

**SOUTH CANTERBURY FARMERS
IRRIGATION SOCIETY LTD**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013**

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DIRECTORY

BOARD OF DIRECTORS

Thomas George Henderson (Chairman)
William Dermott O'Sullivan (Vice-Chairman)
Thomas Craig Lambie
Quintin Mitchell
Jeffrey John Warne Pearse
John Edward (Stan) Taylor
Alvin John Reid

ACCOUNTANTS

Quantum Advantage Ltd
269 Stafford Street
PO Box 869
Timaru 7940

SOLICITORS

RSM Law Limited
Barristers and Solicitors
17 Strathallan Street
PO Box 557
Timaru 7940

AUDITORS

Mitchell Audit
Chartered Accountants
57A Theodosia Street
Timaru 7910

REGISTERED OFFICE

269 Stafford Street
Timaru 7910

POSTAL ADDRESS

PO Box 869
Timaru 7940

ANNUAL REPORT: ADDITIONAL DISCLOSURES

Your Directors have pleasure in submitting their 2013 Report and Financial Statements.

PRINCIPAL ACTIVITIES

The group's principal activity was to hold on behalf of its Shareholders an 81.30% investment in Opuha Water Limited, an infrastructure company that predominantly generates electricity and supplies water for irrigation purposes.

RESULTS AND DISTRIBUTIONS

The groups profit / (loss) net of tax for the financial year was \$(2,560).
There were no dividends paid during the year.

REVIEW OF OPERATIONS

Background

On 10 October 1995 the group signed an agreement to participate in the construction of the Opuha Dam. The group's commitment was for 6.04% of the equity required to complete the project. It is estimated that this would be in the region of \$812,500. This amount was fully paid over the construction period.

Prior to Christmas 1998 the group joined two other parties to acquire the shares held by the Timaru District Council in the Opuha Dam Partnership. This brought the groups holding up to 8.60%.

On the 2nd April 2007 the Group participated with Levels Plain Irrigation Ltd to acquire 100% of the Opuha Dam project through Opuha Water Limited. As a result the Group now effectively owns 81.30% of the entire project.

This holding, together with those held by Levels Plain Irrigation Company Ltd, has been combined into one entity called Opuha Water Limited. Since then the Group has become fully operational with all shares being fully allocated and generating an appropriate revenue stream.

DIRECTORS

Mr Allan James Hubbard passed away tragically in September 2011 and the Board of Directors on behalf of the shareholders have acknowledged Mr Hubbard's contribution to the Opuha scheme.

The Directors, in recognition of the possible restructure of Opuha Water Limited, recommend that all Directors be reappointed for the ensuing year and to not replace Mr Hubbard as at this time.

DIRECTORS INTERESTS

Directors declare that they have had no interest in any transactions with the group during the year.

DIRECTORS REMUNERATION

No Directors Remuneration has been paid during the year

ANNUAL REPORT: ADDITIONAL DISCLOSURES (Continued)

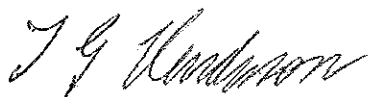
GENERAL

As per section 211(3) of the Companies Act 1993, the shareholders have unanimously agreed that the annual report need not comply with paragraphs (e) to (j) of section 211(1) of the Companies Act 1993.

AUDITORS

It is proposed that the Auditor, Mitchell Audit, continue in office in accordance with Section 200 of the Companies Act 1993.

For and on behalf of the Board of Directors:



T G Henderson
Director



J J W Pearse
Director

04/10/2013

Date of Authorisation

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

South Canterbury Farmers Irrigation Society Ltd Consolidated is a reporting entity for the purposes of the Financial Reporting Act 1993.

The group consists of South Canterbury Farmers Irrigation Society Limited and its 100% owned subsidiary, SCFIS Holdings Limited.

The financial statements have been prepared in accordance with the requirements of the Industrial and Provident Societies Act 1908, the Companies Act 1993 and the Financial Reporting Act 1993.

MEASUREMENT BASE

The Company has followed the accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on the historical cost basis.

GOING CONCERN

The Company has prepared the financial statements on the basis of a going concern.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies have been applied:

- Accounts Receivable are stated at their estimated realisable value.
- Investments are recorded at cost.
- The Financial Statements have been prepared on a GST inclusive basis.
- Income tax expense charged to the statement of financial performance includes both the current year's tax provision and the income tax effects of timing differences calculated using the liability method.
- Tax effect accounting has been applied on a comprehensive basis to all timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.
- The consolidated financial statements include the holding company and its subsidiary, SCFIS Holdings Ltd, accounted for using the purchase method. All significant inter company transactions are eliminated on consolidation.

CHANGES IN ACCOUNTING POLICY

Accounting Policies remain unchanged from the previous period.

