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Waimakariri Irrigation Limited



**Annual Report
For The Year Ended
30 June 2010**

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DIRECTORY

Directors

Richard W Allison (Chairman)
Andrew J Mehrtens
Graeme J Sutton
David G K Viles
Gavin R Reed
Geoffrey R H Spark (appointed 11 March 2010)

Secretary

Brent R Hassall

Registered Office

C/o Koller & Hassall Limited
267 High Street
RANGIORA

Accountants

Koller & Hassall Limited

Auditor

Prosser Quirke & Co.

Bankers

Bank of New Zealand

Solicitors

Chapman Tripp

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CHAIRMAN'S REPORT

For The Year Ended 30 June 2010

This year saw the completion and bedding in of the WIL Scheme Upgrade which accommodates the addition 1.5 cumecs previously consented for the Eyre River recharge. Planning also continued for the three development initiatives, being: - scheme storage, electricity generation with MainPower and the Ngai Tahu development of forestry into irrigated farmland.

This Year's Financial Result

The Group (combined WIL and North Canterbury Land Holdings) achieved a profit before depreciation and taxation of \$675,981, up from \$454,517 in 2009.

The main expenditure changes were:-

- General administration expenses were up \$141,436 reflecting higher resource consent compliance activity. The main increases were professional services and fees regarding storage investigations.
- Interest costs were up \$94,111 reflecting the new upgrade loan costs. Interest costs were at the same time minimized through strong loan repayments of the original loans.
- The operating expenses were down \$16,876 and repairs and maintenance was up by \$8,807.

The main income changes were:-

- The irrigation water charge increased by \$396,899 to cover the upgrade physical and financial servicing costs.
- The stockwater management fee increased by the CPI being \$4,488.
- No change to the \$36,000 per annum contribution from MainPower. This payment to WIL is to compensate for additional meetings and administration relating to the generation planning and potential agreement.

Communication

An outcome of the upgrade share allocation process was that shareholders requested more regular updates from the Board and management. Quarterly newsletters were maintained over the year. A scheme storage meeting for interested shareholders was well attended, with an updated consultation meeting planned to take place early in the 2010/11 season.

The invitation remains for shareholders to speak to the Board at monthly Board Meetings. This year the invitation was taken up by a shareholder and was appreciated.

Main Issues

During the year the Board and management have addressed the following issues:-

Resource Consent:

- WRRP Change 1 discussions with Ecan and presentation at hearings.
- Central Plains Resource Consent – continued submission to maintain an influence in the consent condition process.
- Implementation of 1.5 cumecs ex Eyre River recharge consent.
- Continued on-farm surveys of 20% of shareholders.
- Implementing the on-farm storage Supplementary Water Supply Agreements.

Strategic Issues:

- Canterbury Strategic Water Strategy.
- Hydro Power Generation Project.
- Scheme Storage Project.
- Ngai Tahu Property Irrigation Project.

Other Initiatives:

- Lysimeter Project in partnership with Ecan.
- Completion of WIL Risk Evaluation Project with MWH.

Management and Governance

WIL is fortunate to have Phill Reid's knowledge built up over thirty years. Equally Alan Buckland, Russ Carmody and Danny Reid are increasing their breadth of understanding of WIL's operational requirements. Their combined expertise will be invaluable throughout forthcoming developments.

Geoff Spark was elected and consequently appointed to the Board in March 2010. Geoff has made a valuable contribution to the WIL Board.

There was increased work this year for the Generation Committee as planning for a combined intake and main race upgrade initiative for both Ngai Tahu and MainPower went to a new level. The Committee was chaired by Graeme Sutton, with David Viles and Richard Allison.

WIL continues to operate with Board members undertaking functions usually carried out by a General Manager. The effectiveness of the current WIL governance/management structure will diminish as the company grows.

The Board identifies that WIL will likely benefit, at a point in the future, from following other irrigation companies into separating the governance and executive management functions. Separation of the two roles would allow for more effective management of our growing infrastructural water business.

The Year Ahead

As this report is being written, the 2010/2011 season is underway. The risk evaluation assessment has been well tested by the 7.1 magnitude earthquake on 4th September and after our engineers' check it appears the quake's effects have been minor on our major assets, the main race and intake.

