OPUHA WATER LIMITED

Annual Report

For the year ended 30 June 2021

OPUHA WATER LTD
Enabling | Sustainable | Growth

The Notes to the Financial Statements are grouped into the broad categories the company considers to be the most relevant when evaluating the company's performance. The sections are:

Section A: General Information (pg 16) *This section includes information on this report, key estimates and assumptions and significant transactions and events during the year.*	**Section B: Company Performance (pg 19)** *This section includes disclosure on the performance of the company during the year.*
Section C: Taxation (pg 22) *This section includes disclosure on the components of tax and tax related balances.*	**Section D: Operating Assets (pg 25)** *This section includes disclosure on the company's property, plant & equipment and intangible assets.*
Section E: Liabilities and Equity (pg 29) *This section includes disclosure on the how the company finances its operation, including the associated risk management with funding.*	**Section F: Other Information (pg 37)** *This section includes other disclosures and statutory reporting requirements.*

Accounting policies can be found throughout the Notes to the Financial Statements and are denoted by this blue shaded box surrounding them. Policies are placed within the note that is most relevant, however the policy applies to all financial statements and notes.

It is my pleasure to present the OWL 2021 Chair report.

Reflecting on last year's report, it was interesting to note the concluding comments about dry soil conditions and the very low snowpack. It is quite the contrast this spring with very good winter rainfall recharging our Dam, rivers and soils, and there has been a solid accumulation of snow.

Detailed below are some of the strategic focus areas of the Board over the past 12 months. In no particular order these are:

1. Regulation
2. Dam Safety & Remediation
3. Winter Flood Event
4. Strategy

REGULATION MAKES FOR INTERESTING TIMES

The current government continue to implement more reforms than we have seen in decades. These reforms encompass health, Three Waters, the Resource Management Act, freshwater, immigration and climate change. Many of these reforms have a direct impact on agriculture and it is evident that farmers are feeling an increased regulatory burden across their businesses.

In this context, the National Policy Statement on water ("NPS") introduced by Government late into the Plan Change 7 ("PC7") process has overshadowed the outcomes we can now expect. Allowing that the NPS directives will be in the pipeline for implementation around 2024, ECan will likely want to get a look at this before rolling out PC7 rule changes. This means that although we still expect PC7 to become public within the next six weeks, it may be some be time before the rules have to be implemented. Notwithstanding, OWL will scrutinise the release of PC7 with urgency to assess impacts on our overall operating regime and to individual shareholders with the aim of presenting outcomes to shareholders as soon as we are able.

Whilst national debt is increasing at an alarming rate (driven predominately from business support payments due to Covid-19 lockdowns), agriculture has been a notable stand out performer for our economy.

Despite these challenges our focus remains to be that reliable irrigation enables our farmer shareholders to produce world leading product and valuable export earnings, delivering a strong contribution to our economy. Coupled with this, we are in a transition phase regarding global energy supply and demand. Companies both locally and internationally are demanding greener outputs, and hence we must continue to deliver on greener inputs. This will continue to provide supply challenges on energy supply in the near to medium term. OWL is well positioned for this with hydro-electric production, and we benefited from solid pricing over the past 12 months. Both of these key factors reinforce why we must continue to position OWL to be an enduring business for generations to come.

DAM SAFETY & REMEDIATION

As shareholders are aware, the alert level for Dam safety was raised in November 2018 following evidence of internal erosion. Following expert advice, a cautionary 90% lake level operating limit was implemented. Although our investigations are well advanced, and the advice from our advisors is reassuring, we collectively consider it prudent to maintain this cautionary limit.

The investigation has evolved to take a more holistic view of the entire Dam, especially in the context of climate change and updated guidelines for Dam Safety as advanced by the NZ Society of Large Dams ("NZSOLD"). This will give us confidence to ensure the Opuha Dam is robust for generations to come. However, we are aware that further investment will be required, and we are planning for this with a do it once, do it right approach.

OWL continue to invest appropriate resource into this area and the Board has retained the services of a panel of four Dam safety experts to provide independent advice. We are pleased to say this relationship has bedded in well and sound progress is being made.

Winter Flood Event

This winter (late May 2021), Canterbury endured a widespread rain event with some foothill localities receiving over 500mm in two days. This was a significant event (close to 1 in 100 years) for the Dam catchment. While our CEO provides some detail around the quantities of water captured by the Dam in his report, for the Board it was a situation that reinforced the importance of Dam safety. OWL was publicly recognised in the media at this time for the positive impact due to water storage that prevented further damage downstream.

The May rain event created a reasonable amount of damage to some of our sub-scheme assets located near rivers. The Operations team have done a great job at getting the schemes back online as well as installing some automated gates and monitoring equipment at strategic points in the scheme. These scheme enhancements are a medium-term project that the Board signed off this year to improve water delivery efficiency and accuracy.


Photo: Lake Opuha, May 2021
Above: Before the rainfall, 28th May - 15% capacity. Below: After the rainfall, 1st June - 84% capacity


STRATEGY

Strategy is a process of defining where the business needs to be in the future, and how we are going to get there. Our 2021 revision of strategy produced a number of initiatives and focus areas for the next one to five years.

- Dam remediation - physical improvements to regain lake level control
- Non water charge revenues - increase / diversify
- Environmental and compliance - building long term data sets of water quality across the catchment
- Operational Enhancements - utilize technology and automation to improve water efficiency and reduce manual labour input
- Relationships and communication - lift our profile with the wider community

OTHER MATTERS

We have been aware for some time that our November AGM is a very busy time of year so this year we attempted to connect with shareholders in a different format. It was great to host approximately 90 of our shareholders on 17 June at our inaugural Shareholders' dinner. The feedback has encouraged OWL to repeat this next year, when we plan to have a relevant expert speaker. The Q&A session and discussion with our shareholders was insightful for the Board and Management to clarify what issues are front of mind for shareholders.

At the conclusion of the 2020 Shareholder Director nominations, a vacancy still existed for a Director. The Board had the choice of reducing to six Directors for the year or appointing a Director for a term of up to 12 months. The Board voted to appoint Tony Howey to the Board in late 2020. Tony has previously served as a Director at OWL and this knowledge, along with his extensive governance experience has been an asset during this time.

We also welcomed Tom Hargreaves to the boardroom as an Associate Director earlier this year.

Having a pipeline of Director candidates is healthy for any Board and I urge anyone who has the skills or would like to develop some skills to approach any of our Directors to find out more.

In concluding, I would like to thank the Board, Management and all employees in the business for all their efforts and contributions over the past year. Our CEO, Andrew Mockford, continues to drive the business forward in a progressive manner and he is well supported by a first rate senior Management team. While OWL is not a big business, it achieves a lot and it's thanks to the great people we have.

To highlight my opening remarks, the contribution of OWL to the economic, social and environmental wellbeing of our community is as important now as it has ever been.

All the best for the season ahead.

RYAN O'SULLIVAN

Chair

19 October 2021

The 2020/21 financial year has been successful commercially, even as we continue to navigate significant proposed regulatory changes and competently manage dam safety.

The year saw the conclusion of formal submissions to Plan Change 7 (PC7), an arduous but very robust process that had to quickly adapt to the Essential Freshwater package released by the central Government at the 11th hour of the process.

Underpinning this year's financial performance was a change to how our renewable energy is sold. We took a measured approach to move from Fixed Price Variable Volume contracts to Wholesale Market pricing, and this has proved to have been well timed.

REVENUE

Year-on-year revenue has increased 49% ($3.3m), predominately due to increased energy revenue.

The decision to move to the wholesale market was positive. We entered the market as it experienced energy shortfalls caused by gas supply constraints and what were low hydro lake levels. Migrating off a fixed price variable volume ("FPVV") contract onto spot pricing created an almost windfall cashflow well in excess of historical returns for the business. From these very positive results we generated positive cash inflow from operating activities ($2.6m), paid down further debt ($0.4m) and ended the period with strong cash and equivalents on hand ($2.0m).

As a result, the company has consumed accrued tax losses and will pay tax this year. Alternative options for Shareholder rebates were considered but judged complex and inconsistent with the company's approach to strengthen the balance sheet by debt reduction and to prepare for future capital spend on the Dam which is still to be quantified.

Financial Year	Energy Generation (MWh)	Energy Revenue ($'m)	Conversion Rate ($/MWh)
2019/20	27,370	$2.0m	$72.86
2020/21	23,420	$4.3m	$185.18

A key strategic focus for Opuha is to lower the percentage of our revenue directly derived from our shareholders.

Due to the exceptional energy pricing achieved in 2020/21, we generated 49% of revenue from energy and 51% from water charges (2019/20 year: 33:67 respectively).

