



Annual Report
For the Year Ended 30 June 2020



Annual Report - Contents

For the Period Ended 30 June 2020

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Company Directory For the Period Ended 30 June 2020

Incorporated:	6 September 2016
Nature of Operations:	<p>The principal activity of Waimea Irrigators Limited (WIL) is as a joint partner with Tasman District Council in the construction and operation of a dam in the Lee Valley. The current focus of WIL is to:</p> <ul style="list-style-type: none">a) To ensure that the Dam is constructed within budget andb) To ensure sufficient release of Dam Water into the Upper Lee River and associated groundwater system to improve the reliability of its Shareholder's Ground Water Permits and/or Surface Water Permits through the affiliation of those Ground Water Permits and/or a Surface Water Permits under the Tasman Resource Management Plan. A Shareholder with a Shareholder Water Augmentation Agreement is entitled to apply for an Affiliated Ground Water Permit and/or a Surface Water Permit under the Tasman Resource Management Plan.
Business Address	491 Nayland Road, Stoke, Nelson
Registered Office:	491 Nayland Road, Stoke, Nelson
Directors:	Richard BENNISON Murray Grant KING Mark Randall O'CONNOR Julian Richard RAINE Mathew Simon HODDY
Project Manager	Natasha BERKETT
Shareholders	Extensive
Accountants:	Findex (NZ) Limited 72 Trafalgar Street Nelson
Independent Auditor:	BDO Christchurch 287/293 Durham Street North Christchurch
Bankers	ANZ Bank 248 Trafalgar Street Nelson
Solicitors:	Anderson Lloyd 70 Gloucester Street Christchurch



Chairman's Report For the Period Ended 30 June 2020

Yet another dry summer is behind us and the prospects for another look likely. Of concern, our rainfall year to date is running at only 60 percent of normal so ground water reserves are already under pressure. In the absence of significant rainfall, the ongoing need for water storage is yet again highlighted.

Of interest, only 2.5% of the world's water is non-saline, of which 66% is unavailable and locked up in glaciers and icecaps. In addition, approximately 20% is so remote that it is not practically available. The balance available for human use is less than 0.08% of all the earth's water. This is a sobering fact which further highlights the need for better management of our freshwater resources. We are fortunate in New Zealand that we are the world's second most water abundant country.

Thankfully, through the efforts of the local community and support from our shareholders and funders, the Waimea Community Dam project is progressing, albeit slower than hoped. The impact of the Covid-19 lockdown will come as no surprise, and its impact has added time delays to the project. If there is a positive to come out of Covid it is the renewed acceptance and reliance on the food producing sector to generate high value export returns for the nation. Reliability of such export funds is largely determined by our farmers and growers being able to control the extremes of climate through irrigation and thus ensure improved productivity.

As noted in recent press releases there have been some challenges with securing sufficient rock of the appropriate quality for the dam. This has now been rectified. Of note the culvert to divert the river has been completed and the Lee river is now flowing through it. Land clearance within the reservoir is mostly complete as is the construction of the plinth where the dam is attached to the base. Regular construction updates are provided by Waimea Water Limited to the public through town hall meetings and their regular newsletter <https://waimeawater.nz/2020/09/16/september-newsletter/>

Of most concern has been the unexpected cost over run and time to complete. I do need to highlight however that the delay in completion is likely to mean that the project will be delayed by a full irrigation season. We are, however, hopeful that some time savings will be made.

Thank you to our shareholders who have now paid up the final capital charge for their shares.

Thanks are also extended to the directors of Waimea Irrigators for their guidance and wisdom and, in particular, Julian Raine and Bruno Simpson, our appointees on the Waimea Water board of directors. Natasha Berkett, our project manager has again ensured the efficient management of our work behind the scenes. Should you have any questions your directors are available at any time.

DocuSigned by:

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Murray King
Chairman

Statement of Profit or Loss and Other Comprehensive Income For the Period Ended 30 June 2020

	Notes	12 months 30/06/2020 \$	15 months 30/06/2019 \$
Revenue	2.3	4,400	62,300
Less Expenses			
Administration Expenses	2.4.1	(238,629)	(1,202,687)
Finance Costs	2.4.3	(173,434)	(128,169)
Share of Loss in Associate	2.4.4	(200,449)	(155,470)
Total Expenses		(612,512)	(1,486,326)
Operating Loss		(608,112)	(1,424,026)
Other Income			
Interest Received	2.5	7,952	133,215
Other Income	2.6	387,000	-
Total Other Income		394,952	133,215
Loss Before Income Tax		(213,160)	(1,290,811)
Income Tax	2.7	77,663	(77,663)
Net Profit / (Loss) After Income Tax attributable to shareholders		(290,823)	(1,213,148)
Other Comprehensive Income		-	-
Total Comprehensive Income Attributable to Shareholders		(290,823)	(1,213,148)


Statement of Changes in Equity For the Period Ended 30 June 2020


	Notes	Share Capital	Accumulated Losses	Total Equity
		\$	\$	\$
Balance 31 March 2018		-	(638,132)	(638,132)
Loss for the 15 month period		-	(1,213,148)	(1,213,148)
<i>Transactions with owners in their capacity as owners</i>				
Issue of Shares	4.1	14,902,100	-	14,902,100
Balance 30 June 2019		14,902,100	(1,851,280)	13,050,820
Loss for the 12 month period		-	(290,823)	(290,823)
<i>Transactions with owners in their capacity as owners</i>				
Issue of Shares	4.1	40,212	-	40,212
Calls on shares	4.1	8,096,000	-	8,096,000
Balance 30 June 2020		23,038,312	(2,142,103)	20,896,209