The Canterbury Water Management Strategy has led to selection and operation of a Waimakariri Zone Committee. We congratulate WIL shareholder, Claire McKay, on her selection to this committee. WIL has made its first interactive presentation to the Zone Committee members and we hope to grow our working relationship over the coming years.

The Board is focussed on scheme storage and the refill synergy that this would provide shareholders, who need reliability of supply to be efficient water users.

The Board is equally focussed on the Ngai Tahu Properties and MainPower development initiatives. Development success or otherwise depends upon preparation and good communication between all parties. This is an opportunity to ensure that our co-operative company grows productively, efficiently and sustainably for the future. Your Board's planning is focussed on ensuring this opportunity is not lost.

Finally a special thank you to Graeme Sutton, who retires at this year's AGM. After eight years as a WIL director, Graeme can be proud of his significant contribution. His role as chairman of Irrigation New Zealand has also been very helpful in Board discussions. Graeme has chaired the Generation Committee for two years.



Richard W Allison
Chairman
22 October 2010

DIRECTORS' REPORT

Your directors have pleasure in presenting the Annual Report for the year ended 30 June 2010.

Principal Activities

The provision of an irrigation water supply to farmers in certain areas of the Waimakariri District between the Waimakariri and Ashley Rivers.

Financial Summary

Summary of the Financial Results for the five years ended 30th June 2010.

	Group 2010 \$	Group 2009 \$	Group 2008 \$	Group 2007 \$	WIL 2006 \$
Operating Profit before Depreciation & Taxation	675,981	454,517	31,399	282,069	402,191
Less Depreciation	445,952	395,208	395,313	371,818	366,807
Less Income Tax	(16,705)	-	-	-	-
OPERATING SURPLUS / (LOSS)	\$246,734	\$59,309	(\$363,914)	(\$89,749)	\$35,384
<u>Equity:</u>					
Share Capital	7,244,000	7,244,000	7,244,000	7,244,000	7,244,000
Deficit of Earnings	(252,775)	(499,509)	(558,819)	(194,905)	(105,156)
TOTAL EQUITY	\$6,991,225	\$6,744,491	\$6,685,181	\$7,049,095	\$7,138,844
CAPITAL EXPENDITURE	\$1,075,590	\$1,458,019	\$200,827	\$1,628,178	\$260,790

Directors Holding Office During The Year

Richard W Allison (Chairman)
Andrew J Mehrtens
Graeme J Sutton
David G K Viles
Gavin R Reed
Geoffrey R H Spark (appointed 11 March 2010)

With the exception of Mr Geoffrey Spark, all of the directors of Waimakariri Irrigation Limited were also directors of the subsidiary North Canterbury Land Holdings Limited. (Mr Spark was appointed a director of North Canterbury Land Holdings Limited on 5 August 2010)

In accordance with the Company's Constitution two Directors must retire in rotation and do so.

Mr Richard Allison retires by rotation and has offered himself for re-election.

Mr Graeme Sutton retires by rotation and has **not** offered himself for re-election.

During the year Mr Geoffrey Spark who was appointed by the board (following approval of the shareholders) is required to retire and has offered himself for re-election.

Remuneration of Directors

\$93,891 was paid to the directors for services to the Group relating to the year ended 30 June 2010.
(2009: \$93,066)

	Directors' Fees
Richard W Allison	37,000
Andrew J Mehrtens	14,615
Graeme J Sutton	12,795
David G K Viles	12,795
Gavin R Reed	12,795
Geoffrey R H Spark	3,891
Total Directors' Fees	\$93,891

Remuneration of Employees

No employee of the company received remuneration during the year exceeding \$100,000.

Audit Committee

The audit committee did not meet during the year and does not have a report.

Current Entries in the Company's Interests Register

Director	Interested Party
Richard W Allison	Peppertree Preschool Ltd; MainPower Trust, North Canterbury Land Holdings Ltd
Andrew J Mehrtens	Malvern Farmers Veterinary Club (Inc), B I Mehrtens Trust, A.J. & J.F. Mehrtens Family Trust, North Canterbury Land Holdings Ltd
Graeme J Sutton	Larundel Dairy Partnership, Larundel Holdings Ltd, NZ Industry Training Organisation, Irrigation New Zealand Inc, North Canterbury Land Holdings Ltd, Inniskillen Dairy Ltd.
David G K Viles	Enterprise North Canterbury; Delta Woods Ltd, North Canterbury Land Holdings Ltd, Mainpower N.Z. Ltd, Talanton Consultants Ltd
Gavin R. Reed	North Canterbury Land Holdings Ltd
Geoffrey R H Spark	North Canterbury Land Holdings Ltd, Torlesse Farm Ltd, Geoff & Rochelle Spark Family Trust