EXPENDITURE

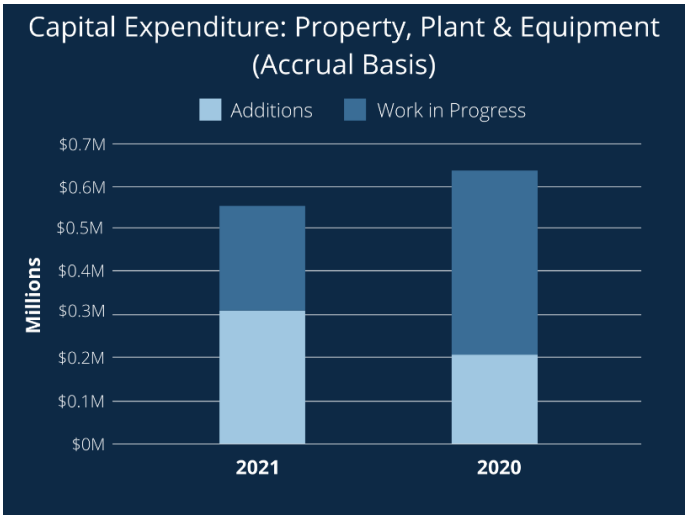
Operating expenditure increased $0.2m year-on-year (2020/21 $6m vs 2019/20 $5.8m). The key driver behind this increase was a $0.1m non-cash accounting change on how we treat intangible assets (our software systems). The other key driver is the increase in insurance premiums, year-on-year this has lifted 15.6% ($0.1m).

ASSET MANAGEMENT & DAM SAFETY

Significant work continued this year to further understand and address improvement areas on the Opuha Dam.

We have contracted a new Dam Safety Advisor 'Dam Safety Intelligence' and they have added considerable value to our dam safety operations. Our proactive and precautionary lake level management has remained in place, and the dam has performed well throughout the period.

Two key focus areas have dominated dam-related work during the year: investigations into how the structure can safely pass more water (enhanced spillways and low-level dewatering capabilities); and obtaining a greater understanding of exactly how the internal structure of the dam is behaving under different loading conditions.



We are close to commencing physical work regarding the enhanced water passage; our work on understanding the internal behaviour of the dam needs further investigation before we can identify potential remediation options.

In terms of actual dam performance this year, it has met expectations very well, and safely managed a considerable weather event.

This financial year we commenced a process to implement 'smart infrastructure solutions' that enable more efficient and effective operations of our irrigation schemes. It is great to now see the first of these systems in place for the 2021/22 irrigation season.

MAY 2021 FLOODS

At the end of May 2021, we experienced a significant weather event that resulted in unprecedented dam inflows and lake level rise (Opuha Dam rainfall of 320mm over a period of 48 hours). The overall community value of the dam was evident through the ability to buffer floods and reduce downstream impacts. During the key 48hr period of the flood, the Opuha Dam retained a peak flow of 542m^3/s and cumulatively held back 45 million m^3 of water. Had this water been added to an already swollen Opihi river system, the downstream impacts would have been significantly greater, and would have caused considerable financial and physical damages as seen across other regions through this time.

REGULATORY

In 2020/21 we saw all our PC7 work come to fruition, and the final presentations made to the independent hearing commissioners. While we don't yet know where the final decision will land, we can reflect on the process knowing that no stone was left unturned, and we certainly could not have put forward a better proposition for what we believe is a workable outcome for the environment, community, and our business.

2020/21 was also the year the proverbial regulatory flood gates opened, and the agricultural community seemed to be squarely in the sights of these changes. Our team has done its best to stay abreast of the changes and communicate them as well as we can to shareholders. We will need to remain vigilant and ensure we apply effort in the most value-adding way possible to any proposed changes.

TEAM

It almost seems a cliché to say but, once again, it was a busy year for the OWL team. We continue to work very hard on your behalf to ensure reliable water for river and irrigation needs alike, and that the dam continues to be safe and fit for purpose for coming generations. I thank the team wholeheartedly for their efforts during the year. I can confidently state that shareholders are very well served by the team as we continue to manage the precious resource that is fresh water.

It is pleasing to look back on what has been a very good year, even as we look to the future, so we can adapt and be as prepared as we can be for the challenges ahead.

ANDREW MOCKFORD

Chief Executive Officer

19 October 2021

The Directors are pleased to present the financial statements of Opuha Water Limited for the year ended 30 June 2021.

The Directors are responsible for ensuring that the financial statements fairly present the financial position of the company at 30 June 2021 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the company to prevent and detect fraud and other irregularities.

DATE OF AUTHORISATION

This Annual Report is dated 20 October 2021 and is signed in accordance with a resolution of the Directors made pursuant to Section 211(1)(k) of the Companies Act 1993.

Signed on behalf of the Board of Directors by:

Ryan O'Sullivan - *Director*

Paul Burns - *Director*

20 October 2021

Date of Authorisation

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF OPUHA WATER LIMITED

Opinion

We have audited the financial statements of Opuha Water Limited ("the Company"), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How The Matter Was Addressed In Our Audit
Assessment of Impairment of Property, Plant & Equipment *Refer to Section A on page 17 of the Financial Statements*	
Management have identified that the internal erosion event as outlined in Section A of the financial statements is an indicator of impairment for the Property, Plant and Equipment classified as "Dam and Power Station" and "Irrigation Schemes" that was carried at $49.8m as at 30 June 2021 (2020: $50.9m) – refer to Note 7. This is a key audit matter because the balance is significant and the identification of impairment events and the determination of the recoverable amount requires the	We performed procedures to evaluate and challenge the Company's assessment of impairment. This included: • In the prior year: ○ engaging BDO Corporate Finance experts to review the arithmetic accuracy of the valuation model and the appropriateness of the Weighted Average Cost of Capital (WACC) applied;

application of significant judgement by management, in particular with respect to the timing, quantity and estimation of future cash flows.

To assess whether an impairment exists, the Company has relied on an external valuation completed at the end of the prior reporting period. Management have reviewed the inputs to the valuation model in the context of current information and data.

The Company concluded that no impairment is present.

- assessing forecast cash flows by comparing them to historical financial information and board approved budgets;
- assessing the Company's forecasting accuracy by comparing historical forecasts to actual.

- In the current year;
  - Assessing the forecast cash flows by comparing them to current and updated data and information;
  - Obtaining an updated understanding of the internal erosion matter and corroborating this to expert external advice received both during the year and up to the date of our audit opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Chair's Report and the CEO's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, 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.

In preparing the financial statements, the directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is

not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Warren Johnstone.

BDO Christchurch
Christchurch
New Zealand
20 October 2021

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

OPUHA WATER LTD
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	Notes	2021 ($)	2020 ($)
CONTINUING OPERATIONS			
REVENUE			
Operating Income	1	9,144,171	6,803,824
Non-Operating Income		15,905	5,839
Financing Income	9	1,064,061	51,673
Total Revenue		**$10,224,137**	**$6,861,336**
LESS EXPENSES			
Operating Expenses			
Administration Expenses		585,375	432,450
Consulting and Project Services		545,363	684,107
Direct Operating Expenses		3,293,393	3,099,455
Financing Expenses	10	1,663,677	1,642,434
		6,087,807	*5,858,446*
Non-Operating Expenses		2,748	19,870
Non-Taxable Expenses		2,267	1,751
Amortisation	8	148,218	149,945
Depreciation	7	1,726,472	1,725,439
Total Expenses		**$7,967,506**	**$7,755,450**
Net Profit/(Loss) before Taxation		**$2,256,630**	**$(894,115)**
Tax Expense/(Benefit)	4	296,109	(151,454)
Net Profit/(Loss) after Taxation		**$1,960,521**	**$(742,660)**
Other Comprehensive Income/(Expenditure)		-	-
Total Comprehensive Income for the year		**$1,960,521**	**$(742,660)**

This Statement should be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report

BDO Christchurch

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

OPUHA WATER LTD
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	Notes	2021 ($)	2020 ($)
RETAINED EARNINGS			
Opening Balance		(9,402,186)	(8,725,897)
Profit/(Loss) after Taxation		1,960,521	(742,660)
Imputation Credits Unclaimed/Converted to Loss - Current Year		-	(638)
Imputation Credits Unclaimed/Converted to Loss - Prior Year		-	(3,095)
Foreign Tax Credits Unclaimed/Converted to Loss - Prior Year		-	(42)
Appropriations to Reserve Funds		182,323	70,146
Closing Retained Earnings		**$(7,259,343)**	**$(9,402,186)**
RESERVE FUNDS	**22**		
Opening Balance		749,652	819,798
Appropriations to Separate Operating Reserves		(182,323)	(70,146)
Closing Reserve Funds		**$567,329**	**$749,652**
CAPITAL RESERVES	**23**		
Opening Balance		20,655,413	20,655,413
Closing Capital Reserves		**$20,655,413**	**$20,655,413**
SHARE PREMIUM RESERVES	**24**		
Opening Balance		5,424,865	5,424,865
Closing Share Premium Reserves		**$5,424,865**	**$5,424,865**
CONTRIBUTED EQUITY	**21**		
Opening Balance		25,325	25,325
Closing Contributed Equity		**$25,325**	**$25,325**
Total Shareholders' Equity		**$19,413,589**	**$17,453,068**

This Statement should be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report

