

Totara Valley Irrigation Limited

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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Report on the Engagement to Compile Financial Statements

For the Year Ended 30 June 2013

COMPILATION REPORT TO THE DIRECTORS

Reporting Scope

On the basis of information that you provided we have compiled, in accordance with "Service Engagement Standard Number 2: Compilation of Financial Information", the financial statements of Totara Valley Irrigation Limited for the year ended 30 June 2013 as set out on the following pages.

Totara Valley Irrigation Limited is exempt for the purpose of the Financial Reporting Act 1993. The financial statements of the company have been prepared in accordance with Section 12 of that Act, and with the Financial Reporting Order 1994.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis stated above is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information that you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We are not independent of Totara Valley Irrigation Limited because Quantum Advantage Limited is a Shareholder of QA Trustees 2012 Limited which is a Shareholder of Riverholme Pastures Limited which is a Shareholder of Totara Valley Irrigation Limited.

Totara Valley Irrigation Limited is also a Shareholder of South Canterbury Farmers Irrigation Society Limited which is a Shareholder of SCFIS Holdings Limited which is a Shareholder of Opuha Water Limited of which Nigel J Gormack is a Director, and is also a Director and Shareholder of Quantum Advantage Limited.

Quantum Advantage Limited

Chartered Accountants & Business Advisors

Timaru

5 September 2013

Directory

As at 30 June 2013

Nature of Business	Irrigation Water Supply	
Directors	Ian Russell Blakemore Brent Isbister Daniel Kelly Thomas C Lambie Alvin Reid Daniel I Williams Philip Mark Robins James Sutherland McKeown	
Shareholders	Stromness Group Limited	176 Ordinary A Shares 30 Ordinary E Shares
	P M Robins	18 Ordinary A Shares 62 Ordinary E Shares
	James H Fraser	158 Ordinary A Shares 186 Ordinary E Shares
	J S & S McKeown	40 Ordinary A Shares 60 Ordinary E Shares
	Raumea Farms Limited	125 Ordinary A Shares 100 Ordinary E Shares
	Ian J Esler	20 Ordinary A Shares
	David G Blakemore	80 Ordinary A Shares
	Ian Russell Blakemore	28 Ordinary A Shares 40 Ordinary E Shares
	Opawa Enterprises Limited	53 Ordinary A Shares 147 Ordinary E Shares
	P M Hanna	12 Ordinary A Shares 4 Ordinary E Shares
	Yvonne Williams	52 Ordinary A Shares
	Onstream Dairies Limited	122 Ordinary A Shares 98 Ordinary E Shares
	Monument Road Farm Limited	120 Ordinary A Shares 145 Ordinary E Shares
	Riverholme Pastures Limited	94 Ordinary A Shares 36 Ordinary E Shares
	Meadowvale Ltd	354 Ordinary A Shares 74 Ordinary E Shares
	Nichola J Whearty	20 Ordinary A Shares
	David B Lundie	210 Ordinary A Shares

Directory (continued)

As at 30 June 2013

Chairman	Brent McGregor Isbister
Secretary	Peter James Clarke
Accountants	Quantum Advantage Limited Chartered Accountants & Business Advisors 269 Stafford Street Timaru
Bankers	ANZ Bank 15 Church Street Timaru 7910
Solicitors	RSM Law Barristers & Solicitors 17 Strathallan Street Timaru 7910
IRD Number	070-481-898
Company Number	907341

Annual Report

For the Year Ended 30 June 2013

The board of directors submit their annual report including the financial statements for Totara Valley Irrigation Limited for the year ended 30 June 2013.

The shareholders of Totara Valley Irrigation Limited have exercised their right under section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with any of paragraphs (a) and (e) - (j) of section 211(1).

Auditor

A unanimous resolution was passed by the company at the last annual meeting that no auditor be appointed.