Schedule of Directors' Shareholdings at 30th June 2010

Richard W Allison	280 Shares
Andrew J Mehrtens	2247 Shares
Graeme J Sutton (Larundel Dairy Partnership)	2527 Shares
Gavin R Reed	854 Shares
Geoffrey R H Spark	1,680 Shares
Torlesse Farm Ltd	1,008 Shares

Share Dealings by Directors

No director had an interest in any sale or purchase of shares during the year.

Donations

The Group made no donations during the year.

Auditors

Prosser Quirke and Co. are the auditors of Waimakariri Irrigation Limited and have signified their willingness to continue. A resolution to re-appoint them as Auditor in accordance with section 196(l) of the Companies Act 1993 will be proposed at the Company's Annual General Meeting.

Audit fees paid to Prosser Quirke and Co. during the year totalled \$5,000. No other services were provided by the auditors and no other payments were made to them.

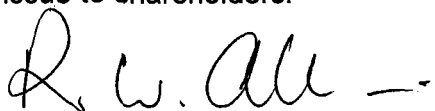
Co-operative Company Status

On Thursday, 1st July 2010 the directors unanimously passed the following resolution:-

THAT pursuant to section 10 of the Co-operative Companies Act 1996, in the opinion of the Board, the Company has, throughout the accounting period to which the Annual Report for the year ended 30th June, 2010 relates, been a co-operative company and that the reasons for the directors' opinions are:

- (a) that they re-affirm the value of the co-operative company as a measure of facilitating its shareholders carrying on business on a mutual basis.
- (b) that the principal activity of the company remains, as stated in the constitution, a co-operative activity in which not less than 60 percent of the voting rights are held by transacting shareholders.

These financial statements were adopted by the Board at its meeting on 8th October, 2010 and approved for issue to shareholders:



Richard W. Allison (Director)



Andrew J Mehrtens (Director)

Date: 22 October 2010

PROSSER QUIRKE & CO.

Chartered Accountants & Business Advisors

PARTNERS: Peter J Quirke, C.A., J.P. , Donald M Robertson, B Comm., B Comm. (Ag), C.A.
Stephen B Kelliher, B.Com., C.A.

AUDIT REPORT TO SHAREHOLDERS OF WAIMAKARIRI IRRIGATION LIMITED

We have audited the financial statements on pages 10 to 19 of the Annual Report of Waimakariri Irrigation Limited for the year ended 30 June 2010. The report provides information about the past financial performance of the Company and the Group and their financial position as at 30 June 2010. This information is stated in accordance with the accounting policies set out in the report.

Directors Responsibilities

The Directors are responsible for the preparation of a financial report to give a true and fair view of the financial position of the Company and the Group as at the 30 June 2010 and of the results of operations and cash flows for the year ending at that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion of the financial statements presented by the board and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit according to generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements detailed on pages 10 to 19 are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have audited the Financial Statements of North Canterbury Land Holdings Limited and also the consolidation of Waimakariri Irrigation Limited and North Canterbury Land Holdings Limited as prepared by Koller and Hassall Limited and there are no matters arising from the consolidation or audit.

Other than in our capacity as auditors we have no relationship with or interests in Waimakariri Irrigation Limited or the Group.

We have obtained all the information and explanations that we have required.

In our opinion:

- Proper accounting records have been kept by the Board as far as appears from our examination of those records; and
- The Financial Statements on pages 10 to 19:
 - comply with generally accepted accounting practice: and
 - give a true and fair view of the financial position of Waimakariri Irrigation Limited and the Group as at 30 June 2010, and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 21st October 2010 and our unqualified opinion is expressed as at that date.