BDO Christchurch

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

OPUHA WATER LTD
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	Notes	2021 ($)	2020 ($)
ASSETS			
Current Assets			
Cash and Cash Equivalents	12	1,992,168	428,952
Trade & Other Receivables	13	1,452,165	530,304
Income Tax Receivable	5	-	392
Total Current Assets		3,444,333	959,648
Non-Current Assets			
Property, Plant and Equipment	7	50,550,517	51,643,890
Investments		2,194	2,194
Intangibles	8	1,248,608	1,543,210
Shareholder Loans	14	6,393	13,911
Total Non-Current Assets		51,807,711	53,203,205
Total Assets		**$55,252,045**	**$54,162,853**
LIABILITIES			
Current Liabilities			
Trade and Other Payables	16	445,289	305,779
GST Payable		48,817	24,377
Interest Payable on Loans & Borrowings	3	177,602	71,652
Employer Liabilities		68,228	65,649
Income Tax Payable	5	441,180	-
Short-term Loans & Borrowings	17	27,960,679	375,000
Short-term Derivative Liabilities	19	780,071	866,520
Total Current Liabilities		29,921,866	1,708,978
Non-Current Liabilities			
Deferred Tax Liability	6	5,224,209	5,370,136
Long-term Loans & Borrowings	17	-	27,960,679
Long-term Derivative Liabilities	19	692,380	1,669,992
Total Non-Current Liabilities		5,916,589	35,000,807
Total Liabilities		**$35,838,455**	**$36,709,785**
Net Assets		**$19,413,589**	**$17,453,068**
SHAREHOLDERS' EQUITY			
Retained Earnings		(7,259,343)	(9,402,186)
Reserve Funds	22	567,329	749,652
Capital Reserves	23	20,655,413	20,655,413
Share Premium Reserve	24	5,424,865	5,424,865
Contributed Equity	21	25,325	25,325
Total Shareholders' Equity (Deficit)		**$19,413,589**	**$17,453,068**

This Statement should be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report

BDO Christchurch

	Notes	2021 ($)	2020 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers		8,239,646	6,825,968
Receipts from Interest and Dividends		2,094	3,563
Receipts from Other Activities		972	1,316
Receipts from Goods & Services Tax		45,264	-
Receipts from Income Tax		394	85,249
		8,288,370	6,916,096
Cash was applied to:			
Payments for Goods & Services Tax		-	(3,482)
Payments to Suppliers and Employees		(5,707,788)	(5,951,459)
		(5,707,788)	(5,954,940)
Net Cash Inflow/(Outflow) from Operating Activities	**2**	**$2,580,581**	**$961,156**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from disposal of Property, Plant and Equipment		6,200	43,108
		6,200	43,108
Cash was applied to:			
Acquisition of Property, Plant and Equipment		(633,289)	(337,245)
Acquisition of Intangibles		(22,794)	(161,605)
		(656,083)	(498,850)
Net Cash Flows from Investing Activities		**$(649,883)**	**$(455,742)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from Shareholder Loans		7,518	7,664
		7,518	7,664
Cash was applied to:			
Repayment of Short-term Loans & Borrowings	**3**	-	(1,250)
Repayment of Long-term Loans & Borrowings	**3**	(375,000)	(375,000)
		(375,000)	(376,250)
Net Cash Flows from Financing Activities		**$(367,482)**	**$(368,586)**
Net Cash Flows		**$1,563,217**	**$136,828**
Cash and cash equivalents at beginning of period		**$428,951**	**$292,123**
Cash and cash equivalents at end of period	**12**	**$1,992,168**	**$428,951**
Net change in cash for period		**$1,563,217**	**$136,828**

This Statement should be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report

BDO Christchurch

SECTION A: GENERAL INFORMATION

This section includes information on this report, key estimates and assumptions and significant transactions and events during the year.

REPORTING ENTITY

Opuha Water Limited (the "company") is domiciled in New Zealand, registered under the Companies Act 1993, and the Cooperative Companies Act 1996, and is a FMC entity in terms of the Financial Markets Conduct Act 2013. For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the company is a Tier 1, for-profit entity.

PRINCIPAL ACTIVITIES

The company's principal activities are the coordination and supply of water for industrial and domestic consumption, environmental river flows, and irrigation supply, and renewable electricity generation. Farmer irrigators are the 100% shareholders of the company.

Review of Operations

The Opuha Dam is situated at the confluence of the North and South Opuha Rivers 17 km north-east of Fairlie. The scheme consists of a 50-metre-high earth dam, with a single hydro turbine, and a lake covering up to 710 hectares storing over 74 million cubic metres of water. The dam provides water to maintain environmental flows in the downstream catchment, water for urban and industrial supplies and for reliable irrigation covering 16,000 hectares in the region. Renewable hydro-electricity is generated with all the water released from the dam.

STATEMENT OF COMPLIANCE

The financial statements comply with NZ GAAP, New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), International Financial Reporting Standards and the Financial Markets Conduct Act 2013.

BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis, except derivative financial instruments, which have been measured at fair value. The principal accounting policies adopted in the preparation of the financial statements are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction and other events is reported. These policies have been consistently applied to all the periods presented, unless otherwise stated.

GOING CONCERN

The financial statements have been prepared using the going concern assumption. The company is dependent on the continuing support of its shareholders and financiers. Refer to Subsequent Events to Reporting Date 'Loans & Borrowings - Term Debt Facility' (page 18).

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in New Zealand Dollars ($) and have been rounded to the nearest dollar. As a result of rounding there may be slight discrepancies in subtotals.

COMPARATIVE FIGURES

Where applicable certain comparatives are re-stated to comply with the presentation adopted for the current year.

KEY ESTIMATES AND JUDGEMENTS

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Information about critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are:

- Financial Risk Management - *refer to Note 19 (page 33)*
- Non-recognition of deferred tax asset regarding accumulated losses - *refer to Notes 4 and 6 (pages 22, 23)*
- Impairment of Operating Assets - *refer to 'Internal Erosion and Impairment Assessment' (page 17)*
- De-Recognition of Operating Assets - *refer to 'New and Amended Standards Adopted' (page 18) and Note 8 'Intangible Assets' (page 27)*

COVID-19

The company sought and was granted status as "essential work" enabling all functions to be carried out during COVID-19 lockdown. The pre COVID-19 digital capability of the company enabled all staff to function from their homes and regular interaction was undertaken remotely (online). Where necessary all operations staff worked independently of others and rigorous PPE standards were applied across the business.

The Board of Directors acknowledge the level of uncertainty that continues to exist in relation to the COVID-19 pandemic and consider it not possible to reliably estimate the duration and severity of the consequences, as well as the impact on the financial position and results of the company for future periods. COVID-19 might have some impact on the measurement of some assets and liabilities and require disclosure in future reporting periods, but the Directors have concluded that they do not create a material impact on the company's ability to continue as a going concern. Accordingly, no adjustments have been recorded in these financial statements.

INTERNAL EROSION AND IMPAIRMENT ASSESSMENT

In late 2019, the company engaged GHD in Australia, a world-leading specialist in this type of investigation, to assess and report on the internal erosion matter in accordance with a Special Dam Safety Review ("SDSR"), as set out in the NZSOLD Guidelines 2015. GHD delivered the final SDSR report in September 2020. The report confirmed internal erosion with no risk of immediate dam failure and recommended a series of more specialist investigations to better understand the issue.

Since receiving confirmation of internal erosion, enhanced monitoring and surveillance are being applied, and further specialist investigations have been commenced. On recommendation from independent Dam Safety Advisors at the time of confirming the probability of internal erosion, the lake level has been managed generally to operate at or below 90% full (RL 390.0m). Although this has the potential to create some impact on the supply of water during the irrigation season, there is unlikely to be a material impact on the company's financial outturn.

There have been no concerning Dam behaviours identified during the reporting period requiring any escalation in how risk is being managed beyond what is already in place.

Impairment Assessment

In the comparative year, Impairment testing under NZ IAS 36 was undertaken on the expected impact of water supply and electricity generation, from the decision was made to restrict the lake level capacity to RL 390.0m (90%) on the advice of independent Dam Safety Advisors. The purpose of this work was to obtain appropriate evidence that the carrying value of the company's assets did not exceed its recoverable amount or value in use. As part of the 2020 financial reporting and audit process, the company engaged an external valuation expert to complete an Enterprise Valuation of the Opuha Dam and associated infrastructure as at 30 June 2020. The valuation supported a conclusion of no impairment.

As remediation has not yet occurred, the impairment indicator remains, notwithstanding the detailed engineering investigations that will inform any long-term remediation. For the 2021 reporting year, the cash flows forecast in the 2020 Enterprise Valuation was reviewed against current estimates and data. The review concluded that the 2020 valuation supports a conclusion of no impairment in the current reporting year.

CAPITAL COMMITMENTS

A capital commitment is an allocation of funds for a contractual liability arising out of capital expenditure which is not yet incurred or provided for. At reporting date, the company had the following capital expenditure contracted:

Rubicon System Automation Upgrade

In May 2021, the company entered into an agreement for the supply and installation of automation hardware and software to improve the operation and management of the open race systems in the Kakahu, Levels Plain and Totara Valley irrigation sub-schemes. The total contract value (excluding GST) is $260,890. At reporting date (30 June 2021), a progress payment of $48,495 excluding GST was paid and/or accrued and has been included as work in progress in Property, Plant & Equipment.

Auxiliary Spillway Enhancement

As reported in the comparative year, a contract was entered into with an engineering consultant in June 2020 for detailed design and construction stage services in connection with the Opuha Dam Auxiliary Spillway Enhancement project. The consultants work had a total estimated value of $485,000. This value was based on a 3-phase workstream - investigations, detailed design and construction. The contract concluded in December 2020 and did not continue beyond investigations. The total value of stage one (investigations) was $297,358 (excluding GST) and is included as work in progress in Property, Plant & Equipment, as it is probable that future work on the Auxiliary Spillway will occur.

The outcomes from the stage one exercise delivered a valuable process output, and the focus was shifted to investigating enhancements to the main spillway, which reduces the probability of operating the auxiliary spillway. At reporting date (30 June 2021), there was no contractual capital commitments for work related to the main spillway.