Statement of Financial Position As at 30 June 2020

	Notes	30/06/2020 \$	30/06/2019 \$
ASSETS			
Current			
Cash and Cash Equivalents	3.1	4,323,586	128,335
Trade and Other Receivables	3.2	172,248	120
Income Tax	2.7	2,230	37,298
GST	3.3	8,113	21,278
Convertible Note Funds Receivable		-	5,280,000
Total Current Assets		4,506,177	5,467,031
Non-Current			
Investment in Associate	3.4	25,610,778	25,811,227
Property, Plant & Equipment		709	1,122
Deferred Tax Asset	2.7.2	-	77,663
Total Non-Current Assets		25,611,487	25,890,012
TOTAL ASSETS		30,117,664	31,357,043
LIABILITIES			
Current			
Trade Payables	3.5	58,080	101,950
Payable for Investment in Associate	3.6	4,175,875	9,174,125
Total Current Liabilities		4,233,955	9,276,075
Non-Current			
Payable for Investment in Associate		-	4,175,875
Convertible Notes	3.7	4,987,500	4,854,273
TOTAL LIABILITIES		9,221,455	18,306,223
Net Assets		20,896,209	13,050,820
Equity			
Share Capital	4.1	23,038,312	14,902,100
Accumulated Losses		(2,142,103)	(1,851,280)
Total Equity		20,896,209	13,050,820

These financial statements have been authorised for issue by the board of directors on 2 November 2020.

DocuSigned by:

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 Director

DocuSigned by:

 618D38A5097A4BC...
 Director

Statement of Cash Flows

For the Period Ended 30 June 2020

	Notes	12 months 30/06/2020 \$	15 months 30/06/2019 \$
Cash Flow from Operating Activities			
<i>Cash was provided from:</i>			
Grants Received		-	1,106,350
Receipts from Customers		391,045	110,360
GST		5,641	27,057
Income Tax		35,068	-
		431,754	1,243,767
<i>Cash was applied to:</i>			
Payments to Suppliers and Employees		(274,082)	(2,257,494)
Finance Costs		-	(52,468)
GST		-	-
Income Tax		-	(37,298)
		(274,082)	(2,347,260)
Net Cash from Operating Activities	5.2	157,672	(1,103,493)
Cash Flow from Investing Activities			
<i>Cash was provided from:</i>			
Interest Received		7,952	133,215
<i>Cash was applied to:</i>			
Purchase of Associate	3.6	(9,174,125)	(12,616,697)
		(9,174,125)	(12,616,697)
Net Cash Used in Investing Activities		(9,166,173)	(12,483,482)
Cash Flow from Financing Activities			
<i>Cash was provided from:</i>			
Receipt of Convertible Notes	5.3	5,280,000	5,720,000
Receipt of Share Capital	4.1	7,923,752	8,146,600
		13,203,752	13,866,600
<i>Cash was applied to:</i>			
Share Subscriptions Held on Trust		-	(77,000)
Repayment of Convertible Notes		-	(58,500)
		-	(135,500)
Net Cash from Financing Activities		13,203,752	13,731,100
Net Increase/(Decrease) in Cash and Cash Equivalents		4,195,251	144,125
Cash and Cash Equivalents, Beginning of the Period		128,335	(15,790)
Cash and Cash Equivalents at End of the Period	3.1	4,323,586	128,335

Notes to the Financial Statements

For the Period Ended 30 June 2020

1. Basis of Preparation

1.1 Reporting Entity

These financial statements comprise the financial statements of Waimea Irrigators Limited "the Company", and its equity accounted investee, for the year ended 30 June 2020. The company has changed its balance date during the previous period. The comparative figures are for the fifteen months ended 30 June 2019.

The Company was incorporated on 06 September 2016. The Company is domiciled in New Zealand and registered under the Companies Act 1993.

The principal activity of the Company is to be a joint partner with Tasman District Council in the construction and operation of a dam in the Lee Valley.

The current focus of the Company is to:

- a) To ensure that the dam is constructed within budget; and
- b) To ensure sufficient release of dam water into the Upper Lee River and associated groundwater system to improve the reliability of its Shareholder's Ground Water Permits and/or Surface Water Permits through the affiliation of those Ground Water Permits and/or a Surface Water Permits under the Tasman Resource Management Plan. A Shareholder with a Shareholder Water Augmentation Agreement is entitled to apply for an Affiliated Ground Water Permit and/or a Surface Water Permit under the Tasman Resource Management Plan.

1.2 Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate, for Tier 1 for-profit entities.

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS). For financial reporting purposes the Company has designated itself as profit orientated.

The Company is a Financial Markets Conduct Act Entity, and as such, is required to report as a Tier 1 entity for the purposes for the Financial Reporting Act 2013 and the financial statements have been prepared in accordance with that Act.

The financial statements were authorised for issue by the Board of Directors on the date stated on page 5.

1.3 Basis of preparation

1.3.1 Basis of Measurement

The financial statements have been prepared on a historical cost basis. The accrual basis of accounting has been used and the financial statements have been prepared on a going concern basis.

1.3.2 Presentation Currency

The financial statements are presented in New Zealand dollars, which is the Company's functional currency, and rounded to the nearest dollar.

Notes to the Financial Statements For the Period Ended 30 June 2020

1.3 Basis of preparation (continued)

1.3.3 Estimation of Fair Value

A number of the Company's accounting policies and disclosures require the determination of fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when paying the asset or liability at the measurement date.