PROSSER QUIRKE & CO.
Chartered Accountants
Rangiora

21st October 2010

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STATEMENT OF FINANCIAL PERFORMANCE
For The Year Ended 30 June 2010

	Group 2010 \$	Group 2009 \$	WIL 2010 \$	WIL 2009 \$
OPERATING REVENUE				
Irrigation Water Charges	1,814,400	1,417,501	1,814,400	1,417,501
Stock Water Race Management	161,460	156,972	161,460	156,972
Share Transfer Fees	6,356	7,111	6,356	7,111
Reimbursement Stockwater Wages	-	568	-	568
Rental Income	55,333	55,587	-	-
Sundry Income	36,000	36,000	36,000	36,000
Interest Income	14,745	19,022	14,745	18,843
	2,088,294	1,692,761	2,032,961	1,636,995
Less EXPENSES				
Operating Expenses	55,225	72,101	51,432	68,840
Vehicle Expenses	61,628	61,521	61,628	61,521
Repairs and Maintenance	161,057	152,250	161,057	152,250
Audit Fees	5,150	6,175	4,300	5,325
Directors Fees	93,891	93,066	93,891	93,066
Employee Salaries	249,321	250,777	249,321	250,777
General Administration Expenses	317,927	176,491	315,763	174,246
Insurances and ACC Levies	37,357	36,773	37,357	36,773
Prospectus & Share Restructure Costs	-	61,211	-	61,211
Other Legal Fees	42,118	33,351	42,118	33,351
Interest Paid	388,639	294,528	289,012	172,206
	1,412,313	1,238,244	1,305,879	1,109,566
OPERATING SURPLUS	\$675,981	\$454,517	\$727,082	\$527,429
BEFORE DEPRECIATION AND TAXATION				
Depreciation and Amortisation Expense	445,952	395,208	445,952	395,208
Income Tax Expense/(Income)	(16,705)	-	(11,287)	-
NET OPERATING SURPLUS/(DEFICIT)	\$246,734	\$59,309	\$292,417	\$132,221

STATEMENT OF MOVEMENTS IN EQUITY
For The Year Ended 30 June 2010

	Group 2010 \$	Group 2009 \$	WIL 2010 \$	WIL 2009 \$
Opening Equity	6,744,491	6,685,182	6,990,778	6,858,557
Total Revenues and Expenses for the Year	246,734	59,309	292,417	132,221
Calls on Share Capital	-	-	-	-
Net Movement in Equity	246,734	59,309	292,417	132,221
CLOSING EQUITY	\$6,991,225	\$6,744,491	\$7,283,195	\$6,990,778



STATEMENT OF FINANCIAL POSITION
As At 30 June 2010

	Notes	Group 2010 \$	Group 2009 \$	WIL 2010 \$	WIL 2009 \$
EQUITY					
Share Capital	5	7,244,000	7,244,000	7,244,000	7,244,000
Retained Earnings	6	(252,775)	(499,509)	39,195	(253,222)
		6,991,225	6,744,491	7,283,195	6,990,778
NON CURRENT LIABILITIES					
	13	4,150,084	4,134,173	2,600,084	2,584,173
CURRENT LIABILITIES					
Bank Overdraft	-	-	-	-	-
Accounts Payable and Accruals	12	191,880	534,990	184,964	528,582
Current Portion of Term Loan		352,633	333,827	352,633	333,827
Income Tax Payable	-	-	-	-	-
	4	544,513	868,817	537,597	862,409
TOTAL EQUITY AND LIABILITIES		\$11,685,822	\$11,747,481	\$10,420,876	\$10,473,360
NON CURRENT ASSETS					
Property, Plant & Equipment	7	10,722,250	10,067,818	9,165,091	8,510,659
Advances to Subsidiary		-	-	305,172	268,322
Intangible Assets	8	568,988	593,783	568,988	593,783
		11,291,238	10,661,601	10,039,251	9,372,764
CURRENT ASSETS					
Bank and Short Term Deposits		289,215	970,279	281,674	951,075
Accounts Receivable		61,434	31,832	61,434	29,998
Prepayments		8,408	8,488	8,408	8,488
G.S.T. Receivable		15,768	71,568	15,768	71,568
Income Tax Refund	2	19,759	3,713	14,341	3,467
		394,584	1,085,880	381,625	1,064,596
TOTAL ASSETS		\$11,685,822	\$11,747,481	\$10,420,876	\$10,437,360