For and on behalf of the Board

_____ Director

Date _____

_____ Director

Date _____

Statement of Financial Performance

For the Year Ended 30 June 2013

	Note	2013	2012
		\$	\$
Operating Revenue			
Water Charges		126,074	150,297
Less Direct Costs			
Electricity		744	614
Monitoring Costs		17,268	21,433
Repairs & Maintenance		141,446	18,320
Pond Charges		48,004	20,577
Total Direct Costs		207,462	60,944
Gross (Deficit) Surplus		(81,388)	89,353
Other Income			
Dividends Received		51	-
Interest Received		29,505	1,746
Interest Received - IRD Use of Money		-	7
Total Other Income		29,556	1,753
Gross (Deficit) Surplus after Other Income		(51,832)	91,106
Less Expenses			
Administration Expenses			
Accountancy Fees		2,491	2,281
Legal Fees - Deductible		758	-
Management Fees		14,000	11,000
Secretarial & Postage		6,969	5,092
		24,217	18,372
Overhead Expenses			
General Expenses		-	17
Insurance		1,919	1,919
		1,919	1,937
Finance Expenses			
Bank Fees & Charges		140	145
Interest - Bank Overdraft		1	107
Interest Paid - Loans		21,747	22,767
Interest Paid - Other Entities		692	-
		22,579	23,019
Non Cash Expenses			
Depreciation		52,708	52,955
Total Expenses		101,423	96,283
Net Deficit		(153,256)	(5,177)

These financial statements are to be read in conjunction with the accompanying Notes and the Compilation Report. These statements have been compiled without undertaking an audit or review engagement.

Statement of Movements in Equity

For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Revenues and Expenses		
Net Deficit	(153,256)	(5,177)
Total Recognised Revenues and Expenses	(153,256)	(5,177)
Contributions and Distributions		
Contributions		
1,400 Ordinary A Shares	115,500	-
1,264 Ordinary E Shares	111,600	55,666
	227,100	55,666
Equity at the Beginning of the Year	658,885	608,396
Equity at the End of the Year	732,729	658,885
Movements in Retained Earnings		
Opening Balance	(101,161)	(95,984)
Less:		
Net Deficit	153,256	5,177
Retained Earnings Closing Balance	(254,416)	(101,161)

Statement of Financial Position

As at 30 June 2013

	Note	2013 \$	2012 \$
Current Assets			
Cash & Bank Balances	6	65,143	66,197
Income Tax Receivable	4	513	524
GST Receivable		4,594	401
Related Parties	7	90,467	-
Total Current Assets		160,716	67,121
Non Current Assets			
Property, Plant & Equipment	8	836,666	876,764
Total Assets		997,383	943,885
Current Liabilities			
Sundry Creditors	9	5,094	-
Non Current Liabilities			
Term Loans - Secured	10	259,559	285,000
Total Liabilities		264,653	285,000
Net Assets		732,729	658,885
Equity			
Paid up Share Capital			
1,400 Ordinary A Shares		299,717	184,217
1,264 Ordinary E Shares		687,429	575,829
Total Paid up Share Capital	11	987,146	760,046
Accumulated Losses	12	(254,416)	(101,161)
Total Equity		732,729	658,885

For and on behalf of the board:

