



Summary Financial Statements

For the Year Ended 30 June 2019

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Directory

Registered Office

144 Tancred Street, Ashburton

Accountants

Brophy Knight Limited

Directors

Colin Wesley Glass (Chairman)

Andrew James Ronald Grant

Randal David Hanrahan

Steven Edzo Broeils Bierema

Philip Allan Lowe (appointed 23-October 2018)

John Stuart Robinson (resigned 23-October-2018)

Date of Incorporation

22-Sep-89

Capital

1,268,986 Ordinary Shares

Solicitors

Tom Evatt & Co. Limited

Bankers

Bank New Zealand

Auditors

Crowe Horwath

Ashburton Lyndhurst Irrigation Limited

Chairman's Report

For The Year Ending 30 June 2019

At the 2018 Annual Meeting, updates were provided to shareholders on several initiatives. We also noted the importance of your irrigation company maintaining a close focus on:

- Cost control to ensure scheme charges increase by less than the annual rate of inflation.
- Support to farmers to achieve the targeted environmental outcomes within our catchment.
- Enhanced water supply reliability so we can optimise water use.
- Facilitate stock water supply to scheme shareholders.

Progress in all areas has been steady at the same time as the major pond and pressurised pipe development has been completed.

2018/19 Irrigation Season

The 2018/19 season is the second full year of pressurised water supply to the majority of the Ashburton Lyndhurst Irrigation Limited (ALIL) scheme.

More efficient water use has already resulted in significantly reduced irrigation demand, particularly in the September to November and March to early May periods.

While irrigation restrictions were a looming concern early in the season, the development of a simple water ordering and restriction model, and refined management of scheme ponds, combined with wetter conditions in November / December meant that most shareholders were able to manage the tight supply / demand balance with minimal impact.

ALIL received 66,022,155 cubic metres of water from RDRML during the 2018/19 season, down from 86,249,573 cubic metres in the prior year.

The scheme's irrigated area for 2018/19 was 31,894 hectares.

This equates to 207 mm across the scheme, compared with 279mm last year.

During the past irrigation season, restrictions were applied for 9 days, whereas restrictions below peak irrigation entitlements applied to the river takes for 213 out of the 243 Days in the season.

Piping and Pond Development

At the start of the 2018/19 season the final pipe and pump shed installations were completed and the last remaining share calls were received.

In January and March 2019, the Ledgerwoods Road and Green Line settling ponds, respectively, were completed and commissioned. Over the 2019 winter the intake to the Green Line Pond has been upgraded to ensure the designed inflow can be achieved.

Following these developments all shareholders now receive pressurised water, that has been through settling ponds and screened to a similar standard, reflecting the cooperative values that underpin our company.

Ashburton Lyndhurst Irrigation Limited

Chairman's Report

For The Year Ending 30 June 2019

Water Charges

For the 2019/20 season, your Board has been very aware of the need to contain Scheme costs in order to hold Water Charges.

This has been challenging with the increased focus on environmental compliance and providing support for all shareholders to achieve Good Management Practice (GMP) through the Farm Environment Plans.

The reduction in wholesale market interest rates has meant that the interest expense savings have offset the increase in environmental costs for the Scheme cost centres with floating interest rates.

Land Use and Discharge Consent (LUC)

For the 2018/19 season ALIL and MHV Water Limited (MHV) have been operating under the jointly held land use and discharge consent. This consent was previously held by Rangitata Diversion Race Management Limited (RDRML). ECan have again confirmed full compliance with the consent conditions.

In this past year, all remaining ALIL shareholders have had their Farm Environment Plans (FEPs) audited. This has been a further improvement from the prior season.

In late 2018, ALIL lodged an application with ECan for a new LUC. ECan have since confirmed that the application is complete which means that ALIL can operate under continuance with the old LUC until the new application has been determined. This is important given that the old LUC expired in May 2019, which enables your Board to ensure the new conditions are practicable and achievable before the new LUC is accepted.

Until the new consent is granted, the Board will need to take a precautionary approach to any land use change requests to ensure no increase in nitrate losses to groundwater occur.

This responsibility for managing the environmental impacts from our Scheme area is not being taken lightly by your Board, and it is important that we operate transparently and consistently with all shareholders.

Klondyke Storage and Enhanced Reliability

In the past year, the RDRML consent application for a new fish screen and construction of up to 53M cubic metres of water storage at Klondyke was granted. While the storage application has been granted and all appeals resolved, the application to take an additional 10 cumecs of high-flow water from the Rangitata River has been appealed to the Environment Court. It is expected that this application will be heard in the Environment Court in April 2020.