1.3.4 Critical Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 2.7 - Taxation
- note 3.2 – Receivables
- note 6.5.4 – Liquidity Risk

1.4 Significant Changes During the Period

1.41 COVID-19 Pandemic

In March 2020 the World Health Organisation designated COVID-19 to be a pandemic, threatening the health and wellbeing of large numbers of people across multiple countries.

In response, the New Zealand Government imposed restrictions on entry to New Zealand, business activity and societal interaction. The restrictions created conditions where only essential services could trade and people must remain at home, venturing out to access only the most essential goods and services.

The restrictions have not had a direct impact on the Company but have on the Company's investment in Waimea Water Ltd. Site works were suspended from 26 March 2020 to 28 April 2020, due to the Government imposed level 4 lock down. Work was also impeded during the level 3 and 2 restrictions.

The dam construction will be extended past the scheduled completion date. Costs due to the work suspension and productivity losses during levels 3 and 2 remain unknown, and the resolution of those matters may result in a future adjustment for carrying amounts incurred in May and June 2020. Further costs may also be incurred in future periods from any flow-on impacts, however these costs are unknown.

Notes to the Financial Statements For the Period Ended 30 June 2020

1.5 General Accounting Policies

The following accounting policies adopted in the financial statements have a significant effect on the results of the financial position.

1.5.1 Impairment of Non-Financial Assets

At each reporting date, the carrying amounts of the non-financial assets, other than deferred tax assets, are reviewed to determine whether there is any indication of impairment. If any such indications exist for an asset, the recoverable amount of an asset is estimated to determine the extent of the impairment loss (if any). The write down of an item recorded at historical cost will be recognised as an expense through profit or loss.

The carrying amount of an asset that has previously been written down to a recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down. The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to the recoverable amount has not occurred.

1.5.2 Impairment of Financial Assets

The company applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable assets.

Financial assets are de-recognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date. Financial liabilities are de-recognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

1.5.3 Expected Credit Losses

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

1.6 Standards & Interpretations Issued

There are no standards or amendments that have been issued but are not yet effective that are likely to have a significant impact on the Company.

Notes to the Financial Statements For the Period Ended 30 June 2020

1.7 Changes in Accounting Policies

During the period the following standards have come into force, which have an impact on the financial statements of the company:

- NZ IFRS 16, Leases
- NZ IFRIC 23, Uncertainty over income tax treatments

In the current year the company has applied NZ IFRS 16 Leases, which is effective for a period beginning on or after 1 January 2019. The adoption of this standard requires the Company to recognise leases as a liability with any lease that has a term of more than 12 months unless the underlying asset is of a low value. The company has no leases with terms of more than 12 months.

NZ IFRIC23, Uncertainty over income tax treatments has had no impact on the Company's reported financial position.

2 Performance

2.1 Revenue Recognition

Revenue is recognised when an agreement with a customer exists in accordance with NZ IFRS 15. Revenue can only be recognised when:

- (1) the parties to the contract have agreed (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- (2) the Company can identify each party's rights regarding the goods or services to be transferred;
- (3) the Company can identify the payment terms for the goods or services to be transferred;
- (4) the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract); and
- (5) it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

On application to purchase shares in the Company, applicants are required to pay \$100 per share applied for, as disclosed in the Product Disclosure Statement issued on 15 October 2018 and updated on 14 June 2019.

Each shareholder of the Company has entered into a Shareholder Water Augmentation Agreement with the company. The company has entered into a Wholesale Water Augmentation Agreement with Waimea Water Ltd. Under the terms of these agreements:

- The Company has the right to (and shall) require Waimea Water Ltd to release water from the Waimea Community Dam, into the Lee River, on behalf of the Company's shareholders.
- The company may charge the shareholders amounts to be determined in the Company's absolute discretion to recover all operating, capital, financing and other costs and expenses, whether fixed, variable or one-off, incurred by or imposed on the Company or required operate the Company and meet its obligations, including all amounts payable by the Company to Waimea Water Ltd under the Wholesale Water Augmentation Agreement.

Revenue is recognised at a point in time.

Notes to the Financial Statements For the Period Ended 30 June 2020

2.2 Government Grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Company. Where retention of a government grant is dependent on the Company satisfying certain criteria, it is usually recognised as deferred income. When the criteria for retention has been satisfied, the deferred income balance is released to the profit or loss or netted against the asset purchased.

The Government grant received during the previous period were general operational grants for the purposes of the development of a regional irrigation scheme proposal to an investment ready stage. The Government grant received during the year was fully utilised on operational expenses as shown in note 2.4.1.

2.3 Revenue

	12 months	15 months
	30/06/2020	30/06/2019
Application Fees	4,400	62,300
Total Revenue	<u>4,400</u>	<u>62,300</u>

Notes to the Financial Statements For the Period Ended 30 June 2020

2.4 Expenses

2.4.1 Administration Expenses

	12 months 30/06/2020	15 months 30/06/2019
Accountancy Fees	57,218	76,066
Audit Fees (Note 2.4.2)	26,521	22,000
Bank Fees & Charges	180	3,355
Century Water Ltd Expenses	16,161	-
Consultancy	62,731	301,925
Consent Compliance	-	3,629
Depreciation	413	1,056
Employee Benefits	-	46,295
Entertainment	257	539
General Expenses	1,681	-
Insurance	23,100	21,050
Legal Expenses	37,849	923,256
Office Costs	1,962	17,932
Public Relations	7,414	28,188
Procurement Costs	-	537,893
Recruitment Costs	-	1,028
Rental	2,334	3,250
Travel	-	4,870
Website Expenses	808	1,908
Total Expenses	238,629	1,994,240
Less Government Grants Received	-	791,553
Net Expenses	238,629	1,202,687

2.4.2 Auditors Remuneration

The audit fees are the amounts payable to the auditors (BDO Christchurch) for the auditing of the financial statements. They have not provided any other services to the Company.