CONTINGENT LIABILITIES

A contingent liability is a potential loss that may occur at some point in the future, once various uncertainties have been resolved. At reporting date, the company had no contingent liabilities (2020: Nil).

CONTINGENT ASSETS

A contingent asset is a possible asset that may arise because of a gain that is contingent on future events that are not under the company's control. At reporting date, the company had no contingent assets (2020: Nil).

SUBSEQUENT EVENTS TO REPORTING DATE

The following non-adjusting event arose after the end of the reporting period:

Loans & Borrowings - Term Debt Facility

In August 2021 the company's lender (ANZ Bank New Zealand) completed its annual review and provided indicative terms for facility renewal. The extension to the term debt facility is yet to be formally concluded at report signing date, however expected to be completed shortly after.

NEW AND AMENDED STANDARDS ADOPTED

New accounting standards impacting the company which have been adopted in these financial statements are:

IFRIC Agenda Decision - Software as a Service ("SaaS")

The company adopted this interpretation for the first time for reporting period ending 30 June 2021. The main implication of this interpretation is how an entity accounts for configuration or customisation costs on cloud computing arrangements - referred to Software as a Service ("SaaS"). The decision requires an entity to evaluate whether the rights granted in a SaaS arrangement are within the scope of IAS 38 Intangible Assets or IFRS 16 Leases. Implementation costs related to a cloud computing arrangement that are a service contract do not itself include a software intangible asset and the costs of preparing that software for use do not create a separate resource controlled by the entity. The adoption of this interpretation has had an impact on these financial statements. Refer to Note 8 'Intangible Assets' (page 27).

UPCOMING CHANGES IN ACCOUNTING STANDARDS

At the date of authorisation of these financial statements, certain NZ IFRS new standards and interpretations to existing standards have been published but not yet effective and have not been adopted early by the company.

All pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements are provided below (if applicable). Certain other new standards and interpretations issued but not yet effective, that are not expected to have a material impact on the company's financial statements, have not been disclosed.

Photo: Opuha Dam, May 2021 (post May rainfall)

Lake Opuha was operating at 15% capacity following a reliable 2020/21 irrigation supply water season. The persistent rain over several days in late May dramatically changed the look of Lake Opuha.

SECTION B: COMPANY PERFORMANCE

This section includes disclosure on the performance of the company during the year.

1. OPERATING INCOME

	2021 ($)	2020 ($)
Energy Activities		
Electricity Sales	4,319,949	1,993,852
Other	118,126	282,914
Total - Energy Activities	*4,438,075*	*2,276,765*
% of Operating Income	*49%*	*33%*
Water Activities		
Water Supply Charges	3,400,281	3,244,530
Infrastructure Charges	955,788	937,674
Other	350,027	344,854
Total - Water Activities	*4,706,096*	*4,527,059*
% of Operating Income	*51%*	*67%*
Total Operating Income	**$9,144,171**	**$6,803,824**

Income and expenses are not offset unless required or permitted by an accounting standard, or when offsetting reflects the substance of the transaction or other event. In addition, gains or losses arising from a group of similar transactions are reported on a net basis unless items of gains or losses are material, in which case they are reported separately.

Revenue Recognition

The majority of the company's revenue is derived from the supply of water and electricity generation, with revenue from both recognised on an over time basis. This is because for both revenue streams, the customer simultaneously receives and consumes all of the economic benefits and because the provision of water supply and electricity has no alternative use to the company and the contracts in place give rise to an enforceable right to payment.

Water supply (including infrastructure charges) is derived from fixed price contracts and therefore the amount of revenue earned is determined by reference to those contracts with limited judgement required.

Water supply to shareholder customers are governed by a Water Supply Agreement ("WSA") between the company and the customer. The WSA is a continuous supply document binding the company to supply water to the customers offtake during the supply season. Water (and associated infrastructure) charges are determined based on the number of shares held and the location of the property within the scheme area. The company has the ability to cease water delivery if the charges remain unpaid. The supply of water is integral to the successful operation of the customers operations. Therefore, there is a very limited risk of shareholder customers defaulting on payment.

Electricity sales is determined by the quantity and time period of generation.

Both water and electricity activities are billed monthly in arrears with payment due on the 20th of the following month. Some contracts allow for prompt payment discounts, in which case revenue is recorded net of expected discounts.

Expenses

Expenses are recognised when it is probable that any future economic benefit associated with the item will flow from the company and when the item has a cost or value that can be measured reliably.

Goods and Services Tax (GST)

The financial statements have been prepared so that all components are stated exclusive of GST, except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of an asset or as part of the expense item; and
- Receivables and payables (excluding accruals), are stated with the amount of GST included.

2. RECONCILIATION OF PROFIT/(LOSS) WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 ($)	2020 ($)
Profit/(Loss) after Taxation	1,960,521	(742,660)
Add/(Deduct) Non-Cash and Non-Operating Items:		
Amortisation & Depreciation	1,874,685	1,875,384
Deferred Tax	(145,927)	(97,048)
Prior Period Income Tax Adjustment	-	(54,406)
Derivative Liabilities	(1,064,061)	(51,673)
De-recognition of Intangibles	169,146	-
Loss/(Gain) on Disposal of Intangibles	37	2,743
Loss/(Gain) on Disposal of Property, Plant & Equipment	(6,010)	(29,370)
Total Non-Cash and Non-Operating Items	*827,870*	*1,645,630*
	$2,788,391	**$902,969**
Add/(Deduct) Movement in Working Capital Items:		
(Increase)/Decrease in Receivables and Accruals	(913,170)	46,585
(Increase)/Decrease in Prepayments	(13,227)	(2,572)
(Increase)/Decrease in Other Current Assets	4,536	(3,887)
Increase/(Decrease) in Payables and Accruals	139,503	(76,940)
Increase/(Decrease) in Employer Liabilities	2,579	30,354
Increase/(Decrease) in Interest Payable	105,949	(1,619)
Increase/(Decrease) in Income Tax	441,572	83,798
Increase/(Decrease) in Goods and Services Tax	24,440	(17,545)
Increase/(Decrease) in Other Current Liabilities	7	13
Total Movement in Working Capital Items	*(207,810)*	*58,186*
Net Cash Inflow/(Outflow) from Operating Activities	**$2,580,581**	**$961,156**

The table above discloses adjustments applied to the result reported in the Statement of Profit or Loss and Other Comprehensive Income to arrive at the net cash flow from operating activities disclosed in the Statement of Cash Flows. This acknowledges that revenue and expenses are recognised at the point of obligation and not all transactions have been settled in cash.

Statement of Cash Flows

Cash means cash and cash equivalent balances on hand, held in bank accounts, demand deposits and other highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

- *Operating activities* are the company's principal revenue-producing activities and other activities that are not investing or financing. They include cash received from all revenue sources and record the cash payments made for the supply of goods and services.
- *Investing activities* are those activities relating to the acquisition and disposal of non-current assets, which are intended to generate future income and cash flows. Investing and financing activity transactions have had their respective sources and applications of cash netted off where roll over of financing has occurred.
- *Financing activities* comprise activities that change the equity and debt capital structure of the company.

The Statement of Cash Flows has been prepared on a GST exclusive basis. In the Statement of Cash Flows, the net GST paid to, or received from the taxation authority, including the GST relating to investing and financing activities, is classified as an operating cash flow.

3. RECONCILIATION OF FINANCIAL LIABILITIES TO FINANCING CASH FLOWS

	Interest Payable on Loans & Borrowings	Current Loans & Borrowings (Note 17)	Non-Current Loans & Borrowings (Note 17)	Derivative Liabilities (Note 19)	Total ($)
As at 30 June 2019	**$73,271**	**$1,250**	**$28,710,679**	**$2,588,185**	**$31,373,385**
Cash flows					
Repayment of short-term loans & borrowings	-	(1,250)	-	-	**(1,250)**
Repayment of long-term loans & borrowings	-	(375,000)	-	-	**(375,000)**
Non-Cash flows					
Movements in accrued interest	(1,619)	-	-	-	**(1,619)**
Fair value movements	-	-	-	(51,673)	**(51,673)**
Reclassification of borrowings	-	750,000	(750,000)	-	**0**
As at 30 June 2020	**$71,652**	**$375,000**	**$27,960,679**	**$2,536,512**	**$30,943,843**
Cash flows					
Repayment of long-term loans & borrowings	-	(375,000)	-	-	**(375,000)**
Non-Cash flows					
Movements in accrued interest	105,950	-	-	-	**105,950**
Fair value movements	-	-	-	(1,064,061)	**(1,064,061)**
Reclassification of borrowings	-	27,960,679	(27,960,679)	-	**0**
As at 30 June 2021	**$177,602**	**$27,960,679**	**$0**	**$1,472,451**	**$29,610,732**

Photo: Opuha Regulating Pond/Downstream Weir

Water from Lake Opuha is discharged into a 'regulating pond' and a control structure at the bottom end of the regulating pond (the downstream weir) regulates the amount of water released into the Opuha river. This allows the Power Station to operate intermittently at full load to get the best electricity price while the flow into the river is managed at a consistent, natural level.

SECTION C: TAXATION

This section includes disclosure on the components of tax and tax related balances.