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Continued)

2. INVESTMENTS	<u>Percentage Held</u>		<u>Balance Date</u>	
	<i>This Year</i>	<i>Last Year</i>		
(i) <u>Investments in other Entities</u>				
Opuha Water Ltd	81.30%	81.30%		30 June
Opuha Water Partnership	0%	0%		30 June
(ii) <u>Current Accounts</u>			2013	2012
Opuha Water Limited			\$15,031,684	\$15,034,244
3. TAXATION			2013	2012
Net Profit/(Loss) Before Tax			\$ (2,560)	-
Less Losses Brought Forward			(1,198,443)	(1,198,443)
Taxable Income			(1,201,003)	\$(1,198,443)
TAXATION OWING/(REFUND)			\$-	\$-
<u>Total Losses to Carry Forward</u>			<u>\$1,201,003</u>	<u>\$1,198,443</u>
As the company does not have a bank account, income tax refunds are banked into Opuha Water Limited and are recognised in the current account balance.				
4. IMPUTATION CREDIT ACCOUNT			2013	2012
Balance 1 st April 2012			37,182	37,182
Balance 31 st March 2013			37,182	\$37,182
5. RETAINED EARNINGS			2013	2012
Opening Balance 1 st July 2012			(593,888)	(593,888)
Profit/(Loss) for the Year			\$(2,560)	-
Closing Balance 30 June 2013			\$(596,448)	\$(593,888)

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Continued)

6. SHARE IN OPUHA WATER LIMITED

	2013	2012
Opening Balance	15,031,684	15,034,244
Closing Balance per Opuha Water Limited Financial Statements	<u>\$15,031,684</u>	<u>\$15,034,244</u>

7. CAPITAL COMMITMENTS

There are no capital commitments at this time.

8. CONTINGENT LIABILITIES

There are no known contingent liabilities at balance date.

9. RELATED PARTY TRANSACTIONS

The Directors do not consider that any one party had the ability, either directly or indirectly, to control or exercise significant influence, over the Company in making operating, investing and financing decisions.

10. CAPITAL

All authorised shares have been issued and fully paid. All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up. The shares have no par value.

11. CEASED TRADING

South Canterbury Farmers Irrigation Society Ltd (SCFIS) is no longer trading. All operations and transactions on behalf of the SCFIS shareholders now go through Opuha Water Limited. Any such transactions are reflected in the Opuha Water Limited current account balance.

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Continued)

12. OPUHA WATER LIMITED

On 1st July 2010, Opuha Water Limited took over the operations of Opuha Water Partnership which effectively ceased trading on this same date. The investment in Opuha Water Partnership was transferred to Opuha Water Limited on 1st July 2010 and was transferred at the same value shown in the financial statements. The investment is represented by shares and current account balance in Opuha Water Limited.

The assets and liabilities recorded in the balance sheet of Opuha Water Partnership were transferred across at net realisable value to Opuha Water Limited and treated as funds introduced based on the company's shareholding of 81.30%.

Transfer from Opuha Water Partnership

Fixed Assets	39,161,068	
Investments – Term Deposit & Shares	150,719	
ANZ Bank Cash Funds	1,351,152	
Accounts Receivable	16,781	
ANZ Term Loan	(21,937,500)	
KIL & LPIC Current Accounts	(63,298)	
Preliminary Company Expenses	(9,582)	
Accounts Payable	(130,928)	
		18,538,412

Plus (Less) Transactions:

Tax Refund Received on Behalf	4,152	
Share Capital Paid	(813)	
Less Adjustment for Deferred Tax Liability not Previously Recognised	(3,507,507)	
Audit and Accountancy Fees paid ex Opuha Water Limited	(2,560)	
		(3,506,728)

Closing Balance of Current Account		<u>\$15,031,684</u>
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13. EVENTS OCCURRING AFTER BALANCE DATE

A restructuring process has been scheduled to be completed and implemented by November 2013. The end result of this will mean that South Canterbury Farmers Irrigation Society Ltd (SCFIS) will be converted to a company. SCFIS Holdings Ltd will be amalgamated into SCFIS. SCFIS will convert its current account debt in Opuha Water Ltd (OWL) to equity. OWL will repay that debt by way of the issue of shares in OWL. SCFIS will then have no debt to OWL and SCFIS will hold further shares in OWL. Because its only assets are the shares in OWL, there is no reason for it to continue to exist so SCFIS will be struck off as a solvent company and the shares in OWL will be distributed to SCFIS Shareholders.

The restructure process requires ratification from shareholders in all of the companies. A vote has not been conducted as yet. The financial statements therefore have been prepared on the going concern assumption and no adjustments have been made regarding the restructure process.