Notes to the Financial Statements For the Period Ended 30 June 2020

2.4.3 Finance Costs

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or to the net carrying amount in initial recognition.

	12 months 30/06/2019	15 months 30/06/2019
<i>Interest Expense (Liabilities at Amortised Cost)</i>		
Convertible Notes	173,434	105,123
Bank Loan	-	23,046
	173,434	128,169

2.4.4 Share of Loss in Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

- (a) representation on the board of directors or equivalent governing body of the investee;
- (b) participation in policy-making processes, including participation in decisions about dividends or other distributions;
- (c) material transactions between the entity and its investee;
- (d) interchange of managerial personnel; or
- (e) provision of essential technical information.

On 12 December 2018 the company entered a contract to subscribe for 2,978 ordinary shares and 1,911 non-voting shares in Waimea Water Limited, for a total cost of \$25,966,697. An amount of \$21,790,822 had been paid as at the reporting date. The balance has been paid since.

At the end of the reporting period, the company holds a 48.89% interest in Waimea Water Limited (a Council-Controlled Entity). Waimea Water Ltd is a company incorporated in New Zealand on 17 November 2018, and based in Richmond, Nelson. The purpose of Waimea Water Ltd is to manage the construction, operation and maintenance of the Waimea Community Dam. In accordance with the Shareholders' Agreement, the Company has the right to cast up to 48.89% of the votes at shareholder meetings and can appoint two of 6 directors, each having one vote. One director appointed by the Company must be present to form a quorum.

The Tasman District Council retains control of Waimea Water Limited. The Company has significant influence, but not control, over Waimea Water Ltd.

During the period Waimea Water Ltd has announced a revised forecast cost estimate of \$129.4m, excluding Covid-19 costs. This is an increase of \$25m over the initial cost estimate at the commencement of the project. Waimea Irrigators Ltd has committed to funding half of the first \$3m increase in costs as disclosed in note 6.9, and Tasman District Council has committed to funding the remaining additional costs. The shareholders have agreed that the Tasman District Council additional funding will be by way of subscription for further shares. Tasman District Council will not be issued ordinary shares if it results in Waimea Irrigators Ltd holding less than 25% of the ordinary shares.

Notes to the Financial Statements For the Period Ended 30 June 2020

2.4.4 Share of Loss in Associate (continued)

The results and assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the investor's statement of financial position at cost and adjusted thereafter to recognise the investor's share of profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale.

When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate, the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The investment in Waimea Water Limited is accounted for using the equity method of accounting in the Financial Statements of Waimea Irrigators Limited. The carrying value of the investment by the Company differs to the Company's share of the net assets due to the future payments due of share capital being recorded by the Company but not by Waimea Water Ltd.

Summarised financial information of Waimea Water Ltd. This information has been prepared under PBE IPSAS reduced disclosure regime. There would be no difference had they been prepared under NZ IFRS.

	30/6/2020	30/6/2019
Cash and cash equivalents	4,268,000	4,722,000
Other Current assets	17,929,000	213,000
Non-current assets	51,436,000	34,077,000
Current liabilities	4,617,000	2,073,000
Non-current liabilities	14,597,000	2,161,000
Total Financial Liabilities	19,214,000	4,093,000
Net Assets (100%)	54,419,000	34,778,000
Company share of net assets (48.89%)	26,605,449	17,002,964
	12 months	15 months
	30/06/2020	30/06/2019
Revenues	-	-
Profit	(410,000)	(318,000)
Other comprehensive income	-	-
Total comprehensive income	(410,000)	(318,000)
Dividends received from associate	-	-

Notes to the Financial Statements For the Period Ended 30 June 2020

2.4.4 Share of Loss in Associate (continued)

	12 months 30/06/2020	15 months 30/06/2019
Opening Balance	25,811,227	-
Funds Invested	-	25,966,697
Share of Loss in Associate	(200,449)	(155,470)
Total	<u>25,610,778</u>	<u>25,811,227</u>

The Company has no unrecognised commitments to Waimea Water Ltd.
The company has contingent liabilities related to Waimea Water Ltd, as disclosed in note 6.9.

2.5 Interest Received

Interest income is recognised by applying the effective interest rate, except for short term receivable when the effect of discounting is immaterial.

2.6 Other Income

The Product Disclosure Statement states that a construction administration operating charge estimated at \$250 per share will be invoiced to all shareholders in two tranches following the issue of shares. The first tranche of \$125 was invoiced during the year and the second tranche is anticipated for April 2021.

These charges are not characterised as revenue under NZ IFRS15, as there the company has no performance obligations in respect of the charges. They have been classified as other income.

2.7 Income Tax

2.7.1 Current Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements For the Period Ended 30 June 2020

2.7.2 Deferred Tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and joint arrangements where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

When there is uncertainty concerning the company's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Company:

- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2019: 28%).