4. TAXATION

	2021 ($)	2020 ($)
Current Income Tax		
Profit/(Loss) before Taxation	2,256,630	(894,115)
Non-Taxable Expenditure	2,267	1,751
Temporary Differences		
Accounting Difference in Depreciation and Amortisation	467,583	394,025
Accounting Difference in De-recognition of Intangible Assets	(1,430)	-
Accounting Difference in Loss/(Gain) on Disposal of PP&E and Intangible Assets	(28,987)	(21,830)
Timing Difference for Accrued Expenditure not yet incurred	(6,900)	26,400
Adjustment for Employer Liabilities	4,770	51,134
Taxable Income	***$2,693,934***	***$(442,635)***
Losses Brought Forward	(1,115,233)	(619,731)
IC's Unclaimed/Converted to Loss	-	(2,279)
Taxable Profit/(Loss)	***$1,578,701***	***$(1,064,645)***
Current Income Tax Expense/(Benefit) 28%	**$442,036**	**$0**
Deferred Income Tax		
Movement in Temporary Differences	(521,169)	(346,601)
Deferred Income Tax Expense/(Benefit) 28%	**$(145,927)**	**$(97,048)**
Prior Period Income Tax Adjustment		
Amendment to 2018 Current Income Tax	-	(194,307)
Prior Period Income Tax Expense/(Benefit) 28%	**$0**	**$(54,406)**
Income Tax reported in the Statement of Profit or Loss	**$296,109**	**$(151,454)**

Prior Period Income Tax Adjustment

In the comparative year, the Inland Revenue Department ("IRD") accepted the company's request under section 113 to amend the 2018 income tax return filed for an adjustment relating to a Swap Termination Fee. This resulted in a refund for tax overpaid, and losses brought forward.

	As Filed (2018)	Corrected (2018)	*Difference*
Losses brought forward	(1,375,318)	(1,375,318)	
Taxable income	1,569,625	1,042,786	*(526,839)*
Net taxable income	194,307	(332,532)	*(526,839)*
Imputation credits converted to loss	-	(11,053)	*(11,053)*
Losses to carry forward	-	(343,585)	*(343,585)*
Tax payable / (refundable)	**$54,406**	**$0**	**$(54,406)**

Current Tax for the period was calculated using the tax rate of 28% (2020: 28%) and is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are measured at the amounts expected to be recovered or paid to the taxation authority.

Tax Losses

Tax losses have no expiry date but are subject to shareholder continuity requirements being met from the time the tax losses arose until their utilisation. At reporting date (30 June 2021), the company has no tax losses to carry forward (2020: $1,115,233).

In the comparative year, no asset was recognised for the tax losses because given the nature of the company, it was not considered probable that the company would generate sufficient taxable profit to utilise the losses in the near future.

Reconciliation of Effective Tax Rate

A reconciliation of income tax applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

	2021 ($)	2020 ($)
Profit/(Loss) before Taxation	2,256,630	(894,115)
Tax at the Statutory Rate of 28%	*631,856*	*(250,352)*
Tax Effect of Prior Year Adjustments		(54,406)
Tax Effect of Non-Taxable Expenditure	635	490
Tax Effect of Temporary Differences	(24,117)	28,876
Tax Effect of Current Year Taxable Income	(312,265)	123,938
	(335,748)	*98,898*
Income Tax reported in the Statement of Profit or Loss	**$296,109**	**$(151,454)**
Average Effective Tax Rate	***13%***	***17%***

5. STATEMENT OF FINANCIAL POSITION

	2021 ($)	2020 ($)
Opening Balance	(392)	(33,560)
Prior Period Adjustment	-	(51,269)
Income Tax (Payments)/Refunds	394	84,830
Interest RWT and NRWT credits	(62)	(280)
Dividend RWT and FDP credits	(121)	(114)
Imputation Credits on Dividends	(676)	(638)
Imputation Credits Unclaimed/Converted to Loss	-	*638*
Tax on Taxable Income	442,036	-
Provisional Tax Paid	-	-
Terminal Tax Payable/(Receivable)	**$441,180**	**$(392)**

Imputation Credits

The Imputation Credit account (ICA) keeps track of how much tax the company has paid, or had refunded, and how much tax is available to be passed to shareholders. Imputation credits available to shareholders as at 30 June 2021: $15,221 (2020: $14,757).

6. DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following:

	2021 ($)	2020 ($)
Assets		
Feasibility Expenditure	(73,147)	(76,195)
Employer Liabilities & Accrued Expenditure	(21,113)	-
Sub-Total - Tax Assets	*(94,261)*	*(76,195)*
Liabilities		
Property, Plant and Equipment	5,257,418	5,377,884
Intangible Assets	61,051	68,447
Sub-Total - Tax Liabilities	*5,318,469*	*5,446,331*
Net		
Assets	(94,261)	(76,195)
Liabilities	5,318,470	5,446,331
Total Deferred Tax (Assets)/Liabilities	**$5,224,209**	**$5,370,136**

Movement in Temporary Differences

	Property, Plant & Equipment	Intangible Assets	Feasibility Expenditure	Employer Liabilities & Accrued Expenditure	Total ($)
Balance 30 June 2019	**$5,472,355**	**$74,200**	**$(79,370)**	**$0**	**$5,467,184**
Recognised in Profit or Loss	(94,470)	(5,754)	3,174	-	**(97,048)**
Recognised in Equity	-	-	-	-	-
Balance 30 June 2020	**$5,377,886**	**$68,446**	**$(76,196)**	**$0**	**$5,370,136**
Recognised in Profit or Loss	(120,468)	(7,395)	3,049	(21,113)	**(145,927)**
Recognised in Equity	-	-	-	-	-
Balance 30 June 2021	**$5,257,418**	**$61,051**	**$(73,147)**	**$(21,113)**	**$5,224,209**

Deferred tax is provided for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax has been measured using the tax rate of 28% (2020: 28%) which is the rate expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In principle, deferred tax liabilities are recognised from taxable temporary timing differences. Deferred tax assets are recognised to the extent that it is probably that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probably that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority. The company intends to settle its current tax assets and liabilities on a net basis.

Photo: The confluence where the Opihi River and the Opuha River converge to the coast

The entire catchment of the Opihi River is made of three additional rivers (or tributaries). These tributaries are the Tengawai River, the Opuha River and the Temuka River. The Opuha and the Temuka rivers also have tributaries. These are the North Opuha and South Opuha Rivers on the Opuha River and the Waihi, Hae Hae Te Moana and Kakahu rivers on the Temuka river.

SECTION D: OPERATING ASSETS

This section includes disclosure on the company's property, plant & equipment and intangible assets.

7. PROPERTY, PLANT AND EQUIPMENT ("PPE")

	Land & Buildings	Plant & Equipment	Motor Vehicles	Office Equip & Furniture	Dam & Power Station	Irrigation Schemes	Total
Cost or Valuation							
Balance 30 June 2019	499,073	90,742	316,556	225,223	53,623,738	14,798,976	**69,554,308**
Additions	19,174	18,161	102,943	16,793	73,071	86,284	**316,426**
Transfer to Intangibles	-	-	-	(111,056)	-	-	**(111,056)**
Work in Progress	-	-	-	-	225,824	11,241	**237,066**
Revaluations	-	-	-	-	-	-	**0**
Sales/Disposals	-	-	(121,466)	(8,291)	-	(6,122)	**(135,878)**
Balance 30 June 2020	518,247	108,903	298,034	122,670	53,922,634	14,890,379,	**69,860,865**
Additions	4,250	25,960	-	8,459	19,095	145,051	**202,815**
Work in Progress	10,871	-	-	-	276,609	142,994	**430,474**
Revaluations	-	-	-	-	-	-	**0**
Sales/Disposals	-	(14,628)	-	(2,582)	-	(51,065)	**(68,275)**
Balance 30 June 2021	533,368	120,235	298,033	128,547	54,218,338	15,127,358	**70,425,879**
Accumulated Depreciation & Impairment							
Balance 30 June 2019	(58,130)	(65,812)	(170,578)	(183,677)	(12,450,045)	(3,785,057)	**(16,713,299)**
Depreciation Expense	(3,740)	(7,677)	(60,400)	(16,958)	(1,031,941)	(604,724)	**(1,725,439)**
Transfer to Intangibles	-	-	-	98,253	-	-	**98,253**
Elimination on Disposal	-	-	113,076	6,357	-	4,077	**123,510**
Impairment Losses	-	-	-	-	-	-	**0**
Balance 30 June 2020	(61,869)	(73,489)	(117,902)	(96,026)	(13,481,986)	(4,385,704)	**(18,216,976)**
Depreciation Expense	(10,036)	(9,557)	(63,540)	(10,660)	(1,035,705)	(596,975)	**(1,726,472)**
Elimination on Disposal	-	14,438	-	2,582	-	51,065	**68,085**
Impairment Losses	-	-	-	-	-	-	**0**
Balance 30 June 2021	(71,906)	(68,607)	(181,442)	(104,103)	(14,517,691)	(4,931,614)	**(19,875,362)**
Carrying Amounts							
Balance 30 June 2019	**$440,943**	**$24,931**	**$145,978**	**$41,546**	**$41,173,693**	**$11,013,919**	**$52,841,010**
Balance 30 June 2020	**$456,377**	**$35,414**	**$180,132**	**$26,644**	**$40,440,648**	**$10,504,676**	**$51,643,890**
Balance 30 June 2021	**$461,462**	**$51,628**	**$116,591**	**$24,444**	**$39,700,647**	**$10,195,745**	**$50,550,517**

Dam & Power Station

The Dam & Power Station are pledged as security, refer to Note 17 'Loans & Borrowings' (page 31).