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2013

EXPENSES		
2012		2013
-	Accountancy & Secretarial Fees	1,790
-	Audit Fees	770
-	TOTAL EXPENSES	<u>2,560</u>
-	Net Profit/(Loss) for the Period	<u><u>\$(2,560)</u></u>

**STATEMENT OF MOVEMENTS IN EQUITY
FOR YEAR ENDED 30 JUNE 2013**

2012	STATEMENT OF MOVEMENTS IN REVENUE RESERVES	2013
(593,888)	Opening Balance	(593,888)
-	Net Profit/(Loss) after Taxation	\$(2,560)
<u>\$(593,888)</u>	Closing Balance	<u>\$(596,448)</u>

2012	STATEMENT OF MOVEMENT IN CAPITAL RESERVES	2013
14,662,235	Opening Balance	14,662,235
<u>\$14,662,235</u>	Closing Balance	<u>14,662,235</u>

2012	STATEMENT OF MOVEMENTS IN EQUITY	2013
15,034,244	Opening Balance	15,031,684
<u>\$15,034,244</u>	Closing Balance	<u>\$15,031,684</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

2012		2013
	ASSETS	
	<u>Non-Current Assets</u>	
	Investments	
15,034,244	Current Account: Opuha Water Limited	15,031,684
15,034,244		15,031,684
<u>\$15,034,244</u>	TOTAL ASSETS	<u>\$15,031,684</u>
	 LIABILITIES AND CAPITAL	
-	<u>Current Liabilities</u>	-
-	<u>Non-Current Liabilities</u>	-
	 <u>Shareholders Equity</u>	
6,500	3,250 Ordinary Shares	6,500
959,397	Share Premium Reserve	959,397
(593,888)	Retained Earnings	(596,448)
14,662,235	Capital Reserves	14,662,235
15,034,244		15,031,684
15,034,244	Total Shareholders Equity	15,031,684
<u>15,034,244</u>	TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	<u>15,031,684</u>

Signed for and on behalf of the Directors:



T G Henderson
Director



J J W Pearse
Director

04/10/2013
Date of Authorisation

**SCFIS HOLDINGS LIMITED
TIMARU**

**FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013**

SCFIS HOLDINGS LIMITED

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4	Statement of Financial Performance
5	Statement of Movements in Revenue Reserves
6	Statement of Financial Position

SCFIS HOLDINGS LIMITED

DIRECTORY

BOARD OF DIRECTORS

Thomas George Henderson (Chairman)
William Dermott O'Sullivan (Vice-Chairman)
Thomas Craig Lambie
Quintin Mitchell
Jeffrey John Warne Pearse
John Edward (Stan) Taylor
Alvin John Reid

SHAREHOLDERS

South Canterbury Farmers Irrigation Society Ltd
1,000 Ordinary Shares

ACCOUNTANTS

Quantum Advantage Ltd
269 Stafford Street
PO Box 869
Timaru 7940

SOLICITORS

RSM Law Limited
Barristers and Solicitors
17 Strathallan Street
PO Box 557
Timaru 7940

AUDITORS

Mitchell Audit
Chartered Accountants
57A Theodosia Street
Timaru 7910

REGISTERED OFFICE

269 Stafford Street
Timaru 7910

POSTAL ADDRESS

PO Box 869
Timaru 7940

SCFIS HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
Net Profit (Loss) for the Year	\$(2,560)	-
Retained Earnings at 30 June 2012	(1,757,901)	(1,757,901)
Capital Reserves	14,661,235	14,661,235
Leaving Available for Appropriation	\$1,757,901	\$1,757,901
Proposed Dividend	-	-
Leaving Retained Earnings at 30 June 2013	\$12,900,774	\$12,903,334

The Directors recommend that no dividend be paid. It is not proposed to make any transfer to reserves. The state of the Company's affairs at 30 June 2013 as:

	2013		2012	
	\$		\$	
Assets Totalled	15,031,684		15,034,244	
<i>These were financed by:</i>				
Shareholders' Equity of	12,900,774	88%	12,903,334	88%
Shareholders' Advances of	2,130,910	12%	2,130,910	12%
	<u>\$15,031,684</u>	<u>100%</u>	<u>\$15,034,244</u>	<u>100%</u>

The Company is a non-trading entity. The nature of the Company's business has not changed during the period under review.

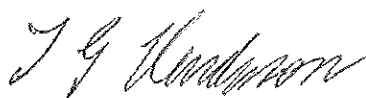
Directors' Interests: The Directors of the Company have not entered into any transactions for which statutory disclosure is required.

Use of Company information: The Board received no notices during the year from Directors requesting to use Company information received in their capacity as Directors which would not have been otherwise available to them.

Share Dealing: No Director acquired or disposed of any interest in shares in the Company during the period.

Remuneration and other benefits: No Directors Remuneration was paid during the year.

