

Performance Report

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

Prepared by Cowley Stanich & Co Ltd

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Compilation Report

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

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 for the year ended 30 June 2024.

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 other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Ownership of Work Papers

Material that you provided to us remains yours and will be returned to you when the engagement is completed. Work papers that we create remain our property. However if your affairs at some time in the future are handled by another Chartered Accountant, we will make available, as required by the code of ethics, such information regarding your affairs that is essential to enable your new Chartered Accountant to perform the services we previously 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: 13 December 2024

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.

Chairman

JW Cunningham

Executive Officer

MJ Peters

Committee

KG Dawson

PP English

GW Jackson

BJ Wheeler (removed 26/09/2024)

AR Hunt

NG Warner (effective 26/09/2024)

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

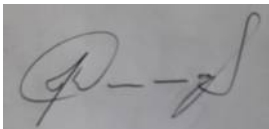
052-062-373

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 27/12/2024



MJ Peters

Executive Officer

Date 27 December 2024

Statement of Service Performance

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

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.

	2024	2023	VARIANCE %
Description and Quantification of the TKWA's Outputs			
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			
Fees, subscriptions and other revenue from members	1	(3,443)	11,422
Revenue from providing goods or services	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			
Costs related to providing goods or service	2	444,544	340,649
Grants and donations made	2	34,001	80
Other expenses	2	565,913	539,562
Total Expenses		1,044,458	880,291
Surplus/(Deficit) for the Year		(143,006)	(133,954)

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 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	1,452,907
Debtors and prepayments	3	200,260	212,461
Inventory	3	98,576	98,576
Total Current Assets		1,720,810	1,883,561
Non-Current Assets			
Property, Plant and Equipment	6	34,554,632	34,704,751
Investments	4	-	250,000
Other non-current assets	4	251,199	238,791
Total Non-Current Assets		34,805,831	35,193,542
Total Assets		36,526,641	37,077,104
Liabilities			
Current Liabilities			
Creditors and accrued expenses	5	110,006	148,926
Total Current Liabilities		110,006	148,926
Total Liabilities		110,006	148,926
Total Assets less Total Liabilities (Net Assets)		36,416,635	36,928,177
Accumulated Funds			
Capital contributed by owners or members	7	439,160	439,160
Accumulated surpluses or (deficits)	7	1,469,853	1,612,859
Reserves	7	34,507,622	34,876,158
Total Accumulated Funds		36,416,635	36,928,177

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 2024

	2024	2023
Cash Flows from Operating Activities		
Cash was received from:		
Fees, subscriptions and other receipts from members	4,260	8,550
Receipts from providing goods or services	899,356	689,241
Interest, dividends and other investment receipts	94,695	43,877
Cash receipts from other operating activities	30,295	35,721
Total Cash was received from:	1,028,606	777,388
Net GST		
GST	(85,035)	(44,161)
Total Net GST	(85,035)	(44,161)
Cash was applied to:		
Payments to suppliers and employees	(488,693)	(426,512)
Donations or grants paid	(34,001)	(80)
Total Cash was applied to:	(522,695)	(426,592)
Total Cash Flows from Operating Activities	420,877	306,636
Cash Flows from Investing and Financing Activities		
Cash was received from:		
Receipts from sale of property, plant and equipment	36,942	-
Capital contributed from owners or members	6,281	950
Total Cash was received from:	43,223	950
Cash was applied to:		
Payments to acquire property, plant and equipment	(790,963)	(147,250)
Payments to purchase intangibles	(73,399)	(56,455)
Cash flows from other investing and financing activities	(288)	790
Total Cash was applied to:	(864,650)	(202,915)
Total Cash Flows from Investing and Financing Activities	(821,427)	(201,965)
Net Increase/(Decrease) in Cash	(400,551)	104,671
Bank Accounts and Cash		
Opening cash	1,822,525	1,717,854
Net change in cash for period	(400,551)	104,671
Closing cash	1,421,974	1,822,525

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 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

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 were due for renewal in June 2024.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial statements.

