

Compilation Report

Te Kauwhata Water Association (TKWA) For the year ended 30 June 2023

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 2023.

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

Cowley Stanich & Co Ltd

7 Hakanoa Street
Huntly

Dated: 30 April 2024

Entity Information

Te Kauwhata Water Association (TKWA) For the year ended 30 June 2023

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 (removed 14/09/2023)
JW Cunningham (effective 14/09/2023)

Executive Officer

MJ Peters (effective 14/09/2023)
JA Cornwall (removed 14/09/2023)

Committee

GWJ Clune (removed 14/09/2023)
KG Dawson
PP English
DW Hardwick (removed 14/09/2023)
GW Jackson
BJ Wheeler
AR Hunt

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

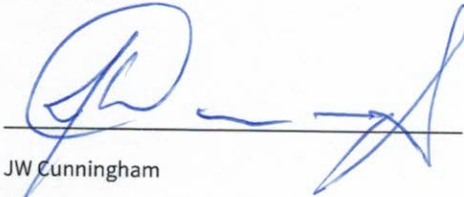
052-062-373

Approval of Financial Report

Te Kauwhata Water Association (TKWA) For the year ended 30 June 2023

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 2023.

APPROVED



JW Cunningham

Chairman

Date 30-4-24



MJ Peters

Executive Officer

Date 30-4-24

Statement of Service Performance

Te Kauwhata Water Association (TKWA)

For the year ended 30 June 2023

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.

	2023	2022	VARIANCE %
Description and Quantification of the TKWA's Outputs			
Water Revenue	659,726	657,670	0% ↑
Sundry Income	15,779	31,110	-49% ↓
Investment Income	59,410	5,566	967% ↑

Statement of Financial Performance

Te Kauwhata Water Association (TKWA)

For the year ended 30 June 2023

	NOTES	2023	2022
Revenue			
Fees, subscriptions and other revenue from members	1	11,422	13,528
Revenue from providing goods or services	1	659,726	657,670
Interest, dividends and other investment revenue	1	59,410	5,566
Other revenue	1	15,779	31,110
Total Revenue		746,336	707,874
Expenses			
Costs related to providing goods or service	2	340,649	271,219
Grants and donations made	2	80	22,500
Other expenses	2	619,562	1,037,779
Total Expenses		960,291	1,331,498
Surplus/(Deficit) for the Year		(213,954)	(623,623)

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 2023

	NOTES	30 JUN 2023	30 JUN 2022
Assets			
Current Assets			
Bank accounts and cash	3	119,618	88,672
Investments (current)	3	1,452,907	1,629,182
Debtors and prepayments	3	212,461	184,694
Inventory	3	98,576	98,576
Total Current Assets		1,883,561	2,001,125
Non-Current Assets			
Property, Plant and Equipment	6	34,704,751	29,056,146
Investments	4	250,000	-
Other non-current assets	4	238,791	226,841
Total Non-Current Assets		35,193,542	29,282,987
Total Assets		37,077,104	31,284,112
Liabilities			
Current Liabilities			
Creditors and accrued expenses	5	148,926	152,411
Total Current Liabilities		148,926	152,411
Total Liabilities		148,926	152,411
Total Assets less Total Liabilities (Net Assets)		36,928,177	31,131,700
Accumulated Funds			
Capital contributed by owners or members	7	439,160	439,412
Accumulated surpluses or (deficits)	7	109,882	323,836
Reserves	7	36,379,135	30,368,453
Total Accumulated Funds		36,928,177	31,131,700

