

# LEVELS PLAIN IRRIGATION CO. LIMITED & GROUP

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# LEVELS PLAIN IRRIGATION CO. LIMITED AND GROUP

## COMPANY DIRECTORY

<b>REGISTERED OFFICE</b>	338 Stafford Street Timaru
<b>DIRECTORS</b>	Kevin Cahill Gerard Scott Antony C Howey Nicola Hyslop (Chairman) Ross Wells Hayden Cartwright
<b>SECRETARY</b>	One to One Group, Timaru
<b>BANKERS</b>	ANZ Banking Group (NZ) Ltd, Timaru
<b>SOLICITORS</b>	Timpany Walton, Timaru
<b>AUDITORS</b>	Mitchell Audit, Timaru

# LEVELS PLAIN IRRIGATION CO. LIMITED AND GROUP

## DIRECTORS REPORT

Your Directors have much pleasure in submitting their Nineteenth Annual Report, together with the Statements of Account for the Company, and the group, for the year ended 30 June 2014.

### 1. Financial Statements

The financial statements attached to this report form part of and should be read in conjunction with this report. The directors consider there are no unusual or other matters, which require their comment, and that the company's situation is clearly stated by the financial statements.

### 2. Dividend

The director's recommend that no dividend be paid.

### 3. Transfers to Reserves

Other than net profit and asset revaluation there have been no transfers to reserves.

### 4. Change in Business

There has been no other material change in the company's business.

### 5. Directors Interests

#### a. Directors Interests

The company has not received any notices during the period from any of the directors, which disclose that a director has an interest in any transaction of the company.

#### b. Directors Use of or Disclosure of Information

The company has not received any notices during the period from any of the directors which disclose that a director has used, disclosed, or acted on any information obtained by the directors in his capacity as a director of the company.

#### c. Directors Indemnities

The company has insurance, in respect of any liabilities that the directors may incur acting in their capacity as directors

### 6. Donations

No donations were made by the company during the period.

### 7. Employee Remuneration

No employee received remuneration and/or any other benefits exceeding \$100,000 during the year.

### 7. Auditors

The auditors Mitchell Audit continue in office in accordance with Section 196(1) of the Companies Act 1993.

### 8. Directors Remuneration

Other than directors fees of \$10,000 no other remuneration was paid to any director.

*On behalf of the Board*



Nicky Hyslop  
**CHAIRMAN**

# LEVELS PLAIN IRRIGATION CO. LIMITED AND GROUP

## CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Group		Parent	
		2014 \$	2013 \$	2014 \$	2013 \$
<b>Income</b>					
Administration Levy Charged		134,994	134,785	134,994	134,785
Interest		1,459	1,419	1,459	1,419
Dividends Received		100	102	100	102
Sundry Income		7,443	6,884	7,443	6,884
		<u>143,996</u>	<u>143,190</u>	<u>143,996</u>	<u>143,190</u>
<b>Less Expenses</b>					
Administration	2	123,159	116,404	122,881	116,304
Audit Fees		2,508	2,590	2,508	2,590
Depreciation		70,299	73,833	70,299	73,833
Directors Fees		10,000	8,000	10,000	8,000
		<u>205,966</u>	<u>200,827</u>	<u>205,688</u>	<u>200,727</u>
Net Profit (Loss) Before Tax		<u>(61,970)</u>	<u>(57,637)</u>	<u>(61,692)</u>	<u>(57,537)</u>
Taxation	6	-	-	-	-
<b>Net Surplus / (Deficit)</b>		<u>(61,970)</u>	<u>(57,637)</u>	<u>(61,692)</u>	<u>(57,537)</u>

The above statement of financial performance should be read in conjunction with the accompanying notes.