The movement on the deferred tax account is as shown below:

	12 months 30/06/2020	15 months 30/06/2019
Opening Balance	(77,663)	-
Recognised in profit and loss		
Tax Expenses	77,663	(77,663)
Recognised in other comprehensive income	-	-
Closing Balance	<u>-</u>	<u>(77,663)</u>

Notes to the Financial Statements For the Period Ended 30 June 2020

2.7.2 Deferred Tax (continued)

Details of the deferred tax asset, amounts recognised in profit or loss and amounts in other comprehensive income are as follows:

	Asset 2020	Liability 2020	Net 2020	(Charged) /credited to profit or loss 2020
Available losses	(43,985)	-	(43,985)	(43,985)
Other temporary and deductible differences	(33,678)	-	(33,678)	(33,678)
	<u>(77,663)</u>	<u>-</u>	<u>(77,663)</u>	<u>(77,663)</u>
	2019	2019	2019	2019
Available losses	43,985	-	43,985	43,985
Other temporary and deductible differences	33,678	-	33,678	33,678
	<u>77,663</u>	<u>-</u>	<u>77,663</u>	<u>77,663</u>

The other temporary and deductible differences are made up of the following amounts:

	12 months 30/06/2020	15 months 30/06/2019
Accrued interest on convertible notes	(27,518)	27,518
Other accrued expenditure	(6,160)	6,160
Taxable Income (Loss)	<u>(33,678)</u>	<u>33,678</u>

Notes to the Financial Statements For the Period Ended 30 June 2020

2.7.3 Tax Reconciliation

	12 months 30/06/2020	15 months 30/06/2019
Income	(213,160)	(1,290,811)
Losses Brought Forward	(157,089)	(215,617)
Losses Forfeited Due to Loss of Shareholder Continuity		924,749
Permanent Differences	192,059	304,312
Temporary Differences	(82,778)	120,278
Taxable Income (Loss)	<u>(260,968)</u>	<u>(157,089)</u>

2.7.4 Critical Estimates and Assumptions

Forecasts indicate that it is no longer probable that enough taxable profit will be generated in the foreseeable future to allow the deferred tax asset to be recovered. The previously recognised deferred tax asset has been de-recognised in the current period. The deferred tax asset not recognised consists of income tax on tax losses carried forward to future periods. The total amount of deferred tax asset not recognised is \$73,071.

2.7.5 Imputation Credits

The movements during the period in the imputation credit account are

	12 months 30/06/2020	15 months 30/06/2019
Opening Balance	37,290	-
Plus Tax Paid During Period	2,222	37,290
Less Taxation Refunded During Period	(37,308)	-
Balance Available to Shareholders	<u>2,204</u>	<u>37,290</u>

Notes to the Financial Statements For the Period Ended 30 June 2020

3. Operating Assets and Liabilities

3.1 Cash and Cash Equivalents

Financial instruments comprising cash and cash equivalents are recognised in the Statement of Financial Position when the Company becomes party to a financial contract.

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

	30/06/2020	30/06/2019
Cash at bank and in hand	4,323,586	128,335
Total Cash and Cash Equivalents	<u>4,323,586</u>	<u>128,335</u>

The carrying amount of cash and cash equivalents approximates their fair value.

3.2 Trade and Other Receivables

Financial instruments comprising trade and other receivables (categorised as financial assets at amortised cost), are recognised in the Statement of Financial Position when the Company becomes party to a financial contract.

Trade and other receivables are recognised initially at fair value, plus directly attributable transaction costs. Subsequent to initial recognition trade receivables are measured at amortised cost less expected credit losses.

Trade Debtors	172,248	120
Total	<u>172,248</u>	<u>120</u>

Trade debtors are non-interest bearing and receipt is normally on 30 days terms. Therefore, the carrying value of trade debtors and other receivables approximates its fair value. They consist of share capital receivable from shareholders.

For trade receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company does not have long term receivables which would require to be amortised using the effective interest method. Bad debts are written off, through profit and loss when identified.

Notes to the Financial Statements For the Period Ended 30 June 2020

3.2.1 Critical Estimates and Assumptions

At the reporting date the trade debtors consisted of shareholder amounts due for the final instalment of share capital. The amounts were all 10 days overdue. Of the total amount of \$172,248, debtors owing \$90,250 had arranged payment dates.

Failure of the shareholders to complete payment of their shares can result forfeiture of their partly paid shares and their initial payment. The company is able to enforce payment through conditions of a Shareholders Water Augmentation Agreements (SWAA) with each of its shareholders and can suspend the rights to the release of Dam water. In such cases the shareholder continues to be liable for water charges even if rights to Dam Water are suspended.

The directors have made the assumption that all trade debtors will be received, and the company does not have any expected credit losses in respect of them. This assumption is based on the historical recovery of all trade debtors.

3.3 Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, except for Trade Receivables and Payables which are recorded as GST Inclusive.

3.4 Investment in Associate

Refer to note 2.4.4

3.5 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade Payables and Other Payables are financial liabilities that are measured initially at fair value and subsequently at amortised cost using the effective interest method.

All trade payables are on standard terms and are paid on the 20th of the month following invoice unless otherwise specified. The carrying amounts approximate fair value.

	30/06/2020	30/06/2019
Trade Payables	58,080	101,950
Total	<u>58,080</u>	<u>101,950</u>

Notes to the Financial Statements For the Period Ended 30 June 2020

3.6 Payable for Investment in Associate

On 12 December 2018 the company entered a contract to subscribe for 2,978 ordinary shares in Waimea Water Limited, for a total cost of \$25,966,697. A total of \$21,790,822 has been paid. The balance is payable. No interest is payable on the balance.