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 2023

	2023	2022
Cash Flows from Operating Activities		
Cash was received from:		
Fees, subscriptions and other receipts from members	8,550	7,785
Receipts from providing goods or services	689,241	808,017
Interest, dividends and other investment receipts	43,877	31,080
Cash receipts from other operating activities	35,721	23,994
Total Cash was received from:	777,388	870,876
Net GST		
GST	(44,161)	(83,184)
Total Net GST	(44,161)	(83,184)
Cash was applied to:		
Payments to suppliers and employees	(426,512)	(307,017)
Donations or grants paid	(80)	(22,500)
Total Cash was applied to:	(426,592)	(329,517)
Total Cash Flows from Operating Activities	306,636	458,175
Cash Flows from Investing and Financing Activities		
Cash was received from:		
Capital contributed from owners or members	950	7,150
Total Cash was received from:	950	7,150
Cash was applied to:		
Payments to acquire property, plant and equipment	(147,250)	(106,426)
Payments to purchase intangibles	(56,455)	(50,804)
Cash flows from other investing and financing activities	790	13,056
Total Cash was applied to:	(202,915)	(144,175)
Total Cash Flows from Investing and Financing Activities	(201,965)	(137,025)
Net Increase/(Decrease) in Cash	104,671	321,150
Bank Accounts and Cash		
Opening cash	1,717,854	1,396,704
Net change in cash for period	104,671	321,150
Closing cash	1,822,525	1,717,854

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 2023

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 2022 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 2023

	2023	2022
1. Analysis of Revenue		
Fees, subscriptions and other revenue from members		
Subscriptions from Members	8,550	7,785
Contributions Received	2,872	5,743
Total Fees, subscriptions and other revenue from members	11,422	13,528
Revenue from providing goods or services		
Supply to Members	118,254	149,562
Bulk Water Contracts	541,460	508,101
Casual Supply of Water	12	6
Total Revenue from providing goods or services	659,726	657,670
Interest, dividends and other investment revenue		
Interest Received	58,321	4,458
Other	1,089	1,108
Total Interest, dividends and other investment revenue	59,410	5,566
Other revenue		
Sundry Income	15,311	-
Connection Charges	(750)	12,650
Lease of DSE	1,118	9,148
Other	100	9,312
Total Other revenue	15,779	31,110

	2023	2022
2. Analysis of Expenses		
Costs related to providing goods or services		
Operating Expenses - Headworks		
Electricity	106,433	83,154
Repairs to Infrastructure	72,420	55,115
Total Operating Expenses - Headworks	178,852	138,269
Operating Expenses - Reticulation		
Repairs to Infrastructure	38,247	20,133
Operations & Maintenance	4,110	5,087
Total Operating Expenses - Reticulation	42,357	25,220
Administration & Overheads		
Administration	23,426	23,195
Waikato Regional Council Water Rights	12,254	11,298
Chairman's Honoraria & Expenses	-	2,320
Executive Officer	36,000	-
Professional Indemnity Insurance	2,350	3,855
Professional Fees	45,410	67,062
Total Administration & Overheads	119,439	107,730
Total Costs related to providing goods or services	340,649	271,219
Grants and donations made		
Charitable Distributions	80	22,500
Total Grants and donations made	80	22,500
Other expenses		
Amortisation of Water Rights	80,000	525,000
Depreciation	539,562	512,779
Total Other expenses	619,562	1,037,779

2023

2022

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

BNZ Current Account 000	3,965	8,460
BNZ Savings Account 097	62,664	45,019
BNZ Rapid Save 001	52,989	35,193
Total Bank accounts and cash	119,618	88,672

Investments**Short Term Deposits**

BNZ Term Deposit 03059	1,052,907	1,629,182
BNZ Term Deposit 03065	50,000	-
BNZ Term Deposit 03066	50,000	-
BNZ Term Deposit 03067	250,000	-
BNZ Term Deposit 03069	50,000	-
Total Investments	1,452,907	1,629,182

Debtors and prepayments

Accounts Receivable	186,602	146,360
Interest Accrual	24,149	8,639
Prepayments	1,710	29,695
Total Debtors and prepayments	212,461	184,694

Inventory

Inventory	98,576	98,576
Total Inventory	98,576	98,576

2023

2022

4. Analysis of Non-Current Assets**Investments**

BNZ Term Deposit 03068	250,000	-
Total Investments	250,000	-

Intangible Assets

Renewal of WRC Consents	140,033	49,210
Water Rights	20,000	100,000
Reticulation Digital Database (GPS)	61,051	61,051
Deferred Contributions	17,708	16,581
Total Intangible Assets	238,791	226,841