Property, Plant & Equipment ("PPE")

PPE is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent Expenditure

Subsequent expenditure is capitalised and added to the carrying amount of an item of PPE when the cost is incurred if it is probable that the future economic benefits embodied in the specific asset will flow to the company and the cost of the item can be measured reliably. The costs of day-to-day servicing of PPE are recognised in the Statement of Profit or Loss as incurred.

Additions

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably. Individual assets, or groups of assets, are capitalised if their cost is greater than $500. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Capital Works in Progress

Capital works in progress is carried at cost and shown separate to PPE until ready for service, at which time they are transferred to the PPE additions and depreciated.

Disposals

When an item PPE is disposed of, any gain or loss is recognised in the Statement of Profit or Loss and is calculated as the difference between the net disposal proceeds and the carrying value of the item at the time of disposal.

Net gains and losses are only recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing involvement.

Depreciation

Depreciation is calculated using the straight-line method and is charged to the Statement of Profit or Loss. Land is not depreciated. Rates associated with types and classifications of assets are below. These rates apply to the current and comparative period.

Buildings	4.0% - 30% SL
Plant and Equipment	3.0% - 40% SL
Motor Vehicles	17.5% - 40% SL
Office Equipment & Furniture	7.0% - 40% SL
Dam & Power Station	1.5% - 30% SL
Irrigation Schemes	1.5% - 40% SL

8. INTANGIBLES

	Data Systems & Software	Resource Consents - Levels Plain Scheme	Resource Consents - Kakahu Scheme	Resource Consents - Totara Valley Scheme	Total
Cost or Valuation					
Balance 30 June 2019	-	385,959	1,606,942	185,000	**2,177,901**
Additions	162,865	3,175	165,210	-	**331,250**
Transfer from PPE	111,056	-	-	-	**111,056**
Sales/Disposals	-	(8,467)	(240,750)	-	**(249,217)**
Balance 30 June 2020	273,920	380,667	1,531,402	185,000	**2,370,989**
Additions	22,794	-	-	-	**22,794**
De-recognition	(209,259)	-	-	-	**(209,259)**
Sales/Disposals	(87,456)	-	-	-	**(87,456)**
Balance 30 June 2021	-	380,667	1,531,402	185,000	**2,097,069**
Accumulated Amortisation & Impairment					
Balance 30 June 2019	-	(120,960)	(493,846)	(56,923)	**(671,729)**
Amortisation Expense	(15,667)	(23,964)	(98,928)	(11,385)	**(149,945)**
Transfer from PPE	(98,253)	-	-	-	**(98,253)**
Elimination on Disposal	-	5,724	86,423	-	**92,147**
Impairment Losses	-	-	-	-	**0**
Balance 30 June 2020	(113,920)	(139,200)	(506,351)	(68,308)	**(827,779)**
Amortisation Expense	(13,616)	(23,494)	(99,723)	(11,385)	**(148,218)**
Elimination - De-recognition	40,114	-	-	-	**40,114**
Elimination - Disposal	87,418	-	-	-	**87,418**
Impairment Losses	-	-	-	-	**0**
Balance 30 June 2021	-	(162,694)	(606,074)	(79,692)	**(848,461)**
Carrying Amounts					
Balance 30 June 2019	**$0**	**$264,999**	**$1,113,096**	**$128,077**	**$1,506,172**
Balance 30 June 2020	**$160,000**	**$241,467**	**$1,025,051**	**$116,692**	**$1,543,210**
Balance 30 June 2021	**$0**	**$217,972**	**$925,328**	**$105,308**	**$1,248,608**

Data Systems & Software

Historically, costs associated with acquiring software have been capitalised at cost and amortised over the life of the assets. The assets primarily comprise of software costs for the company's operating and information technology systems, and customer centred applications including those based around farm management systems.

De-Recognition of Data Systems & Software

The IFRS Interpretations Committee ("IFRIC") has published two agenda decisions clarifying how arrangements in respect of a specific part of cloud technology, Software-as-a-Service ("SaaS"), should be accounted for.

The first agenda decision, published in March 2019, concludes that SaaS arrangements are likely to be service arrangements, rather than intangible or leased assets. This is because the customer typically only has a right to receive future access to the supplier's software running on the supplier's cloud infrastructure and therefore the supplier controls the intellectual property (IP) of the underlying software code. The second agenda decision, published in April 2021, deals with specific circumstances in relation to configuration and customisation costs incurred in implementing SaaS.

The company's current accounting policy for SaaS arrangements is inconsistent with the conclusions reached in the IFRIC agenda decisions, as the company licences the code and does not have control of the software. As a result of this change in accounting policy, and in accordance with NZ IAS 8, the carrying value of assets ($169k) relating to configuration and customisation of software under Data Systems & Software have been de-recognised at 30 June 2021.

Resource Consents

Operational vs capital asset consents are identified for the purpose of amortisation vs depreciation. Although capital asset consents have an expiry date in the future, the Directors do not expect to seek renewal of these consents. Therefore, the cost of acquiring 'capital asset' consents are logically tied and included in PPE and depreciated as part of the asset. Operational (resource) consents are required to be renewed at the end of their term for the company to continue to operate. Operational consents have been recorded as intangible assets and amortised on a straight-line basis over the estimated useful lives from the date that they are available for use.

Intangible Assets

Intangible assets are initially carried at cost. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation and Estimated Useful Lives

Amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible asset. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The company uses its judgement in determining the remaining useful lives and residual value of intangible assets. These are reviewed and, if appropriate, adjusted at each balance date. Intangible assets with an indefinite useful life are not amortised. Instead, they are assessed annually for any indication of impairment.

The useful life associated with types and classifications of assets are below. The rate for resource consents applies to the current and comparative period. The rate for Data Systems & Software applies to the comparative period.

Asset Name	Useful Life
Data Systems & Software	15 years
Resource Consents	Expiry: October 2030

Impairment of Non-Financial Assets

Tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Photo: Lake Opuha Island Logging, May 2021

The trees were removed from the island in May 2021 due to the environmental threat they posed as a seed source for wilding pine in the surrounding catchment. The island will be re-planted in NZ natives over a 5-year period.

SECTION E: LIABILITIES AND EQUITY

This section includes disclosure on the how the company finances its operation, including the associated risk management with funding.

9. FINANCING INCOME

	2021 ($)	2020 ($)
Revaluation of Interest Rate Swaps	1,064,061	51,673
Total Financing Income	**$1,064,061**	**$51,673**

Financing income comprises of fair value movements on derivatives.

10. FINANCING EXPENSES

	2021 ($)	2020 ($)
Bank Charges & Other Fees	8,310	13,035
Interest Paid - ANZ Bank New Zealand (Revolving Credit)	6,823	5,768
Interest Paid - ANZ Bank New Zealand (Term Loans)	1,648,544	1,623,631
Interest Expense from Liabilities at Amortised Cost	*1,655,367*	*1,629,399*
Total Financing Expenses	**$1,663,677**	**$1,642,434**

Financing expenses comprises of transaction and account management fees and interest paid on loans & borrowings.

11. FINANCIAL ASSETS

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

The company's financial assets measured at amortised cost comprise Cash and Cash Equivalents, Trade and Other Receivables and Shareholder Loans in the Statement of Financial Position.

Impairment of Financial Assets

The company applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable assets.

Financial assets are de-recognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date.

12. CASH & CASH EQUIVALENTS

	2021 ($)	2020 ($)
ANZ Bank New Zealand - Cheque Account	1,992,168	428,927
Petty Cash	-	25
Total Cash & Cash Equivalents	**$1,992,168**	**$428,952**

The interest rate receivable on the cheque account as at 30 June 2021: 0.05% p.a. (2020: 0.00% p.a.).

The company previously had an overdraft facility on the cheque account. This facility was cancelled in March 2020; with an intraday limit established to avoid the need of an overdraft and support timing of payments/receipts during a given day.

If overdraft funds were utilised the company may have incurred an interest rate of up to 22.35% (2020: 22.35%).

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank Overdrafts are shown in current liabilities in the Statement of Financial Position.

13. TRADE AND OTHER RECEIVABLES

	2021 ($)	2020 ($)
Trade Receivables	1,415,398	502,228
Shareholder Loans - Current Portion	7,518	7,232
Deferred Monthly Expenses	5,868	10,690
Prepayments	23,381	10,154
Total Trade and Other Receivables	**$1,452,165**	**$530,304**

Trade Receivables are reviewed on an ongoing basis and assessed for the need to recognise any impairment. Trade Receivables at reporting date considered to be impaired: $ Nil (2020: $ Nil). COVID-19 has not resulted in deterioration in debtor performance or the collection of any debtors.

Trade Receivables relating to related party transactions (current Directors) are $16,217 (2020: $20,186). Sales of goods and services to related parties, include interest on overdue amounts, were made at the company's usual list prices. The company has not made any allowance for bad or doubtful debts in respect of related party transactions.

Trade Receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Refer to Note 11 'Financial Assets' (page 29).

14. SHAREHOLDER LOANS

	2021 ($)	2020 ($)
Water Metering and Telemetry	13,911	21,143
Total Shareholder Loans	**$13,911**	**$21,143**
Repayable as follows:		
Current Portion - less than one year	*7,518*	*7,232*
Non-Current Portion - one to five years	*6,393*	*13,911*
Total	***$13,911***	***$21,143***

Shareholder Loans relating to related party transactions (current Directors) were $ Nil (2020: $ Nil).