Current	due 20 July 2020	4,175,875	4,998,250
		-	4,175,875
Total Current		<u>4,175,875</u>	<u>9,174,125</u>
Non-current		-	4,175,875
Total		<u><u>4,175,875</u></u>	<u><u>13,350,000</u></u>

3.7 Convertible Notes

The component parts of convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is determined using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, at which time, the balance recognised in equity will be transferred to issued share. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

	12 months 30/06/2020	15 months 30/06/2019
Opening Balance	4,854,273	579,319
Less Repayment	-	(599,427)
Convertible Notes Issued	-	4,756,000
Notes Converted to Shares	(40,212)	-
Interest Paid and Payable	173,439	118,381
Total	<u><u>4,987,500</u></u>	<u><u>4,854,273</u></u>

Notes to the Financial Statements For the Period Ended 30 June 2020

3.7 Convertible Notes (continued)

Convertible Notes comprise of amounts advanced to the Company by parties interested in the construction of the Waimea dam.

The company issued 2,000 Convertible Notes of \$5,500 each on 12 December 2018 with variable interest rates as follows:

- 0% per annum from 18 December 2018 to the date of Practical Completion of the Waimea Dam;
- 3% per annum from the date of Practical Completion to 21 December 2028;
- 3.5% per annum from the 22 December 2028 to 21 December 2032; and
- 4% per annum from 22 December 2032 to 21 December 2063

These convertible notes are subject to the following conditions:

- A minimum 500 convertible notes are to be converted to 500 shares no later than 21 December 2028
- A minimum of 1000 convertible notes are to be converted to 1000 shares no later than 21 December 2032
- The remaining 1,000 convertible notes can be converted to 1,000 shares following the required notice period or will be redeemed on maturity on 21 December 2063

Interest on the convertible notes has been calculated using the yield to maturity basis, to allocate interest over the life of the notes.

As at the reporting date 46 notes have been converted to shares.

The estimated fair value of the non-convertible bond is categorised within Level 2 of the fair value hierarchy. The fair value estimate has been determined from the perspective of a market participant that holds these non-convertible bonds as assets at 12 December 2018.

At balance date the fair value of the convertible note liabilities was \$6,798,000.

4 Equity

4.1 Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

During the period an additional 46 shares were issued, from the conversion of convertible notes. The total number of shares issued at the reporting date was 3,096. The convertible notes had a value of \$254,204, including accrued interest of \$40,212.

The shares have no par value.

Notes to the Financial Statements For the Period Ended 30 June 2020

4.1 Share Capital (continued)

	Note	30/06/2020		30/06/2019	
		No's	\$	No's	\$
<u>Issued Shares</u>					
Opening Balance		3,050	8,658,100	5	-
Shares Issued		-	-	3045	8,658,100
Calls on Shares Issued		-	8,096,000		
Converted from Convertible Notes		46	254,204	-	-
Total		3,096	17,008,304	3,050	8,658,100
<u>Share Capital From Convertible Notes</u>					
Opening Balance			6,244,000		-
Share Capital From Convertible Notes	3.7		-		6,244,000
Notes Converted to Shares			-213,992		-
Total			6,030,008		6,244,000
Total Capital			23,038,312		14,902,100

All shares have equal entitlement to dividends and any surplus on winding up. All shares have equal voting rights.

5 Cash Flow

5.1 Cash flows

For the purposes of the Cash Flow Statement cash includes cash on hand, deposits held at call with banks, net of any bank overdrafts.

Cash flows are included in the cash flow statement on a gross basis with exception of movement in taxation which has been netted off.

Notes to the Financial Statements For the Period Ended 30 June 2020

5.2 Reconciliation of Net Profit to Cashflows from Operating Activities

	12 months 30/06/2020	15 months 30/06/2019
Operating Deficit for the Period	(213,160)	(1,290,811)
Non Cash Expense		
Depreciation	413	1,056
Amortised Interest - Convertible Loans	173,434	88,959
Share of Loss in Associate	200,449	155,470
Items Classified As Investing		
(Increase)/Decrease in Accounts Payable relating to property plant & equipment additions		
Interest Income	(7,952)	(133,215)
Items Classified As Financing		
(Increase)/Decrease in Accounts Receivable relating to share capital call	172,248	-
Movement In Working Capital Items		
(Increase)/Decrease in GST Receivables	13,165	18,786
(Increase)/Decrease in Accounts Receivables	(172,128)	410,246
Increase/(Decrease) in Accounts Payables	(43,865)	(311,230)
Increase/(Decrease) in Employees Benefits Payable	-	(5,456)
Increase/(Decrease) in Tax Payable	35,068	(37,298)
NET CASH FLOWS FROM OPERATING ACTIVITIES	157,672	(1,103,493)

Notes to the Financial Statements For the Period Ended 30 June 2020

5.3 Reconciliation of cashflows from financing activities to borrowings

	12 months 30/06/2020	15 months 30/06/2019
Net cash from financing activities	13,203,752	13,731,100
<u>Cash Transactions</u>		
Share Capital	(7,923,752)	(14,902,100)
Convertible Notes Receivable	(5,280,000)	5,280,000
<u>Non-Cash Transactions</u>		
Amortised Interest	173,434	98,273
Convertible Notes Converted to Shares	(40,207)	
Interest Payable		(9,319)
Opening borrowings	4,854,273	656,319
CLOSING BORROWINGS	4,987,500	4,854,273
Borrowings consist of:		
Convertible notes	4,987,500	4,854,273

6 Other Notes

6.1 Director's Remuneration

There was no remuneration paid to directors during the period, or the previous period.