_____ Director Date _____

_____ Director Date _____

Depreciation Schedule

For the Year Ended 30 June 2013

	RATE & TYPE	% PVT USE	Cost on HAND	OPENING WDV	ADDITIONS	DATE of ADDITION	SALE PRICE	PARTSALE PRICE	PROFIT (LOSS)	DISPOSAL DATE	Cost	CAPITAL GAIN/LOSS	DEPN	ACCUM DEPN	PRIVATE DEPN	ACCUM PRIVATE	CLOSING WDV
Development & Upgrade 2010																	
Pipes	9.00D		20,855	16,367	-	1-Dec-09	-	-	-	-	-	-	1,473	5,961	-	-	14,894
Power Supply & Electrical	12.00D		22,547	16,421	-	1-Jan-10	-	-	-	-	-	-	1,970	8,096	-	-	14,451
Earthmoving	4.80D		110,650	98,718	-	1-Mar-10	-	-	-	-	-	-	4,738	16,670	-	-	93,980
Fencing/Building	11.40D		50,761	38,715	-	1-Apr-10	-	-	-	-	-	-	4,413	16,459	-	-	34,302
Consultancy	4.80D		4,650	4,131	-	1-Feb-10	-	-	-	-	-	-	198	717	-	-	3,933
Engineering	4.80D		31,995	28,426	-	1-Feb-10	-	-	-	-	-	-	1,364	4,933	-	-	27,062
Pipes	9.00D		8,807	6,802	-	1-Oct-09	-	-	-	-	-	-	612	2,617	-	-	6,190
Earthmoving	4.80D		15,155	13,408	-	1-Jan-10	-	-	-	-	-	-	644	2,391	-	-	12,764
Pipes	9.00D		1,258	971	-	1-Oct-09	-	-	-	-	-	-	87	374	-	-	884
Earthmoving	4.80D		1,980	1,730	-	1-Oct-09	-	-	-	-	-	-	83	333	-	-	1,647
Earthmoving	4.80D		3,000	2,621	-	1-Oct-09	-	-	-	-	-	-	126	505	-	-	2,495
Engineering	4.80D		4,241	3,828	-	1-Jun-10	-	-	-	-	-	-	184	597	-	-	3,644
Contingencies	4.80D		451	397	-	1-Dec-09	-	-	-	-	-	-	19	73	-	-	378
Consents	4.80D		1,001	878	-	1-Nov-09	-	-	-	-	-	-	42	165	-	-	836
			277,351	233,413	-		-	-	-	-	-	-	15,953	59,891	-	-	217,460
Development & Upgrade																	
Consents	4.80D		3,976	2,700	-	1-Jul-08	-	-	-	-	-	-	130	1,406	-	-	2,570
Earthmoving	4.80D		16,770	11,352	-	1-Jul-08	-	-	-	-	-	-	545	5,963	-	-	10,807
Earthmoving	4.80D		10,917	7,387	-	1-Jul-08	-	-	-	-	-	-	355	3,885	-	-	7,032
Engineering	4.80D		21,307	14,438	-	1-Jul-08	-	-	-	-	-	-	693	7,562	-	-	13,745
Earthmoving	4.80D		39,936	36,809	-	1-Nov-10	-	-	-	-	-	-	1,767	4,894	-	-	35,042
ESC Modem	50.00D		1,617	642	-	1-Feb-11	-	-	-	-	-	-	321	1,296	-	-	321
Earthmoving	4.80D		22,505	20,571	-	1-Sep-10	-	-	-	-	-	-	987	2,921	-	-	19,584
Engineering	4.80D		26,529	24,655	-	1-Jan-11	-	-	-	-	-	-	1,183	3,057	-	-	23,472
Fencing	9.10D		2,813	2,402	-	1-Nov-10	-	-	-	-	-	-	219	630	-	-	2,183
Isbister Bridge	9.10D		945	814	-	1-Dec-10	-	-	-	-	-	-	74	205	-	-	740
Fencing	9.10D		2,209	1,887	-	1-Nov-10	-	-	-	-	-	-	172	494	-	-	1,715
Earthmoving	4.80D		36,624	34,036	-	1-Jan-11	-	-	-	-	-	-	1,634	4,222	-	-	32,402
Syphon	4.80D		1,935	1,827	-	1-May-11	-	-	-	-	-	-	88	196	-	-	1,739
Engineering	4.80D		2,882	2,667	-	1-Dec-10	-	-	-	-	-	-	128	343	-	-	2,539
Bridge	9.10D		2,830	2,436	-	1-Dec-10	-	-	-	-	-	-	222	616	-	-	2,214
Pipes	9.00D		13,315	11,483	-	1-Dec-10	-	-	-	-	-	-	1,033	2,865	-	-	10,450

These financial statements are to be read in conjunction with the accompanying Notes and the Compilation Report. These statements have been compiled without undertaking an audit or review engagement.