Water Metering and Telemetry

During the 2017 and 2018 years, the company managed a water metering and telemetry installation programme on behalf of a number of shareholders and offered a financing arrangement to spread the capital cost over a period of up to five years. Repayments are made monthly by direct debit. Interest is charged at the company's marginal two-year finance rate, plus 0.5%. Loan agreements are in place between the company and the associated shareholder/s.

Impairment of Financial Assets at Amortised Cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

15. FINANCIAL LIABILITIES

The company classifies its financial liabilities into one of two categories, depending on the purpose for which it was acquired.

Fair Value through Profit and Loss

This category comprises out-of-the money derivatives where the time value does not offset the negative intrinsic value. They are carried in the Statement of Financial Position at fair value with changes recognised in the Statement of Profit and Loss and Other Comprehensive Income. The company's financial liabilities measured at fair value through Profit and Loss comprise Derivative financial instruments held not for speculative purposes but for hedging instruments.

Other Financial Liabilities

Other financial liabilities include Trade Payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Loans and Borrowings are initially recorded at fair value net of any directly attributable transaction costs. Loans and Borrowings are subsequently measured at amortised cost using the effective interest rate method.

16. TRADE AND OTHER PAYABLES

	2021 ($)	2020 ($)
Trade Payables	371,833	245,004
Accrued Expenditure	73,402	60,728
Revenue Received in Advance	54	47
Total Trade and Other Payables	**$445,289**	**$305,779**

Trade Payables relating to related party transactions (current Directors): $ Nil (2020: $ Nil).
Purchases of goods and services from related parties were made at market price and not discounted.

Trade Payables are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, Trade and Other Payables are measured at amortised cost using the effective interest method.

Refer to Note 15 'Financial Liabilities' (page 31).

All Trade Payables are on standard terms and are paid on the 20th of the month following invoice unless otherwise specified.

17. LOANS & BORROWINGS

	2021 ($)	2020 ($)
ANZ Bank New Zealand - Term Loans	27,960,679	28,335,679
Total Loans & Borrowings	**$27,960,679**	**$28,335,679**
Repayable as follows (based on the facility term):		
Current Portion - less than one year	*27,960,679*	*375,000*
Non-Current Portion - one to five years	*-*	*27,960,679*
Total	***$27,960,679***	***$28,335,679***

Revolving Credit

The company has a revolving credit facility with ANZ Bank New Zealand. The facility is on-demand (repayable on demand) and incurs interest at the New Zealand Dollar Bill Bid rate per annum with no margin. As at 30 June 2021, the current rate was 3.74% p.a. (2020: 3.74% p.a.) and the account balance was $ Nil (2020: $ Nil).

Term Loans

The company has a term debt facility with ANZ Bank New Zealand, with a termination date of 30 June 2022.

As highlighted under 'Subsequent Events to Reporting Date' (page 18), ANZ Bank New Zealand completed its annual review in August 2021 and provided indicative terms for facility renewal. The extension to the term debt facility is yet to be formally concluded at report signing date, however expected to be completed shortly after.

The facility is broken into a number of tranches with varied funding periods. Current interest rates range from 2.57% to 6.09% including margin (2020: 2.56% to 6.09%). Security for the facility is by way of General Security Agreement over the Dam and Power Station. Refer to Note 7 'Property, Plant and Equipment' (page 25).

The facility requires payments of interest together with annual principal repayments of $750,000. In the comparative year, the company made a principal repayment of $375,000 in advance of the 2020/21 year requirement. The remaining $375,000 repayment was made during the current reporting period.

Financial Covenants

The company has complied with all covenants and loan repayment obligations during the reporting period.

Loans & Borrowings are recognised when the company becomes party to a financial contract. Borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

Refer to Note 15 'Financial Liabilities' (page 31).

18. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial instruments are transacted on a commercial basis to derive an interest/cost with terms and conditions having due regard to the nature of the transaction and the risks involved.

The carrying amounts presented in the Statement of Financial Position relate to the following categories of financial assets ("FA") and liabilities ("FL"):

As at 30 June 2020	FA's at Amortised Cost ($)	FA's at Fair value through Profit & Loss ($)	FL's at Amortised Cost ($)	FL's at Fair value through Profit & Loss ($)	Total ($)
Financial Assets					
Cash and Cash Equivalents	428,952	-	-	-	**428,952**
Trade and Other Receivables	530,304	-	-	-	**530,304**
Shareholder Loans	21,143	-	-	-	**21,143**
Investments in Shares	-	2,194	-	-	**2,194**
Total Financial Assets	**$891,742**	**$2,194**	**$-**	**$-**	**$893,936**
Financial Liabilities					
Trade and Other Payables	-	-	305,779	-	**305,779**
Interest Payable on Loans & Borrowings	-	-	71,652	-	**71,652**
Loans & Borrowings	-	-	28,335,679	-	**28,335,679**
Derivatives (Interest Rate Swaps)	-	-	-	2,536,512	**2,536,512**
Total Financial Liabilities	**$-**	**$-**	**$28,713,110**	**$2,536,512**	**$31,249,622**

As at 30 June 2021	FA's at Amortised Cost ($)	FA's at Fair value through Profit & Loss ($)	FL's at Amortised Cost ($)	FL's at Fair value through Profit & Loss ($)	Total ($)
Financial Assets					
Cash and Cash Equivalents	1,992,168	-	-	-	**1,992,168**
Trade and Other Receivables	1,452,165	-	-	-	**1,452,165**
Shareholder Loans	13,911	-	-	-	**13,911**
Investments in Shares	-	2,194	-	-	**2,194**
Total Financial Assets	**$3,458,244**	**$2,194**	**$0**	**$0**	**$3,460,438**
Financial Liabilities					
Trade and Other Payables	-	-	445,289	-	**445,289**
Interest Payable on Loans & Borrowings	-	-	177,602	-	**177,602**
Loans & Borrowings	-	-	27,960,679	-	**27,960,679**
Derivatives (Interest Rate Swaps)	-	-	-	1,472,451	**1,472,451**
Total Financial Liabilities	**$0**	**$0**	**$28,583,570**	**$1,472,451**	**$30,056,020**

19. FINANCIAL RISK MANAGEMENT

The Board of Directors have overall responsibility for the establishment and oversight of the company's financial risk management framework. The Board approves policies which set appropriate principles and risk tolerance levels to guide management in carrying out financial risk management activities to minimise potential adverse effects on the financial performance and economic value of the company. The company's Treasury policy covers appropriate financial risk limits and controls (including, but not limited to, delegated authority levels and authorised use of various financial instruments).

The company's overall financial risk management programme focuses primarily on maintaining a prudent financial risk profile that provides flexibility to implement the company's strategies, while ensuring the optimisation of the return on assets. Financial risk management is centralised, which ensures compliance with the financial risk management policies and procedures set by the Board of Directors. The company has exposure to credit, market and liquidity risks from its use of financial instruments.

Credit Risk

Credit risk is financial loss to the company if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from the company's receivables from customers and cash balances held with the bank. The company manages credit risk through the encouragement of direct debit arrangements for water supply agreements and ensuring that cash on deposit is held with reputable banks (ANZ Bank New Zealand currently hold an AA- credit rating as issued by Standard and Poor's).

Market Risk

Market risk is the potential for change in the value of balance sheet positions caused by a change in the value, volatility or relationship between market risks and prices. Market risk arises from the mismatch between assets and liabilities, both on and off the Statement of Financial Position. Market risk includes foreign currency and interest rate risk which are explained below:

Foreign Currency Risk

The company has minimal foreign currency risk given that all financial instruments are transacted in NZ dollars.

Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may be repriced at a different time and/or by a different amount than financial liabilities. The company is exposed to interest rate risk on the cash flows arising from borrowings held at floating rates. Floating rate borrowings are used for general funding activities.

Interest rate swaps, under which pays a fixed rate of interest and receives a floating rate of interest, are used to hedge the floating rate exposure as deemed appropriate. Interest rate swaps are accounted for as Derivatives and recognised in the Statement of Financial Position at fair value. The change in the fair value of the hedge is recognised in the Statement of Profit and Loss.

The company had the following interest rate swap contracts outstanding at reporting date:

Year Ended 30 June 2020	**Amortised Cost ($)**	**% of total Loans**	**Fair Value of Derivatives ($)**	**Total ($)**
Total Term Loans	28,335,679			
Less Floating Rate Borrowings	(7,957,439)	28%		
Total Interest Rate Swaps	**$20,378,240**	**72%**	***$2,536,512***	***$22,914,752***

Year Ended 30 June 2021	**Amortised Cost ($)**	**% of total Loans**	**Fair Value of Derivatives ($)**	**Total ($)**
Total Term Loans	27,960,679			
Less Floating Rate Borrowings	(3,650,113)			
Total Interest Rate Swaps	**$24,310,567**	**87%**	***$1,472,451***	***$25,783,017***

If a funding period would otherwise overrun the termination date, such funding period is shortened so that it ends on the termination date. The table above may not necessarily represent the funding periods disclosed in Note 17 'Loans & Borrowings' (page 31).

Interest Rate Sensitivity Analysis

A 0.50% (50 basis points) increase or decrease in bank interest rates throughout the financial year would have increased/decreased the net profit before tax by $139,803 (2020: $141,678).