R. W. Allison

Richard W Allison
 Director

AJ Mehrtens

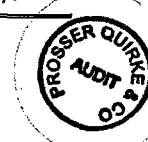
Andrew J Mehrtens
 Director

Date: 8 October 2010



STATEMENT OF CASH FLOWS
For The Year Ended 30 June 2010

	Group 2010 \$	Group 2009 \$	WIL 2010 \$	WIL 2009 \$
<u>Cash Flows From Operating Activities:</u>				
<i>Cash was provided from -</i>				
Receipts from Customers	2,075,681	1,700,101	2,018,718	1,646,144
Interest Received	11,627	15,450	11,627	15,330
Income Tax Refunds	3,713	2,146	3,467	380
Net Goods and Services Tax Refunds	15,190	1,253	15,190	-
	2,106,211	1,718,950	2,049,002	1,661,854
<i>Cash was applied to -</i>				
Payments to Suppliers	(1,068,284)	(937,586)	(1,061,932)	(930,993)
Interest paid	(389,585)	(295,159)	(290,230)	(171,200)
Net Goods and Services Tax Payments	(15)	(18,983)	-	(18,983)
	(1,457,884)	(1,251,728)	(1,352,162)	(1,121,176)
NET CASH INFLOW FROM OPERATING ACTIVITIES	648,327	467,222	696,840	540,678
<u>Cash Flows From Investing Activities:</u>				
<i>Cash was provided from -</i>				
Refund for Electricity Network Extension	5,526	-	5,526	-
<i>Cash was applied to -</i>				
Purchase of Property, Plant & Equipment	(1,369,633)	(1,137,298)	(1,369,633)	(1,137,298)
Advances Made to Subsidiary	-	-	(36,850)	(64,000)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(1,364,107)	(1,137,298)	(1,400,957)	(1,201,298)
<u>Cash Flows From Financing Activities:</u>				
<i>Cash was provided from -</i>				
Loans Raised	1,432,000	1,768,000	1,432,000	1,768,000
<i>Cash was applied to -</i>				
Debt Repayment	(1,397,284)	(165,000)	(1,397,284)	(165,000)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	34,716	1,603,000	34,716	1,603,000
NET CASH INCREASE/(DECREASE) DURING THE YEAR	(681,064)	932,924	(669,401)	942,380
Starting Cash on Hand at 1 July	970,279	37,355	951,075	8,695
ENDING CASH ON HAND AT 30 JUNE	\$289,215	\$970,279	\$281,674	\$951,075
<u>Consisting Of:</u>				
Cash/(Overdraft) at Bank	289,215	970,279	281,674	951,075
Short Term Deposits	-	-	-	-
TOTAL CASH ON HAND	\$289,215	\$970,279	\$281,674	\$951,075



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2010

1. Statements of Accounting Policies

Reporting Entity

Waimakariri Irrigation Limited was formed to construct, operate and maintain an irrigation system.

Waimakariri Irrigation Limited ("the Company") is a company registered under the Companies Act 1993 and the Co-operative Companies Act 1996.

Waimakariri Irrigation Limited and its wholly owned subsidiary North Canterbury Land Holdings Limited make up the WIL Group.

The company is an issuer for the purposes of the Financial Reporting Act 1993.

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, and the Financial Reporting Act 1993. These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. (NZ GAAP) They comply with the New Zealand Equivalents to International Financial Reporting Standards. (NZ IFRS)

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed by the WIL Group, with the exception of certain items for which specific accounting policies are identified.

Presentation Currency

These financial statements are presented in New Zealand dollars. (\$)

Specific Accounting Policies

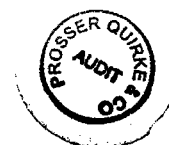
The following specific accounting policies, which materially affect the measurement of financial performance and the financial position, have been applied.

1.1 Property, Plant & Equipment and Depreciation

Property, Plant & Equipment are recorded at cost less depreciation provided to date.

Depreciation is charged on a straight-line basis except for Motor Vehicles, which are depreciated on a diminishing value basis. Land is not depreciated.

Depreciation rates are:	Life (years)	Rates
Computer and Control Equipment	5	15% - 36%
Workshop and Buildings	33	2% - 3%
Fencing	13	7.8% - 8.4%
Motor Vehicles	5	15.6% - 30%
Office Equipment	8	12% - 48%
Plant and Equipment	15	8.5% - 80.4%
Irrigation Piping and Reticulation	50	2%
Race Structures and Reservoirs	100	1% - 6.6%



1.2 Intangible Assets

Intangible Assets are recorded at cost less amortisation provided to date. Amortisation is charged on a straight-line basis.