While Klondyke storage can now proceed, the business case being prepared by RDRML requires the resolution of the RDRML water supply agreements to provide for storage of irrigation water, and a clear commitment from ALIL and MHV. The consenting of the high-flow water take, if successful, will enable a reduction in the modeled pond size by 15%.

The fish screen is now progressing and requests for proposals have been invited.

Practically, Klondyke storage is unlikely to be available before 2024. To achieve enhanced water supply reliability until this time of any scale requires access to Lake Coleridge Stored Water. Your Board have entered into discussions with Barrhill Chertsey Irrigation Limited (BCI) and Trustpower to determine if this is feasible.

It is hoped that a proposal for shareholder consideration can be concluded in the near future.

Ashburton Lyndhurst Irrigation Limited

Chairman's Report

For The Year Ending 30 June 2019

Stock Water

In the past month, approval has been obtained from the Ashburton District Council (ADC) Water Race Network Advisory Group to enter into a stock water delivery trial ahead of the 2020 winter period.

This trial may involve the installation of stock water meters and minor changes to the offtake infrastructure. More details will be provided shortly.

If successful, this trial may result in the closure of ADC water races and stock water supply beyond the ALIL scheme boundaries.

Director and Staff Changes

In the past year, your Board has been appreciative of the efforts of our General Manager, Rebecca Whillans, and her team to ensure the seamless operation of the scheme as we have managed our first restriction period for the pressurised scheme, and the evolution of our nutrient management policies and shareholder support.

On behalf of the Board I would like to again extend my special thanks to Carmen Foster, Mike King, Rachel Piling, Luke Leitis and Brett Evans for their help and support over this period.

At the 2018 Annual Meeting, Deputy Chairman, John Robinson, stood down from the Board. Phil Lowe was elected, and Andy Grant was re-elected. John has played an instrumental role in the planning and completion of the pond and pressurised pipe projects and has provided sound guidance particularly with regard to the turbine scheme and other historical matters. Our special appreciation and thanks goes to John who was elected to the Board in 2008. John was also the ALIL representative on the Irrigo Board.

I would like to welcome Phil to the Board and thank all Directors for their dedication, efforts and support over the past year.

Colin Glass
Chairman

Ashburton Lyndhurst Irrigation Limited
Statement Of Comprehensive Income
For The Year Ended 30 June 2019

	Note	2019	2018
		\$	\$
Income			
Water Charges		8,015,081	7,587,694
Other Income		162,026	84,058
Total Gross Revenue		<u>8,177,107</u>	<u>7,671,752</u>
Less Expenses As Detailed:			
Directors Fees		84,200	83,500
Interest		749	1,818
Operating Expenses		1,718,171	1,243,605
Piping Stage 1 Interest Expenses		303,233	313,490
Piping Stage 1 Scheme Expenses		-	74,184
Piping Stage 2 Interest Expenses		3,248,950	1,810,221
Piping Stage 2 Scheme Expenses		-	168,428
Ponds & Telemetry Interest Expenses		707,473	339,654
Scheme Charges		190,515	196,866
Turbine Interest Expenses		18,211	19,530
Turbine Scheme Expenses		8,486	3,768
Depreciation & Amortisation		<u>3,365,420</u>	<u>3,222,844</u>
Total ALIL Operating Expenses		9,645,408	7,477,908
Operating Profit		<u>(1,468,301)</u>	193,844
Share Of Associates Profit		(481)	(1,213)
Profit / (Loss) Before Income Tax		<u>(1,468,782)</u>	192,631
Less Taxation Expense		(411,124)	64,918
PROFIT / (LOSS) FOR THE YEAR		<u>\$(1,057,658)</u>	<u>\$127,713</u>
Other Comprehensive Income			
Items that may be subsequently recycled through profit and loss:			
Cash Flow Hedge - Net of Tax Effect		(2,164,872)	(1,000,922)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>\$(3,222,530)</u></u>	<u><u>\$ (873,209)</u></u>

Ashburton Lyndhurst Irrigation Limited
Statement Of Movements In Equity
For The Year Ended 30 June 2019

	2018			
	Share Capital	Retained Earnings	Hedging Reserves	Total
	\$	\$	\$	\$
Equity At 1 July 2017	32,549,502	4,970,197	(2,312,018)	35,207,682
Net Surplus / (Deficit) For The Period	-	127,713	(1,000,922)	(873,209)
Transactions with Owners:				
Share Capital Issued	5,289,900	-	-	5,289,900
Equity At 30 June 2018	<u>\$37,839,402</u>	<u>\$5,097,910</u>	<u>\$(3,312,940)</u>	<u>\$39,624,373</u>