# LEVELS PLAIN IRRIGATION CO. LIMITED AND GROUP

## CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

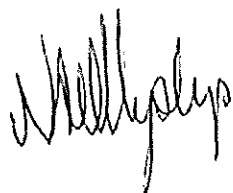
	Group		Parent	
	2014 \$	2013 \$	2014 \$	2013 \$
<b>Equity at the start of the period</b>	<b>5,428,032</b>	<b>5,485,669</b>	<b>1,591,209</b>	<b>1,648,746</b>
Net surplus for the period	(61,970)	(57,637)	(61,692)	(57,537)
Realised Capital Gain on Sale of Assets	-	-	-	-
<b>Total recognised income and expenses</b>	<b>(61,970)</b>	<b>(57,637)</b>	<b>(61,692)</b>	<b>(57,537)</b>
Movement in Revaluation Reserves	-	-	-	-
New Capital Contributions	880	-	880	-
<b>Equity at the end of the year</b>	<b>5,366,942</b>	<b>5,428,032</b>	<b>1,530,397</b>	<b>1,591,209</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

# LEVELS PLAIN IRRIGATION CO. LIMITED AND GROUP

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	Group		Parent	
		2014 \$	2013 \$	2014 \$	2013 \$
<b>Total Equity</b>	3	5,366,942	5,428,032	1,530,397	1,591,209
Represented by:					
<b>Current Assets</b>					
Cash and cash equivalents	4	84,635	78,775	84,635	78,775
Accounts receivable	5	56,091	42,739	56,091	42,739
Taxation	6	473	487	473	487
		141,199	122,001	141,199	122,001
<b>Current Liabilities</b>					
Accounts payable	7	53,411	43,422	53,515	43,526
		53,411	43,422	53,515	43,526
<b>Working Capital</b>		87,788	78,579	87,684	78,475
<b>Non Current Assets</b>					
Property, plant and equipment	8	1,796,449	1,866,748	1,796,449	1,866,748
Investments	9	3,482,705	3,482,705	341,961	341,822
		5,279,154	5,349,453	2,138,410	2,208,570
<b>Non Current Liabilities</b>					
Levels Irrigation Limited				695,697	695,836
		-	-	695,697	695,836
<b>Net Assets</b>		5,366,942	5,428,032	1,530,397	1,591,209



**Nicky Hyslop**  
Director



**Ross Wells**  
Director

# LEVELS PLAIN IRRIGATION CO. LIMITED AND GROUP

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTES TO BE READ IN CONJUNCTION WITH THE ACCOUNTS

#### 1. Statement of Accounting Policies

The financial statements presented here are for the reporting entity Levels Plain Irrigation Co. Limited and the consolidated financial statements of the group comprising Levels Plain Irrigation Co. Limited, Levels Irrigation Limited and Levels Plain Holding Limited

The Company is a qualifying entity within the New Zealand Institute of Chartered Accountants Differential Reporting Framework. The company is not publicly accountable and does not qualify as large. Other than preparing the Financial Statements exclusive of GST the Company has taken advantage of all differential reporting concessions.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are identified.

##### (i) Fixed Assets

Fixed assets are recorded at cost or valuation less depreciation to date.

##### (ii) Depreciation

The rates of depreciation allowable by the Inland Revenue have been used.

##### (iii) Accounts Receivable

Accounts Receivable are shown at their expected net realisable value.

##### (iv) Taxation

The provision for taxation charges against net income for the year is the estimated total liability after allowing for permanent timing differences. This is the liability method applied on a comprehensive basis.

##### (v) Goods and Services Tax

All amounts shown in these Financial Statements are exclusive of Goods and Services Tax. Accounts receivable and accounts payable are stated inclusive of GST.

##### (vi) Investments

Investments are incorporated at cost except for Opuha Water Limited (refer note 12).

##### (vii) Consolidation

The Group employs the purchase method of accounting for investments on consolidation. All significant inter-company items and transactions have been eliminated on consolidation.