6.2 Employee remuneration

During the period there was no remuneration paid to employees.

6.3 Donations

There were no donations paid during the period, or the previous period.

6.4 Interests register

There were no entries made in the interests register during the period

Notes to the Financial Statements For the Period Ended 30 June 2020

6.5 Financial Instruments

The Company has exposure to the following risks from its use of financial instruments

6.5.1 Credit Risk

To the extent that the Company has a receivable from another party there is a credit risk in the event of non-performance by the counterparty. Financial instruments which potentially subject the group to credit risk principally consist of bank balances and receivables.

The Company manages its exposure to credit risk to minimise losses from bad debts as follows:

Cash and Cash Equivalents

Cash is only invested in New Zealand banks with a Standard & Poor's credit rating of AA- or better, which reflects a stable outlook and reduced risk of failure by the bank.

Trade and Other Receivables

Trade receivables are owed by shareholders of the company. Failure of the shareholders to complete payment of their shares can result forfeiture of their partly paid shares and their initial payment. The company is able to enforce payment through conditions of a Shareholders Water Augmentation Agreements (SWAA) with each of its shareholders and can suspend the rights to the release of Dam water. In such cases the shareholder continues to be liable for water charges even if rights to Dam Water are suspended.

The credit risk of trade receivables is low.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are limited and highly motivated to ensure the Waimea dam project proceed.

Maximum exposures to credit risk at balance date are:

	note	30/06/2020	30/06/2019
Financial Instruments			
Convertible Note Receivables		-	5,280,000
Cash and Cash Equivalents	3.1	4,323,586	128,335
Trade and Other Receivables	3.2	172,248	120
		<u>4,495,834</u>	<u>5,408,455</u>

There are no assets past due that are impaired. The Directors expect to recover all receivables in the ordinary course of business.

6.5.2 Interest Rate Risk

The Company is not exposed to any specific interest rate risk other than normal interest rate movements daily in the New Zealand market.

Notes to the Financial Statements For the Period Ended 30 June 2020

6.5.3 Currency Risk

The Company does not have exposure to currency risk, as it does not enter into any foreign currency transactions or hold any foreign investments.

6.5.4 Liquidity Risk

Liquidity Risk represents the Company's ability to meet its financial obligations on time. The Company in the period being reported generated negative cash flows from operating activities, however has enough funds available to make timely payments through the use of Convertible Notes and the Overdraft Facility. All trade payables are due within 30 days of the reporting date.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of cash flows. The amount disclosed in the table are contractual undiscounted cash flows.

	Between 2					Total Contractual Cashflow	Carrying Amount
	Less than 2 Months	and 12 Months	Between 1 & 2 Years	Between 2 & 5 Years	Over 5 Years		
30 June 2019							
Trade Payables	101,950	-	-	-	-	101,950	101,950
Convertible Notes	-	-	-	-	10,231,870	10,231,870	4,854,273
Payable for Investment in Associate	-	9,174,125	4,175,875	-	-	13,350,000	13,350,000
Total	101,950	9,174,125	4,175,875	-	10,231,870	23,683,820	18,306,223
30 June 2020							
Trade Payables	58,080	-	-	-	-	58,080	58,080
Convertible Notes	-	-	-	-	10,231,870	10,231,870	4,987,500
Payable for Investment in Associate	4,175,875	-	-	-	-	4,175,875	4,175,875
	4,233,955	-	-	0	10,231,870	14,465,825	9,221,455

6.5.4.1 Critical Estimates and Assumptions

The contractual cashflow amounts for the convertible notes are the total amount of interest payable under the convertible note agreement. The assumption in the calculation of these amounts is that no further notes will be converted to shares until the last possible dates under the agreement, and that all notes will be converted to shares.

6.5.5 Liquidity Forecast

Management manages liquidity risk by monitoring short term and medium term cash flows for up to 2 years in the future.

Notes to the Financial Statements For the Period Ended 30 June 2020

6.5.6 Capital Management

The directors' objectives when managing capital are to safeguard the entity's ability to continue as a going concern. Capital includes Equity and Convertible Notes on the basis that it is probable that these will be converted to equity under the share offer.

The directors manage the capital structure and make adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust capital, the directors may issue new shares.

6.5.7 Classification of Financial Instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities. The estimated fair values of financial instruments did not differ from their carrying values, except for the convertible notes, disclosed in note 3.7, as they are all short term.

30 June 2019	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
Financial Assets			
Convertible Note Receivable	5,280,000	-	5,280,000
Cash and Cash Equivalents	128,335	-	128,335
Trade and Other Receivables	120	-	120
Total	5,408,455	-	5,408,455

Financial Liabilities			
Trade and Other Payables	-	101,950	101,950
Convertible Notes	-	4,854,273	4,854,273
Payable for Investment in Associate	-	13,350,000	13,350,000
Total	-	18,306,223	18,306,223

30 June 2020	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
Financial Assets			
Cash and Cash Equivalents	4,323,586	-	4,323,586
Trade and Other Receivables	172,248	-	172,248
Total	4,495,834	-	4,495,834

Financial Liabilities			
Trade and Other Payables	-	58,080	58,080
Convertible Notes	-	4,987,500	4,987,500
Payable for Investment in Associate	-	4,175,875	4,175,875
Total	-	9,221,455	9,221,455

Notes to the Financial Statements For the Period Ended 30 June 2020

6.5.8 Sensitivity Analysis

The Company has exposure to market risks in relation to its financial assets and liabilities as outlined above. The value of the financial assets and liabilities can vary depending on changes to these underlying market risk factors. How much the underlying asset or liability moves relative to a given percentage movement in the underlying market risk factor is a measure of sensitivity of the asset or liability. The Company is sensitive to changes in the underlying credit risk of counterparties but has managed this as outlined above.