	2019			
	Share Capital	Retained Earnings	Hedging Reserves	Total
	\$	\$	\$	\$
Equity At 1 July 2018	37,839,402	5,097,910	(3,312,940)	39,624,373
Net Surplus / (Deficit) For The Period	-	(1,057,658)	(2,164,872)	(3,222,530)
Transactions with Owners:				
Net Share Capital Issued / Surrendered	1,189,770	-	-	1,189,770
Equity At 30 June 2019	<u>\$39,029,172</u>	<u>\$4,040,252</u>	<u>\$(5,477,812)</u>	<u>\$37,591,613</u>

Cash Flow Statement
For The Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Net Cash Inflow From Operating Activities	4	1,963,963	3,466,795
Net Cash Outflow From Investing Activities		(6,339,989)	(6,345,793)
Net Cash Inflow From Financing Activities		3,545,335	3,461,601
Net Increase/ (Decrease) in Cash		(830,691)	582,603
Opening Cash		1,779,957	1,197,354
Closing Cash		<u>\$949,266</u>	<u>\$1,779,957</u>

Ashburton Lyndhurst Irrigation Limited
Statement Of Financial Position
As At 30 June 2019

	2019		2018
	\$	\$	\$
Current Assets			
Cash And Cash Equivalents	949,266		1,779,957
Receivables	109,704		125,862
Total Current Assets		1,058,970	1,905,819
Non-Current Assets			
Total Other Non-Current Assets	39,797		39,778
Total Property, Plant, Equipment & Intangibles	126,797,657		124,749,122
Deferred Tax Asset	638,937		-
		127,476,391	124,788,900
Total Assets		\$128,535,361	\$126,694,719
Current Liabilities			
Payables	941,000		1,412,468
Current Portion Term Liabilities	1,883,445		1,154,232
Total Current Liabilities		2,824,445	2,566,700
Non-Current Liabilities			
Loan Swap Liability	5,971,227		3,694,924
Loans	82,148,076		79,791,263
Deferred Tax Liability	-		614,082
Retentions	-		403,377
Total Non-Current Liabilities		88,119,303	84,503,646
Total Shareholder's Equity		37,591,613	39,624,373
Total Shareholders' Funds And Liabilities		\$128,535,361	\$126,694,719

Chairman 

Dated 6/9/2019

Director 

Dated 6/9/2019



Ashburton Lyndhurst Irrigation Limited

Notes to the Summary Financial Statements

For the Year Ending 30 June 2019

All disclosures in these Summary Financial Statements have been extracted from the audited full financial statements. The information is presented in New Zealand Dollars (NZD) and rounded to the nearest dollar.

The full Financial statements were authorised for issue on the 6th September 2019. The full financial statements were prepared in accordance with NZ IFRS.

The summary financial statements have been prepared in accordance with *FRS 43 'Summary Financial Statements'*. These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") as they relate to summary financial statements.

There have been no changes in the accounting policies used to prepare the financial statements for the year ending 30 June 2019.

1. STAGE 1 PIPING SCHEME	2019	2018
Total Scheme Charges Received	594,017	605,021
Less:		
Interest	303,233	313,490
Power Charges, Repairs & Maintenance	-	74,184
Principal paid	193,227	209,839
	<u>496,460</u>	<u>597,513</u>
Excess Monies Received over Expenditure	97,557	7,508
Opening Position	23,208	15,700
Closing Position	<u>\$120,765</u>	<u>23,208</u>

Within the Company's retained earnings there is a amount of \$120,765 (2018: \$23,208), which equates to the cumulative reserve for the stage 1 piping scheme. Funds supporting this are held in the Company's assets.

2. TURBINE SCHEME	2019	2018
Total Scheme Charges Received	72,353	82,500
Less:		
Interest	18,211	19,530
Repairs	8,486	3,768
Principal paid	38,127	35,851
	<u>64,824</u>	<u>59,149</u>
Excess Monies Received over Expenditure	7,529	23,351
Opening Position	36,125	12,774
Closing Position	<u>\$43,654</u>	<u>36,125</u>

Within the Company's retained earnings there is a amount of \$43,654 (2018: \$36,125), which equates to the cumulative reserve for the turbine scheme. Funds supporting this are held in the Company's assets.

3. STAGE 2 PIPING	2019	2018
Total Scheme Charges Received	4,349,589	4,411,138
Less:		
Interest	3,248,950	3,175,893
Power Charges, Repairs & Maintenance	-	168,427
Principal paid	1,139,497	60,908
	<u>4,388,447</u>	<u>3,405,228</u>
Excess Monies Received over Expenditure	(38,858)	1,005,910
Opening Position	(2,465,665)	(3,471,575)
Closing Position	<u>\$(2,504,523)</u>	<u>(2,465,665)</u>

Within the Company's retained earnings there is a loss amount of \$2,504,523 (2018: \$2,465,665), which equates to the cumulative reserve for the stage 2 piping scheme.