##### (viii) Changes in Accounting Policies

###### Going Concern

As per note 16 the company has been undertaking a restructure process that was completed on 1 July 2014. As a result of the restructure Levels Plain Irrigation Co Limited will amalgamate with South Canterbury Farmers Irrigation Society (SCFIS). On amalgamation the assets and liabilities will combine

with SCFIS at the values shown in the statement of financial position, accordingly these financial statements have been prepared on a net realisable value basis.

This year the financial statements have not been prepared on the going concern basis with assets and liabilities representing values to be amalgamated with SCFIS. Due to the nature of the company's assets and liabilities no adjustments were required to these values to show them at net realisable values.

All other accounting policies remain unchanged.



## 2. Administration

	Group		Parent Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Repairs and Maintenance	24,000	19,431	24,000	19,431
Scheme Management Fee	55,000	55,000	55,000	55,000
Accountancy and Secretarial Services	24,930	21,139	24,930	21,039
Legal Fees	2,998	1,776	2,998	1,776
Resource Consent Monitoring	6,831	6,841	6,831	6,841
Other	9,400	12,217	9,122	12,217
	<u>123,159</u>	<u>116,404</u>	<u>122,881</u>	<u>116,304</u>

## 3. Shareholders Equity

	Group		Parent Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Share Capital	341,077	340,197	341,077	340,197
Retained Earnings	(967,313)	(905,343)	(1,224,401)	(1,162,709)
Reserves	5,993,178	5,993,178	2,413,721	2,413,721
	<u>5,366,942</u>	<u>5,428,032</u>	<u>1,530,397</u>	<u>1,591,209</u>

### Share Capital

13,689 Ordinary Shares	341,077	340,197	314,077	340,197
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All shares have equal voting rights and share equally in dividends and surplus on winding up.

## 4. Cash and Cash Equivalents

	Group		Parent Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
ANZ Bank	44,587	33,076	44,587	33,076
Short-term deposits with a maturity less than three months	40,048	45,699	40,048	45,699
	<u>84,635</u>	<u>78,775</u>	<u>84,635</u>	<u>78,775</u>

## 5. Accounts Receivable

	Group		Parent Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Debtors	56,091	42,739	56,091	42,739
GST receivable	-	-	-	-
	<u>56,091</u>	<u>42,739</u>	<u>56,091</u>	<u>42,739</u>

## 6. Taxation

	Group		Parent Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Income Tax Expense</b>	-	-	-	-
<b>Taxation</b>				
Tax Refund to be received	417	432	432	432
Unused Imputation Credits	55	55	55	55
	<u>472</u>	<u>487</u>	<u>487</u>	<u>487</u>
<b>Imputation Credits</b>				
Opening Balance	2,084	1,787	1,930	1,633
Taxes Paid(Refunded)	23	297	23	297
Closing Balance	<u>2,107</u>	<u>2,084</u>	<u>1,953</u>	<u>1,930</u>

Tax losses to be carried forward to future years are:

	2014	2013
Levels Plain Irrigation Company Limited	1,311,635	1,249,982
Levels Plain Holdings Limited	339	200
Levels Irrigation Limited	1,423	1,284

As per note 16, on the 25th June 2014 the shareholders of the company voted in favour of the proposal to amalgamate the company with SCFIS. A consequence of this amalgamation will mean that the tax losses will not be able to be carried forward into the new entity.

## 7. Accounts Payable

	Group		Parent Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Creditors	44,599	36,932	44,599	36,932
Accrued Expenses	2,750	2,750	2,750	2,750
GST payable	6,062	3,740	6,166	3,844
	<u>53,411</u>	<u>43,422</u>	<u>53,515</u>	<u>43,526</u>

## 8. Property, Plant and Equipment

	2014	2013	Accumulated	
			Cost	Depreciation
	\$	\$	\$	\$
<b>2014</b>				
Land and Structures	2,180,653	(384,204)	1,796,449	
	<u>2,180,653</u>	<u>(384,204)</u>	<u>1,796,449</u>	
<b>2013</b>				
Land and Structures	2,180,653	(313,905)	1,866,748	
	<u>2,180,653</u>	<u>(313,905)</u>	<u>1,866,748</u>	

During the 2009 year the assets owned by Levels Irrigation Limited were sold to Levels Plain Irrigation Co. Limited. The assets were sold at a valuation, completed by Schrader Wilson Valuation, dated 30 June 2009. There is no set cycle of revaluations foreseen in the future.