6.6 Related Party Transactions

6.6.1 Directors Convertible Notes

In the prior years the five directors advanced funds to the Company in the form of Convertible Notes for it to conduct its business. All transactions have been conducted on normal commercial terms with exception of interest-bearing advances to the Company. At the previous reporting date the notes had all been repaid or converted to share capital. The following interest was paid:

Directors	Entity	12 months 30/06/2020	15 months 30/06/2019
Murray Grant KING	Kingsway Farms Ltd	-	1,246
Mark Randall O'CONNOR	Appleby Fresh Ltd	-	4,318
Julian Richard RAINE	Wai-West Horticulture Ltd	-	1,246
Mathew Simon HODDY	Vailima Orchard Ltd	-	4,265
Andrew Phillip KININMONTH	WPM Holdings Ltd	-	623

6.6.2 Directors Shares

During the previous period the following directors converted some of the convertible notes to fully paid shares in the company. The number of shares issued on conversion is set out below.

Directors	Entity	Shares Issued	Shares Issued
Murray Grant KING	Kingsway Farms Ltd	-	4
Mark Randall O'CONNOR	Appleby Fresh Ltd	-	12
Julian Richard RAINE	Wai-West Horticulture Ltd	-	4
Mathew Simon HODDY	Vailima Orchard Ltd	-	13
Andrew Phillip KININMONTH	WPM Holdings Ltd	-	2

All the directors purchased shares in the Company under the terms of the Product Disclosure Statement for the offer of water shares in Waimea Irrigators Limited, dated 15 October 2018. The number of shares purchased is set out below:

Directors	Entity	Shares Issued	Shares Issued
Murray Grant KING	Kingsway Farms Ltd	-	64
Mark Randall O'CONNOR	Appleby Fresh Ltd	-	153
Julian Richard RAINE	Wai-West Horticulture Ltd	-	248
Julian Richard RAINE	J & C Raine	-	1
Mathew Simon HODDY	Vailima Orchard Ltd	-	231
Richard BENNISON	Bennison Family Trust	-	1

Notes to the Financial Statements For the Period Ended 30 June 2020

6.6.2 Directors Shares (continued)

During the period share payments were received on the 2nd and 3rd instalments of shares issued under the terms of the Product Disclosure Statement for the offer of water shares in Waimea Irrigators Limited, dated 15 October 2018. The amount received is set out below:

Directors	Entity	12 months 30/6/20	15 months 30/6/19
Murray Grant KING	Kingsway Farms Ltd	176,000	176,000
Mark Randall O'CONNOR	Appleby Fresh Ltd	420,750	420,750
Julian Richard RAINE	Wai-West Horticulture Ltd	682,000	682,000
Julian Richard RAINE	J & C Raine	2,750	2,750
Mathew Simon HODDY	Vailima Orchard Ltd	635,250	635,250
Richard BENNISON	Bennison Family Trust	2,750	2,750

6.6.3 Director Construction Charges

During the period the following construction charges were received from the directors. The amounts are set out below:

Directors	Entity	12 months 30/6/20	15 months 30/6/19
Murray Grant KING	Kingsway Farms Ltd	8,625	-
Mark Randall O'CONNOR	Appleby Fresh Ltd	20,750	-
Julian Richard RAINE	Wai-West Horticulture Ltd	31,500	-
Julian Richard RAINE	J & C Raine	250	-
Mathew Simon HODDY	Vailima Orchard Ltd	30,625	-
Richard BENNISON	Bennison Family Trust	250	-

6.7 Key Management Personnel

Key Management personnel include the directors and Project Manager.

6.8 Commitments for Expenditure

	Less than one Year	More than one year and not later	Later than 5 years
30 June 2019			
Office Rental	2,000	667	-
30 June 2020			
Office Rental	1,750		-

Notes to the Financial Statements For the Period Ended 30 June 2020

6.9 Contingent Liabilities

There is a risk the dam project could experience cost overruns. If this occurs the Company will share the cost of the first \$3 million of construction overruns with Tasman District Council equally. The Company's \$1.5m share of these costs will be funded from a loan from CIIL to Waimea Water Ltd. Repayment of the loan will be funded by the shareholders of the Company, through increased water charges. At balance date it is likely the cost overruns will exceed \$3 million. The Company has no liability for cost overruns of more than \$3 million.

6.10 Events after the reporting date

There have been no material events after the reporting date that would have a material effect on these financial statements. (30/6/19: nil)

6.11 Going Concern

These financial statements have been prepared on a going concern basis. The forecast cash flows indicate the company has a positive cashflow for the next year. There are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WAIMEA IRRIGATORS LIMITED

Opinion

We have audited the financial statements of Waimea Irrigators Limited ("the Company"), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p>Contingent Liability</p> <p>The Company has one contingent liability at reporting date in relation to its investment in its associate Waimea Water Limited.</p> <p>We focused on this matter due to its material nature.</p> <p>The contingent liability is disclosed in Note 6.9.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We obtained documentation for the agreement entered into by the Company • We reviewed the inclusion and disclosure of the contingent liability against NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets • We assessed if the contingent liability should be recognised as a liability at reporting date

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Warren Johnstone.



BDO Christchurch
Christchurch
New Zealand
2 November 2020