Ashburton Lyndhurst Irrigation Limited

Notes to the Summary Financial Statements

For the Year Ending 30 June 2019

4. STATEMENT OF CASH FLOW RECONCILIATION WITH REPORTED PROFIT

	2019	2018
Profit/(Loss) For Year	(1,057,658)	127,713
Non Cash Items	3,355,594	3,224,057
Movement in Net Current Assets / Liabilities	(333,958)	116,384
Items Classified as investing activities	(15)	(1,359)
Net Cash Flow From Operating Activities	\$1,963,963	\$3,466,795

5. CONTINGENCIES & PROVISION

During the 2018 financial year the Company became party to the appeal process against the granting of RDRML Klondyke consents. The Board of RDRML has advised ALIL that the costs of this appeals process will be met from debt funding from RDRML's bank. The cost to ALIL of this debt funding will be incorporated into the regular contributions paid to RDRML, based on ALIL's share of operating costs.

(2018: Subsequent to Balance Date the Company became party to the appeal process against the granting of RDRML Klondyke consents. Costs payable by the Company are likely to materialise as they progress through mediation and the next steps if the appeal goes to the Environment Court.)

Directors Disclosures:

Directors purchase water from the Company on the same terms and conditions as the members.

The Company is a shareholder in Rangitata Diversion Race Management Limited. Andrew J R Grant was the Company's director representative with Randal D Hanrahan as his alternate. During the year the company paid \$190,515 (2018: \$196,866) for operational contributions. The operational amount owed at 30 June 2019 was \$17,457 (2018: \$53,248).

The Company is a shareholder in Irrigo Centre Limited. Steven E B Bierema is the Company's director representative with Andrew J R Grant is his alternate director. During the year the company paid \$319,629 for administration and environmental services provided (2018: \$172,650). At 30 June 2018 the company owed \$30,202 (2018: \$21,110).

Colin W Glass is the Company's representative on the RDR Irrigation Limited board. During the year ended 30 June 2018, approval was granted by the Inland Revenue Department to make the company inactive, as it no longer trades.

The Company is a shareholder in FEP Dashboard Limited. Colin W Glass is the Company's director representative along with the General Manager, Rebecca Whillans. During the year ended 30 June 2019 the company has not traded.

Directors remuneration paid during the year or due and payable is as follows:

	2019	2018
Colin W Glass (Chairperson)	25,750	23,504
Randal D Hanrahan	13,513	13,550
Andrew J R Grant	13,513	12,969
Steven E B Bierema (appointed 5 Oct 2017)	17,912	10,480
Philip A Lowe (appointed 23 Oct 2018)	9,393	-
John S Robinson (resigned 23 Oct 2018)	4,119	13,550
John A van Polanen (former Chairperson) (resigned 5 Oct 2017)	-	6,958
Gerard A Murphy (resigned 5 Oct 2017)	-	2,489
	\$84,200	\$83,500

The Summary Financial Statements cannot be expected to provide as complete an understanding as provided by the full financial statements. A copy of the full financial report can be obtain by contacting the Registered Office c/o Brophy Knight Limited, 144 Tancred Street, Ashburton or viewing on the Company's website www.alil.co.nz

The full financial statements have been audited by Crowe Horwath, Christchurch who have issued an unqualified audit report.

Report Of The Independent Auditor On The Summary Financial Statements

To the Shareholders of Ashburton Lyndhurst Irrigation Limited

Opinion

The summary financial statements on pages 5 to 9, which comprise the summary balance sheet as at 30 June 2019, the summary statement of comprehensive income, summary statement of movements in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of Ashburton Lyndhurst Irrigation Limited for the year ended 30 June 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directory and Chairman's Report on pages 1 to 4, but does not include the summary financial statements and our auditor's report thereon. Our opinion on the summary financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. We have read the other information and, in doing so, considered whether the other information is materially inconsistent with the summary financial statements, or our knowledge obtained in the audit of the summary financial statements or otherwise appears to be materially misstated. We have nothing to report in this regard.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 6 September 2019.

Directors' Responsibility for the Summary Financial Statements

Directors are responsible on behalf of the entity for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interests in, Ashburton Lyndhurst Irrigation Limited.



Crowe Horwath New Zealand Audit Partnership

CHARTERED ACCOUNTANTS

Dated at Christchurch this 6th day of September 2019