Levels Plain Irrigation Co. Limited has one class of fixed assets. Depreciation is provided for on a Diminishing Value basis using rates calculated to allocate the assets' cost less their estimated residual value, over their estimated useful lives. The rates used are as follows:

Land and Structures 0-11.4%

## 9. Investments

	Group		Parent Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
CRT Shares	-	-	-	-
Opuha Water Limited Shares (188)	188	188		
Advance to Opuha Water Limited	3,469,317	3,469,317		
Buried Mainline Pipe Costs to be recovered	13,200	13,200	13,200	13,200
Advance to Levels Plain Holdings	-	-	326,761	326,622
Levels Irrigation Limited Shares	-	-	1,000	1,000
Levels Plain Holdings Limited Shares	-	-	1,000	1,000
	<u>3,482,705</u>	<u>3,482,705</u>	<u>341,961</u>	<u>341,822</u>

## 10. Related Party Transactions

Details of inter-group transactions are provided in note 12.

There have been no other material related party transactions.

## 11. Investments in Subsidiaries

	Interest held by Holding Company
Levels Irrigation Limited	100%
Levels Plain Holdings Limited	100%

	Loans by Holding Company
Levels Plain Holdings Limited	326,761

The loan is at nil interest and repayable on demand

## 12. Investment in Opuha Water Limited

The group, through Levels Plain Holdings Limited, has an 18.75% (2013 - 18.75%) interest in Opuha Water Limited. The investment in Opuha Water Limited reflects the net contribution by the group to the company which itself owns 100% of the Opuha Dam. This may or may not reflect the true market value of the asset.

## 13. Securities and Guarantees

As part of the purchase of the Opuha Dam the company provided a guarantee in favour of the ANZ National Bank Limited. The Guarantee is secured over the assets of the company.

## 14. Contingencies

There are no contingent liabilities and no contingent assets as at 30 June 2014 (Contingent liabilities and assets at 30 June 2013: \$0).

## 15. Commitments

### (a) Capital Commitments

As at 30 June 2014 the Board has no capital commitments (2012:\$0)

### (b) Operating Commitments

Apart from the annual scheme management fee there are no other commitments (2013; \$0)

## 16. Events Subsequent to Balance Date

A restructuring process has been scheduled to be completed and implemented on 1 July 2014. The end result will mean that Levels Plain Irrigation Co. Limited (LPIC) will amalgamate with South Canterbury Farmers Irrigation Society (SCFIS). The new company will be renamed Opuha Water Limited. As part of the process new shares will be issued to the existing shareholders of LPIC.

No adjustments have been made to the financial statements with regard to the restructure process.

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Levels Plain Irrigation Company Limited and Group

### Report on the Financial Statements

We have audited the financial statements on pages 3 to 10 which comprise the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of financial performance, consolidated statement of changes in equity for the period 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.

#### *Opinion*

In our opinion the financial statements on pages 3 to 10

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Levels Plain Irrigation Company Limited and Group as at 30 June 2014, and its financial performance for the period ended on that date.

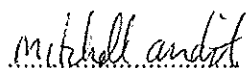
#### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to the fact that the Company is no longer trading as a going concern as disclosed in the accounting policy on page 6 in the financial statements and detailed where appropriate in other policies and notes. The major effect is that the assets and liabilities will be amalgamated on 1 July 2014 to the new entity at the values shown in the statement of financial position.

#### **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 as far as appears from our examination of those records.



**mitchell audit**

17 October 2014  
P O Box 40, Timaru