Depreciation Schedule (continued)
For the Year Ended 30 June 2013

	RATE & TYPE	% PVT USE	Cost on HAND	OPENING WDV	ADDITIONS	DATE of ADDITION	SALE PRICE	PARTSALE PRICE	PROFIT (LOSS)	DISPOSAL DATE	Cost	CAPITAL GAIN/LOSS	DEPN	ACCUM DEPN	PRIVATE DEPN	ACCUM PRIVATE	CLOSING WDV
Earthmoving	4.80D		36,702	33,828	-	1-Nov-10	-	-	-	-	-	-	1,624	4,498	-	-	32,204
Earthmoving	4.80D		7,224	6,547	-	1-Jul-10	-	-	-	-	-	-	314	991	-	-	6,233
Earthmoving	4.80D		11,277	10,308	-	1-Sep-10	-	-	-	-	-	-	495	1,464	-	-	9,813
Earthmoving	4.80D		14,957	13,900	-	1-Jan-11	-	-	-	-	-	-	667	1,724	-	-	13,233
Earthmoving	4.00D		8,370	8,232	-	1-Feb-12	-	-	-	-	-	-	329	467	-	-	7,903
Design Siphon	4.00D		2,730	2,621	-	1-Jul-11	-	-	-	-	-	-	105	214	-	-	2,516
Earthmoving	4.00D		109,688	106,775	-	1-Nov-11	-	-	-	-	-	-	4,271	7,184	-	-	102,504
Earthmoving	4.00D		34,482	33,566	-	1-Nov-11	-	-	-	-	-	-	1,343	2,259	-	-	32,223
Earthmoving	4.00D		115,717	112,644	-	1-Nov-11	-	-	-	-	-	-	4,506	7,579	-	-	108,138
Fencing	10.00D		2,677	2,477	-	1-Oct-11	-	-	-	-	-	-	248	448	-	-	2,229
Concrete Weir	4.00D		792	774	-	1-Dec-11	-	-	-	-	-	-	31	49	-	-	743
Earthmoving	4.00D		12,610	-	12,610	1-Oct-12	-	-	-	-	-	-	377	377	-	-	12,233
			564,337	507,779	12,610								23,861	67,809			496,528
Plant and Equipment																	
Irrigation Races	9.00D		153,742	43,102	-	1-Jan-99	-	-	-	-	-	-	3,879	114,519	-	-	39,223
Culverts	4.80D		71,863	37,010	-	1-Jan-99	-	-	-	-	-	-	1,777	36,630	-	-	35,233
Pipes	9.00D		59,027	16,548	-	1-Jan-99	-	-	-	-	-	-	1,489	43,968	-	-	15,059
Fencing	9.10D		4,120	1,138	-	1-Jan-99	-	-	-	-	-	-	104	3,086	-	-	1,034
Logger	15.00D		756	101	-	1-Feb-00	-	-	-	-	-	-	15	670	-	-	86
2004 Upgrade	11.40D		16,587	5,880	-	1-Dec-03	-	-	-	-	-	-	670	11,377	-	-	5,210
Didymo Screen	15.60D		55,400	31,793	-	1-Dec-08	-	-	-	-	-	-	4,960	28,567	-	-	26,833
			361,495	135,572									12,894	238,817			122,678
TOTAL			1,203,183	876,764	12,610								52,708	366,517			836,666

These financial statements are to be read in conjunction with the accompanying Notes and the Compilation Report. These statements have been compiled without undertaking an audit or review engagement.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2013

1 Statement of Accounting Policies

Reporting Entity

Totara Valley Irrigation Limited is a company incorporated in New Zealand and registered under the Companies Act 1993 and an exempt company for the purposes of the Financial Reporting Act 1993.

The financial statements of the company have been prepared in accordance with Section 12 of that Act, and with the Financial Reporting Order 1994.

Statement of Compliance and Basis of Preparation

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a historical cost basis are followed by the company. The information is presented in New Zealand dollars.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Financial Performance and Statement of Financial Position have been applied:

(a) **Revenue**

Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

(b) **Expenses**

Expenses have been classified on their business function.

(c) **Property, Plant & Equipment**

Property, Plant & Equipment are recognised at Cost less aggregate depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

(d) **Income Tax**

The income tax expense recognised in the Statement of Financial Performance is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years.

(e) **Goods and Services Taxation (GST)**

Revenues and expenses have been recognised in the financial statements exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

(f) **Changes in Accounting Policies**

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

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 30 June 2013

2 Revenue	2013	2012
	\$	\$
Operating Revenue		
Water Charges	126,074	150,297
Other Income		
Dividends Received -South Canterbury Power Trust	51	-
Interest Received - ANZ	1,699	1,746
Interest Received - D B Lundie	12,869	-
Interest Received - Raumea Farms Limited	14,937	-
Interest Received - IRD Use of Money	-	7
Total Other Income	29,556	1,753
Total Revenue	155,630	152,050
3 Tax Reconciliation	2013	2012
	\$	\$
Deficit before Income Tax	(153,256)	(5,177)
Permanent Differences		
Imputation Credits	20	-
Tax Losses Brought Forward	(101,161)	(95,984)
Losses from Conversion of ICA Credits	(71)	-
Total Permanent Differences	(101,212)	(95,984)
Total Loss	(254,468)	(101,161)
4 Income Tax	2013	2012
	\$	\$
Opening Balance	(524)	(479)
Plus:		
Refunds	524	479
Less:		
RWT Paid	513	524
Income Tax (Receivable)	(513)	(524)