Notes to the Performance Report

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

	2024	2023
1. Analysis of Revenue		
Fees, subscriptions and other revenue from members		
Subscriptions from Members	4,260	8,550
Contributions Received	(7,703)	2,872
Total Fees, subscriptions and other revenue from members	(3,443)	11,422
Revenue from providing goods or services		
Supply to Members	177,107	118,254
Bulk Water Contracts	631,232	541,460
Casual Supply of Water	-	12
Total Revenue from providing goods or services	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

2024

2023

2. Analysis of Expenses

Costs related to providing goods or services

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	11,540	12,254
Chairman's Honoraria & Expenses	10,102	-
Executive Officer	34,500	36,000
Professional Indemnity Insurance	2,350	2,350
Professional Fees	93,050	45,410
Total Administration & Overheads	174,764	119,439

Total Costs related to providing goods or services

444,544 **340,649**

Grants and donations made

Charitable Distributions	34,001	80
Total Grants and donations made	34,001	80

Other expenses

Depreciation	565,913	539,562
Total Other expenses	565,913	539,562

	2024	2023
3. Analysis of Current Assets		
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	1,452,907
Total Investments	880,563	1,452,907
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	98,576
Total Inventory	98,576	98,576
	2024	2023
4. Analysis of Non-Current Assets		
Investments		
BNZ Term Deposit 03068	-	250,000
Total Investments	-	250,000
Intangible Assets		
Renewal of WRC Consents	182,012	140,033
Water Rights	-	20,000
Reticulation Digital Database (GPS)	61,051	61,051
Deferred Contributions	8,136	17,708
Total Intangible Assets	251,199	238,791
	2024	2023
5. Analysis of Current Liabilities		
Creditors and accrued expenses		
Trade & Other Payables	114,018	123,233
GST Payable	(4,012)	25,694
Total Creditors and accrued expenses	110,006	148,926

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	12,034,495	756,744	528,201	288,423	13,031,017
Reticulation Network	22,392,860	7,587	(876,737)	276,531	21,247,179
Administration	2,796			959	1,837
Total	34,704,751	764,331	(348,537)	565,913	34,554,632

Last 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

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

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 21 August 2024 by registered valuer Jonathan Broome of the firm Bond Construction Management Ltd. The current year revaluation of \$(348,537) is detailed in the table above. The current revaluation surplus on revalued property, plant and equipment is \$34,507,622 (Last year: \$34,876,158) as recorded in Note 7 Accumulated Funds, Breakdown of Reserves.

7. Accumulated Funds

This Year

Description	Capital Contributed by Members	Accumulated Surpluses (Deficits)	Reserves	Total
Opening Balance	439,160	1,612,859	34,876,158	36,928,177
Capital Contributed				
Surplus/(Deficit)		(143,006)		(143,006)
Revaluation of Assets			(348,536)	(348,536)
Revaluation of Water Rights			(20,000)	(20,000)
Closing Balance	439,160	1,469,853	34,507,622	36,416,635

Last Year

Description	Capital Contributed by Members	Accumulated Surpluses (Deficits)	Reserves	Total
Opening Balance	439,412	848,836	29,843,452	31,131,700
Historic Adjustment		897,977	(897,977)	-
Capital Contributed	(252)			(252)
Surplus/(Deficit)		(133,954)		(133,954)
Revaluation of Assets			6,010,683	6,010,683
Revaluation of Water Rights			(80,000)	(80,000)
Closing Balance	439,160	1,612,859	34,876,158	36,928,177

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.
2. The Asset Revaluation Reserve should not, prima facie, exceed the Closing Carrying Amount before Depreciation of the Fixed Assets. However, as at 30 June 2022, it was found that the Asset Revaluation Reserve was greater than the Closing Carrying Amount before Depreciation of the Fixed Assets. Due to the various changes in accounting systems and reporting formats, it was ascertained that the most accurate way to calculate the Reserves was to review the Accumulated Surpluses (Deficits). Therefore, by referral to the Accumulated Surpluses (Deficits) as recorded in the financial statements from the 2004 financial year onwards, the balance as at 30 June 2022 has been confirmed. The Accumulated Surpluses was found to be understated by \$897,977 and the Asset Revaluation Reserve overstated by this amount. The change has been recorded in the 2023 financial year as recorded in the table above.

Breakdown of Reserves

		Actual	Actual
		This Year	Last Year
Name	Nature and Purpose	\$	\$
Revaluation Reserve	Restatement of assets to valuation	33,407,622	33,756,158
	Less transfer from (to) Adverse Event Reserve		
	Total Revaluation Reserve	33,407,622	33,756,158
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	34,507,622	34,876,158

2024

2023

8. Commitments as at Balance Date**Commitments to lease or rent assets**

No leased assets	-	-
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Commitments to capital expenditure

The entity has committed to and contracted for the following capital projects:	-	-
Switchboard Upgrade	300,000	800,000
Chlorine Unit	-	100,000
Total Commitments to capital expenditure	300,000	900,000

Commitment to renew water rights

The water rights issued by the Waikato Regional Council were due to be renewed by June 2024. The renewal application is currently under review by the Waikato Regional Council.	50,000	159,000
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Commitments to complete connections in subdivisions

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

	2024	2023
12. Related Parties		
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

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.