Intangible Asset:	Useful Life	Amortisation Rate
Resource Consents	35 years	2.9%

1.3 Receivables

Receivables are stated at their book value, which is also their estimated realisable value. No provision has been made for doubtful debts. The directors consider that all receivables are fully collectable.

1.4 Goods and Services Tax

The financial statements have been prepared on a G.S.T. exclusive basis, with the exception of Accounts Receivable and Accounts Payable, which are stated inclusive of Goods and Services Tax.

1.5 Income taxation

Income tax expense charged to the financial performance includes both the current year's provision and the income tax effects of timing differences calculated using the balance sheet method. Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

1.6 Financial Instruments

Revenue and expenses in relation to all financial instruments are recognised in the statement of financial performance. All financial instruments are recognised in the Statement of Financial Position. These instruments are carried at their estimated fair value.

1.7 Research and Development Costs

Research expenditure is recognised in the statement of financial performance in the period in which it is incurred. Development costs are deferred where future benefits are expected to exceed those costs, otherwise such costs are recognised in the statements of financial performance in the period in which they are incurred. Deferred development costs are amortised over future periods in relation to the expected future revenue in each period.

1.8 Consolidation of Financial Statements

The financial statements of the Group are the consolidated financial statements of Waimakariri Irrigation Limited and its wholly own subsidiary North Canterbury Land Holdings Limited. All inter-company transactions have been eliminated on consolidation.

1.9 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.10 Revenue

At balance date the supply of Irrigation Water and Stock Water Race Management for the season was fully completed and revenue from these sources is fully recognised in the financial statements. Revenue from Share Transfer Fees is recognised only upon receipt. Reimbursement of Stockwater Wages is recognised as work is completed. Rental and Sundry Income is recognised as the company/group becomes entitled to receive payment. Interest income is accrued up to balance date.



1.11 Payables

Trade payables and other accounts payable are recognised when the company/group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at the full amount required to satisfy the legal obligations to the supplier.

1.12 Cash & Short Term Deposits

Cash and Short Term Deposits comprise solely of cash in bank accounts on immediate call.

1.13 Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied consistently during the period.

2. Taxation

Calculation of Income Loss to Carry Forward	Group 2010 \$	Group 2009 \$	WIL 2010 \$	WIL 2009 \$
Operating Surplus/(Deficit) before taxation	230,029	59,309	281,130	132,221
Effect of permanent differences:				
Non-deductible Entertainment	718	581	718	581
Prospectus & Share Issue Costs	-	61,211	-	61,211
Effect of timing differences:				
Non-deductible Holiday Pay	30,325	(9,917)	30,325	(9,917)
TAXABLE INCOME FOR CURRENT YEAR	261,072	111,184	312,173	184,096
Loss brought forward from Prior Years	279,132	390,317	32,846	216,942
Loss transferred from Group Company	-	-	279,327	-
TAX LOSS TO CARRY FORWARD	\$18,060	\$279,132	\$ -	\$32,846

Calculation of Income Tax Expense/(Income)	Group 2010 \$	Group 2009 \$	WIL 2010 \$	WIL 2009 \$
Operating Surplus/(Deficit) before taxation	230,029	59,309	281,130	132,221
Prima Facie income tax @30%	69,009	17,793	84,339	39,666
Current Year Timing Differences	-	(2,975)	-	(2,975)
Tax effect of permanent differences:				
Non-deductible Entertainment	215	174	215	174
Non-deductible Capital Expenditure	-	18,363	-	18,363
Loss brought forward from Prior Years	(83,740)	(33,355)	(9,854)	(55,228)
Loss transferred from Group Company	-	-	(83,798)	-
Unrecognised Prior Year Timing Effect	(2,189)	-	(2,189)	-
INCOME TAX EXPENSE/(INCOME)	(\$16,705)	\$ -	(\$11,287)	\$ -
Income Tax Asset consists of:				
Current year tax refund	3,054	3,713	3,054	3,467
Deferred tax asset	16,705	-	11,287	-
INCOME TAX REFUND	\$19,759	\$3,713	\$14,341	\$3,467



Tax Losses of \$279,327 were transferred from North Canterbury Land Holdings Limited (the subsidiary company) to Waimakariri Irrigation Limited to reduce Waimakariri Irrigation Limited's 2010 income taxes. No consideration was paid to North Canterbury Land Holdings Limited for the loss offset.