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 30 June 2013

5 Imputation Credits	2013	2012
	\$	\$
Imputation Credit Account at Tax Rate 30%		
Opening Balance	-	479
Less:		
Income Tax Refunded	-	479
Closing Balance	-	-
Imputation Credit Account at Tax Rate 28%		
Opening Balance	524	-
Plus:		
Imputation Credits Attached to Dividends Received	20	-
Interest RWT Received	513	524
	533	524
Less:		
Income Tax Refunded	524	-
Closing Balance	533	524
Total Imputation Credits	533	524

6 Cash & Bank Balances	2013	2012
	\$	\$
Bank Account Balances		
ANZ: Business Current Account	28,317	9,560
ANZ: Business Premium Call Account	36,826	56,637
Total Cash & Bank Balances	65,143	66,197

7 Related Parties	2013	2012
	\$	\$
Shareholder Loan - D B Lundie	41,984	-
Shareholder Loan - Raumea Farms Limited	48,482	-
Total Receivables from Related Parties	90,467	-

8 Property, Plant & Equipment	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Property, Plant & Equipment 2013	\$	\$	\$	\$
Development & Upgrade 2010	277,351	15,953	59,891	217,460
Development & Upgrade	564,337	23,861	67,809	496,528
Plant and Equipment	361,495	12,894	238,817	122,678
Total Property, Plant & Equipment	1,203,183	52,708	366,517	836,666

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 30 June 2013

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Property, Plant & Equipment 2012	\$	\$	\$	\$
Development & Upgrade 2010	277,351	17,378	43,938	233,413
Development & Upgrade	551,727	21,045	43,948	507,779
Plant and Equipment	361,495	14,532	225,923	135,572
Total Property, Plant & Equipment	1,190,573	52,955	313,809	876,764
9 Payables & Accruals			2013	2012
			\$	\$
Accounts Payable				
Sundry Creditors			5,094	-
Total Payables & Accruals			5,094	-
10 Term Loans - Secured			2013	2012
			\$	\$
Term Loan: National Bank				
Total Outstanding			259,559	285,000
Total Term Loans - Secured			259,559	285,000
11 Share Capital			2013	2012
			\$	\$
1,400 Ordinary A Shares				
Opening Balance			184,217	184,217
Movements			115,500	-
Closing Balance			299,717	184,217
1,264 Ordinary E Shares				
Opening Balance			575,829	520,163
Movements			111,600	55,666
Closing Balance			687,429	575,829
Total Share Capital			987,146	760,046
12 Accumulated Losses			2013	2012
			\$	\$
Opening Balance			(101,161)	(95,984)
Less:				
Net Deficit			153,256	5,177
Accumulated Losses Closing Balance			(254,416)	(101,161)
13 Contingent Liabilities				
The Company has no contingent liabilities as at 30 June 2013, (2012 Nil).				

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 30 June 2013

14 Capital Commitments

The Company has no capital commitments as at 30 June 2013, (2012 Nil).

Income & Tax Summary for Totara Valley Irrigation Limited

IR4

Tax Year **2013**

Balance Date **30-Jun-13**

[070-481-898]

Income

Interest	29,504.64
Dividends	70.91
Business/Rental Activity	(182,811.38)

Total Income (153,235.83)

Deductions:

Loss B/Fwd - Claimed	101,160.78	(101,160.78)
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Loss Carried Forward (\$254,396.61)

Income Tax Payable thereon \$0.00

Less:

Imputation Credits	19.85	Amount Claimed	0.00	\$0.00
		Converted to Loss	70.89	
		(unclaimed 19.85 / 0.2800)		
				\$0.00

Less:

Interest RWT	509.60	
Dividend Withholding Tax	3.55	
		513.15

Residual Income Tax (\$513.15)

Provisional Tax Paid \$0.00

Calculated TAX REFUND (\$513.15)

Payment Schedule :

	Calculated Amount Due	Payments	Adjustments	Balance Due
2013 Terminal Tax/(Refund)	(513.15)	0.00	0.00	
		REFUND		(513.15)
		Total Due		(513.15)

Not Liable for 2014 Provisional Tax.

Loss to Carry Forward to 2014 tax year. **\$254,467.50**

Prepared by Quantum Advantage Limited