For and on behalf of the Board of Directors:



T G Henderson
Director



J J W Pearse
Director

04/10/2013
Date of Authorisation

SCFIS HOLDINGS LIMITED

**STATEMENT OF OTHER MATERIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2013**

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

SCFIS Holdings Limited is a Company registered under the Companies Act 1993.

The Company is a reporting entity for purposes of the Financial Reporting Act 1993 and the financial statements have been prepared in accordance with that Act.

Measurement Base

The Company has followed the accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on the historical cost basis.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies have been applied.

- The taxation expense charged against the profit for the year is the estimated total tax for the year in accordance with the taxation return filed with the Inland Revenue Department.
- The financial statements have been prepared on a GST inclusive basis.
- The Company qualifies for differential reporting as it is not publicly accountable and it does not meet the criteria to be classified as a large Company. The Company has taken advantage of all available differential reporting exemptions.

CHANGES IN ACCOUNTING POLICY

Accounting Policies remain unchanged from the previous period.

2. NON-CURRENT LIABILITIES

Loan: South Canterbury Farmers Irrigation Society Ltd - \$2,130,909 (2012: \$2,130,909).

This is an unsecured loan repayable on demand at an interest rate of 0%.

3. CAPITAL COMMITMENTS

There are no known capital commitments at balance date.

4. CONTINGENT LIABILITIES

There are no known contingent liabilities at balance date.

5. EVENTS OCCURRING AFTER BALANCE DATE

A restructuring process has been scheduled to be completed and implemented by November 2013. The end result of this will mean that South Canterbury Farmers Irrigation Society Ltd (SCFIS) will be converted to a company. SCFIS Holdings Ltd will be amalgamated into SCFIS. SCFIS will convert its current account debt in Opuha Water Ltd (OWL) to equity. OWL will repay that debt by way of the issue of shares in OWL. SCFIS will then have no debt to OWL and SCFIS will hold further shares in OWL. Because its only assets are the shares in OWL, there is no reason for it to continue to exist so SCFIS will be struck off as a solvent company and the shares in OWL will be distributed to SCFIS Shareholders.

The restructure process requires ratification from shareholders in all of the companies. A vote has not been conducted as yet. The financial statements therefore have been prepared on the going concern assumption and no adjustments have been made regarding the restructure process.

SOUTH CANTERBURY FARMERS IRRIGATION SOCIETY LTD - CONSOLIDATED

SCFIS HOLDINGS LIMITED

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2013**

EXPENSES		
2012		2013
-	Accountancy & Secretarial Fees	1,790
-	Audit Fees	770
-	TOTAL EXPENSES	2,560
-	Net Profit/(Loss) for the Period	(\$2,560)

SCFIS HOLDINGS LIMITED

STATEMENT OF MOVEMENTS IN REVENUE RESERVES
FOR THE YEAR ENDED 30 JUNE 2013

2012		2013
(1,758,901)	Opening Balance	(1,758,901)
-	Net Profit/(Loss) after Taxation	(2,560)
-	Net Revenue and Expenses for the Year	-
<u>\$(1,758,901)</u>	Closing Balance	<u>\$(1,761,461)</u>

STATEMENT OF MOVEMENTS IN CAPITAL RESERVES
FOR THE YEAR ENDED 30 JUNE 2013

2012		2013
14,661,235	Opening Balance	14,661,235
<u>\$14,661,235</u>	Closing Balance	<u>\$14,661,235</u>

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

2012		2013
12,903,334	Opening Balance	12,900,774
<u>\$12,903,334</u>	Shareholders Equity At End of Year	<u>\$12,900,774</u>

SCFIS HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

2012		2013
ASSETS		
NON CURRENT ASSETS		
15,034,244	Current Account: Opuha Water Limited	15,031,684
<u>15,034,244</u>		<u>15,031,684</u>
LIABILITIES		
NON CURRENT LIABILITIES		
2,130,910	Loan: SC Farmers Irrigation Society Ltd	2,130,910
SHAREHOLDERS' EQUITY		
1,000	1,000 Ordinary Shares (with a call attached of \$1)	1,000
(1,758,901)	Revenue Reserves	(1,761,461)
14,661,235	Capital Reserve Account	14,661,235
<u>12,903,334</u>		<u>12,900,774</u>
<u>\$15,034,244</u>		<u>\$15,031,684</u>

Signed for and on behalf of the Directors:



T G Henderson
Director



J J W Pearse
Director

04/10/2013

Date of Authorisation

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of South Canterbury Farmers Irrigation Society Limited and Group

Report on the Financial Statements

We have audited the financial statements on pages 6 to 12 which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, the statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the financial statements on pages 6 to 12

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of South Canterbury Farmers Irrigation Society Limited and Group as at 30 June 2013, and the results of its operations for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by the Company and Group as far as appears from our examination of those records.



mitchell audit

3 October 2013
P O Box 40, Timaru