<u>Imputation Credit Account:</u>	<u>Group 2010</u>	<u>Group 2009</u>	<u>WIL 2010</u>	<u>WIL 2009</u>
Opening Balance 1 July	4,892	3,512	4,646	1,559
Resident Withholding Tax Deductions	3,054	3,526	3,054	3,467
Income Tax Refund Received	(3,713)	(2,147)	(3,467)	(380)
CLOSING BALANCE 30 JUNE	4,233	4,892	4,233	4,646

3. Financial Instruments

Credit risk

Financial instruments which potentially subject the WIL Group to credit risk principally consist of bank accounts and accounts receivable.

The maximum exposure to credit risk at balance date is the fair value of the instruments as stated in the Statement of Financial Position.

Concentration of credit risk

In respect of the bank deposits, deposits are invested with policies which are averse to risk and cash is held in minimal quantities. The WIL Group does not have any significant concentrations of credit risk.

The WIL Group places its cash and short term investments with financial institutions which have a Standards and Poors credit rating of "A" or better and also limits the amount of credit exposure to any one financial institution.

Currency risk

The WIL Group has minimal currency risk given that all financial instruments are transacted in New Zealand dollars.

Interest rate risk

The Group has exposure to interest rate risk to the extent that it borrows or invests for a fixed term at fixed rates.

The Group manages its costs of borrowing by having fixed interest rates on its long-term loans. However, to minimise the Interest Rate Risk these loans have staggered maturity dates of approximately two years apart. The borrowings are disclosed in note 13.

Investments are held short term with fixed interest rates and with maturities not exceeding one year. Consequently, the company is not exposed to significant interest rate risk.

4. Working Capital

At balance date the Group's current liabilities exceeded the current assets by \$149,929 (2009 current assets exceeded the current liabilities by \$217,063). The directors note that:

- 1) The Group has financing arrangements, in place with its bank, to ensure that the company is able to pay its debts as they fall due.
- 2) The majority of debt is expected to be rolled over as it matures.



- 3) The Group's activities are seasonal in nature and the majority of income is invoiced in the first half of the Group's financial year.
- 4) Current liabilities include \$352,633 of debt repayment that is not due until nine months after balance date.
- 5) The Group's budget for the 2011 financial year shows that the company will be able to meet all expected payments for the next twelve months.

5. Share Capital	Group 2010 \$	Group 2009 \$	WIL 2010 \$	WIL 2009 \$
Ordinary Water Shares – 126,000	7,244,000	7,244,000	7,244,000	7,244,000
TOTAL CAPITAL	7,244,000	7,244,000	7,244,000	7,244,000

On 14 August 2008 the company had a seven for one share split. All shares were reclassified as "Ordinary Water Shares" with a nominal value of \$57.49 each.

All water shares have equal voting rights and share equally in dividends and any surplus on winding up.

6. Retained Earnings	Group 2010 \$	Group 2009 \$	WIL 2010 \$	WIL 2009 \$
Opening Retained / (Deficit of) Earnings	(499,509)	(558,818)	(253,222)	(385,443)
Operating Surplus / (Deficit) after Tax	246,734	59,309	292,417	132,221
RETAINED / (DEFICIT OF) EARNINGS	(\$252,775)	(\$499,509)	\$39,195	(\$253,222)

7. Property, Plant & Equipment

	Cost \$	2009 Book Value \$	2010 Additions (Disposals) \$	2010 Depreciation Claimed \$	Accumulated Depreciation \$	2010 Book Value \$
WIL						
Computer & Control Equip	759,543	103,256	-	57,532	713,819	45,724
Land	10,000	10,000	-	-	-	10,000
Buildings	44,082	37,742	-	1,524	7,864	36,218
Fencing	976,478	259,547	12,583	77,072	794,003	195,058
Motor Vehicles	175,945	105,753	31,058	32,057	77,034	104,686
Office Equipment	4,188	-	3,000	1,320	5,508	1,680
Plant and Equipment	247,948	146,945	8,771	28,413	129,416	127,303
Pipes and Reticulation	4,609,149	3,891,304	433,503	99,404	817,250	4,225,403
Race Structures	4,698,768	3,956,111	586,675	123,767	866,424	4,419,019
WIL TOTAL	11,526,101	8,510,658	1,075,590	421,089	3,411,317	9,165,091
Subsidiary						
Land	1,557,159	1,557,159	-	-	-	1,557,159
GROUP TOTAL	13,083,260	10,067,817	1,075,590	421,089	3,411,317	10,722,250



8. Intangible Assets

The company has a number of resource consents issued by Environment Canterbury. The consents are variously to allow the company to draw water from the Waimakariri River, convey the water over land and to apply the water to the ground. The consents are for 35-year periods, and are being amortised on a straight-line basis over their life.