2023

2022

5. Analysis of Current Liabilities**Creditors and accrued expenses**

Trade & Other Payables	123,233	135,590
GST Payable	25,694	16,822
Total Creditors and accrued expenses	148,926	152,411

6. 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	9,727,263	163,979	2,395,762	252,509	12,034,495
Reticulation Network	19,052,993	10,560	3,614,921	285,615	22,392,860
Administration	1,290	2,944		1,438	2,796
Total	29,056,146	177,484	6,010,683	539,562	34,704,751

Last Year

Asset Class	Opening Carrying Amount	Purchases / (Sales or Disposals)	Revaluations	Depreciation & Impairment	Closing Carrying Amount
Land & Easements	274,600				274,600
Headworks	4,592,558	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

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 26 July 2023 by registered valuer Jonathan Broome of the firm Bond Construction Management Ltd. The current year revaluation of \$6,010,683 is detailed in the table above. The current revaluation surplus on revalued property, plant and equipment is \$36,379,135 (Last year: \$30,368,452) as recorded in Note 7 Accumulated Funds, Breakdown of Reserves.

The entity has committed to and contracted for \$900,000 (Last year: \$nil) of future capital expenditure which has not been accounted for in the financial statements. The commitments relate to the Switchboard Upgrade of \$800,000 and the Chlorine Unit of \$100,000.

7. Accumulated Funds

This Year

Description	Capital Contributed by Members	Accumulated Surpluses (Deficits)	Reserves	Total
Opening Balance	439,412	323,836	30,368,452	31,131,700
Capital Contributed	(252)			(252)
Surplus/(Deficit)		(213,954)		(213,954)
Revaluation of Assets			6,010,683	6,010,683
Closing Balance	439,160	109,882	36,379,135	36,928,177

Last 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

Breakdown of Reserves

		Actual	Actual
		This Year	Last Year
Name	Nature and Purpose	\$	\$
Revaluation Reserve	Restatement of assets to valuation	36,379,135	30,368,452
	Less transfer to Adverse Event Reserve	(1,100,000)	(1,100,000)
	Total Revaluation Reserve	35,279,135	29,268,452
Adverse Event Reserve	Accumulates surplus cash reserves in the event of major damage to horizontal infrastructure	1,100,000	1,100,000
	Total	36,379,135	30,368,542

2023

2022

8. Commitments as at Balance Date**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.

159,000

250,000

Commitments to complete connections in subdivisions

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

- -

9. Contingent Liabilities and Guarantees (Alternative)

There are no contingent liabilities or guarantees as at 30 June 2023 (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.

2023

2022

12. Related Parties**Receivables**

K & J Dawson; Member - Moorfield Road subdivision

24,150

24,150

J & G Wheeler; Member - Deferred settlement of reticulation upgrade on commercial terms

696

2,721

Total Receivables**24,846****26,871****Purchases**

M & L Peters Ltd: M Peters; Member - Chairman honorarium

-

10,000

M & L Peters Ltd: M Peters; Member - Executive Officer Administration services

43,787

-

M & L Peters Ltd: M Peters; Member - Water Rights renewal consent negotiations

59,523

19,225

M & L Peters Ltd: M Peters; Member - Maintenance and installation of new services

-

2,450

Earthcare Systems Ltd: K Dawson; Member - Maintenance and installation of new services

42,123

63,573

Jackson Engineering Ltd: G Jackson; Member - Maintenance and installation of new services

12,465

17,909

ENA 2000 Ltd: E Adams; Member - Administration Manager services

39,089

34,843

Jacer Ltd: A Cornwall; Member - Executive Officer Administration services

22,787

25,077

Jacer Ltd: A Cornwall; Member - Consultancy services relating to negotiations, design & project management

5,970

49,419

Devine Consultancy Services Ltd: Associated to Jacer Ltd - Accounting services

716

738

Polyweld Contracting Ltd: N Warner; Member - Maintenance services

260

-

Total Purchases**226,720****223,234**

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 entity will continue to operate for the foreseeable future.