	Cost	2009 Book Value	2010 Additions (Disposals)	2010 Amortisation Recognised	Accumulated Amortisation	2010 Book Value
	\$	\$	\$	\$	\$	\$
Resource Consents	829,460	593,782	-	24,795	260,473	568,987

9. Cashflow Reconciliation

Reconciliation of Net Operating Surplus With Cashflow From Operating Activities

	Group 2010	Group 2009	WIL 2010	WIL 2009
	\$	\$	\$	\$
Net Operating Surplus/(Deficit)	246,734	59,309	292,417	132,221
Add Non Cash Items				
Depreciation and Amortisation	445,952	395,208	445,952	395,208
R.W.T. Deductions from Interest Income	(3,054)	(3,526)	(3,054)	(3,467)
	442,898	391,682	442,898	391,741
Add (Less) Movements in Working Capital				
(Increase) Decrease in Accounts Receivable	(29,602)	30,106	(31,436)	31,940
(Increase) Decrease in Prepayments	80	(203)	80	(203)
Income Tax Refund Received	3,713	2,146	3,467	380
(Increase) Decrease in Deferred Tax Asset	(16,705)	-	(11,287)	-
Increase (Decrease) in Accounts Payable	(53,097)	39,588	(53,881)	39,825
Increase (Decrease) in Interest Accrued	(1,218)	147	(1,218)	1,784
(Increase) Decrease in G.S.T. Receivable	55,524	(55,553)	55,800	(57,010)
	(41,305)	16,231	(38,475)	16,716
NET CASH FROM OPERATING ACTIVITIES	\$648,327	\$467,222	\$696,840	\$540,678

10. Contingent Liabilities

The Company has guaranteed the bank loans made to its subsidiary. The amount of the loans so guaranteed was \$1,550,000 as at 30 June 2010. (2009 – \$1,550,000)

The Group has no known contingent liabilities as at 30 June 2010. (2009 – Nil)

11. Commitments

The Company and Group did not have any capital or operating lease commitments at balance date. (2009 nil)



12. Accounts Payable and Accruals	Group 2010 \$	Group 2009 \$	WIL 2010 \$	WIL 2009 \$
Trade Creditors	115,598	447,768	115,086	446,918
Employee Entitlements	55,380	66,590	55,380	66,590
Accruals	17,798	17,252	14,498	15,074
G.S.T. Payable	3,104	3,380	-	-
	\$191,880	\$534,990	\$184,964	\$528,582

13. Non Current Liabilities	Group 2010 \$	Group 2009 \$	WIL 2010 \$	WIL 2009 \$
Total Term Loans	4,502,717	4,468,000	2,952,717	2,918,000
Less Current Portion	352,633	333,827	352,633	333,827
	\$4,150,084	\$4,134,173	\$2,600,084	\$2,584,173
Repayable as follows:				
Between one and two years	287,587	366,243	287,587	366,243
Between two and five years	821,038	2,128,457	821,038	578,457
Beyond five years	3,041,459	1,639,473	1,491,459	1,639,473
	\$4,150,084	\$4,134,173	\$2,600,084	\$2,584,173

- The loans are secured by a debenture over the Groups assets and undertakings including a registered first mortgage over the Group's real property.
- The Waimakariri District Council guarantees \$330,000 of the Company's loans until 30 June 2011. The council does not guarantee any of the subsidiary's borrowings.
- Interest rates are fixed with rates ranging from 5.81% to 9.67%.

14. Significant Events after Balance Date

There were no significant after balance date events.

15. Transactions with Related Parties

During the year, irrigation water charges were made to the shareholder-directors in the normal course of the company's business. The total value of these transactions was \$85,075 (2009 \$64,627).

There were no other transactions with related parties during the past year.

There were no outstanding balances owing to or from, related parties at balance date.

No related party debts have been written off or forgiven during the year.