Liquidity Risk

Liquidity risk is when the company may encounter difficulty in raising funds at short notice to meet its commitments associated with financial instruments arising from any mismatch of the maturity of monetary assets and liabilities. The company maintains appropriate liquid assets and committed bank funding facilities to meet all obligations in a timely and cost-efficient manner.

The company manages this risk by forecasting cash requirements, forecasting future funding requirements and maintaining an adequate liquidity buffer to ensure the banking covenants are complied with. The company generally generates sufficient cash flows from its operating activities to make timely payments.

The following table presents the company's financial assets and liabilities by relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. Derivative liabilities are included if their contractual maturities are essential for an understanding of the timing of cash flows. The amounts disclosed in the tables represent contractual undiscounted cash flows. As a result, the amounts in the tables below may differ to the amounts reported on the Statement of Financial Position.

Year Ended 30 June 2020	**Carrying Amount ($)**	**Contractual Cashflows ($)**	***< 1 Year ($)***	***1-5 Years ($)***	***> 5 Years ($)***
Financial Assets					
Cash and Cash Equivalents	428,952	428,952	*428,952*	-	-
Trade and Other Receivables	530,304	530,304	*530,304*	-	-
Shareholder Loans	21,143	22,355	*7,925*	*14,430*	-
Financial Liabilities					
Trade and Other Payables	(305,779)	(305,779)	*(305,779)*	-	-
Interest Payable on Loans & Borrowings	(71,652)	(71,652)	*(71,652)*	-	-
Loans & Borrowings	(28,335,679)	(28,743,100)	*(203,710)*	*(28,539,389)*	-
Derivatives (Interest Rate Swaps)	(2,536,512)	(2,547,255)	*(867,616)*	*(1,679,639)*	-
Net Financial Assets/(Liabilities)	**$(30,269,223)**	**$(30,686,175)**	**$(481,577)**	**$(30,204,599)**	**$-**

Year Ended 30 June 2021	**Carrying Amount ($)**	**Contractual Cashflows ($)**	***< 1 Year ($)***	***1-5 Years ($)***	***> 5 Years ($)***
Financial Assets					
Cash and Cash Equivalents	1,992,168	1,992,168	*1,992,168*	-	-
Trade and Other Receivables	1,452,165	1,452,165	*1,452,165*	-	-
Shareholder Loans	13,911	14,430	*7,925*	*6,504*	-
Financial Liabilities					
Trade and Other Payables	(445,289)	(445,289)	*(445,289)*		
Interest Payable on Loans & Borrowings	(177,602)	(177,602)	*(177,602)*		
Loans & Borrowings	(27,960,679)	(28,054,487)	*(28,054,487)*		
Derivatives (Interest Rate Swaps)	(1,472,451)	(1,479,092)	*(781,453)*	*(752,752)*	*55,112*
Net Financial Assets/(Liabilities)	**$(26,597,776)**	**$(26,697,707)**	**$(26,006,572)**	**$(746,247)**	**$(55,112)**

The company's treasury policy requires that prescribed headroom be available in undrawn and committed facilities to cover unanticipated needs and that a limited amount of facilities mature over the immediate 12-month forward-looking period.

While the tables above give the impression of a liquidity shortfall, the analysis does not take into account expected future operating cash flows or committed and undrawn debt facilities that will provide additional liquidity support.

Derivatives - the fair value measurement of the company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur. The derivatives included in the company's financial statements require measurement at, and/ or disclosure of, fair value. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (Level 2 valuation technique).

Comparison between Carrying Amount and Fair Value	30 June 2021 Carrying Amount ($)	30 June 2021 Fair Value ($)	30 June 2020 Carrying Amount ($)	30 June 2020 Fair Value ($)
Financial Assets				
Cash and Cash Equivalents	1,992,168	1,992,168	428,952	428,952
Trade and Other Receivables	1,452,165	1,452,165	530,304	530,304
Shareholder Loans	13,911	13,911	21,143	21,143
Investments in Shares	2,194	2,194	$2,194	$2,194
Total Financial Assets	**$3,460,438**	**$3,460,438**	**$982,593**	**$982,593**
Financial Liabilities				
Trade and Other Payables	445,289	445,289	305,779	305,779
Interest Payable on Loans & Borrowings	177,602	177,602	71,652	71,652
Loans & Borrowings	27,960,679	27,253,446	28,335,679	26,947,887
Derivatives (Interest Rate Swaps)	1,472,451	1,472,451	2,536,512	2,536,512
Total Financial Liabilities	**$30,056,020**	**$29,348,787**	**$31,249,622**	**$29,861,830**

The carrying value of financial assets and liabilities represent values recorded in the Statement of Financial Position, whereas fair value reflects the current market price. Estimated discounted cash flows are used to determine fair value of Loans & Borrowings.

20. CAPITAL MANAGEMENT

When managing capital, the Board of Directors objectives are to ensure the company continues as a going concern as well as to maintain optimal returns to the company. As the market is constantly changing, the Directors may consider capital management initiatives, such as requesting further capital contributions from shareholders to reduce debt levels or to provide funding for capital expenditure requirements. Capital is monitored through the gearing ratio.

21. CONTRIBUTED EQUITY

All issued shares have a nominal value of $1.00. Share capital is allocated between water shares (representative of allocation of water supply agreements to receive water covering 16,000 hectares) and infrastructure shares (based on the respective value of the infrastructure transferred to the company as part of the restructure on 1 July 2014).

Share Classes	2021	2020
"W" (Water) Shares	16,000	16,000
"L" Infrastructure shares (Levels Plain scheme)	3,303	3,303
"D" Dry shares (Levels Plain scheme)	150	150
"K" Infrastructure shares (Kakahu scheme)	3,208	3,208
"T" Infrastructure shares (Totara Plain scheme)	2,664	2,664
Total Contributed Equity	**25,325**	**25,325**

Water shares ("W")

A water share confers on the holder:

- the right to one vote on a poll at a meeting of the company on any resolution, provided no holder of water shares (including associated persons of that holder) shall exercise more than 15% of the votes cast;
- the right to an equal share in rebates or dividends authorised by the Board;
- the right to an equal share in the distribution of the surplus assets of the company but subject to the rights of holders of Infrastructure shares and D shares in respect of surplus assets; and
- with some exceptions, the right to receive 0.41 litres of water per second from the irrigation scheme.

Infrastructure shares ("L", "K", "T")

- Infrastructure shares entitle the holder to the right to access and use of the specific infrastructure within an irrigation scheme (being intakes, pipes, valves, delivery channels, etc).
- Holders of infrastructure shares do not have the right to vote except at a separate class meeting of holders of the respective Infrastructure shares.
- Holders of Infrastructure shares have the right as between all holders of Infrastructure shares to an equal share in the distribution of surplus assets of the company relative to the irrigation scheme to which they hold Infrastructure shares.

Dry shares ("D")

As part of the company restructure on 1 July 2014, 526 "D" class shares were issued to protect the position of persons holding dry shares issued by Levels Plain Irrigation Co Limited. D shares do not give the shareholder the right to receive any water and have limited rights for voting and distribution of surplus assets of the company.

D Shareholders were given the option of either converting to "L" Class shares or redemption for $50.00 per share. 150 "D" Class shares remain at 30 June 2021 (2020: 150).

22. RESERVE FUNDS

The company maintains a reserve as a sub-part of its equity to show independence from "W" class shares. The use of a reserve ensures that unspent funds collected through charges associated with Infrastructure ("I") shares can be accumulated and used in future financial years. Transfers from reserves may be made only for certain specified purposes or when certain conditions are met.

Separate Operating Reserves

Each Infrastructure class ("Irrigation sub-scheme") retains its own annual operating surplus or deficit which accumulates over the lifetime of the scheme. Each scheme reserve balance is only available for use by that sub-scheme.

A surplus may arise from the recognition of additional income, or through savings in expenditure, and is generally held at a level that provides some mitigation against increasing scheme charges associated with each irrigation sub-scheme. The reserve also recognises surplus for funding unforeseen operating and/or capital expenditure.

The company considers that passing this benefit on to each irrigation sub-scheme in future financial periods is equitable, in that most of the financial benefit is passed on to those Infrastructure shareholders who shared the scheme-funding burden in the financial period that the surplus was generated. The company does not carry forward surpluses in relation to the sale of assets, revenue received for capital purposes (such surpluses shall be retained to fund the associated capital expenditure) and unrealised gains arising from fair value adjustments to assets and liabilities.

Operating reserves held by each Irrigation sub-scheme at reporting date are shown in the table below:

	Levels Plain Scheme ($)	Kakahu Scheme ($)	Totara Valley Scheme ($)	Total ($)
Balance 30 June 2019	**$36,482**	**$497,395**	**$285,921**	**$819,798**
Prior Year Adjustment	*(23,816)*	*(1,832)*	*(15,021)*	***(40,668)***
Operating Surplus for the year	*(25,143)*	*112,491*	*(40,591)*	***46,758***
Less: Capital Expenditure *	(7,737)	(68,499)	-	**(76,236)**
Sub-Total	*(56,696)*	*42,160*	*(55,612)*	***(70,146)***
Balance 30 June 2020	**$(20,213)**	**$539,555**	**$230,310**	**$749,652**
Operating Surplus for the year	*(26,983)*	*66,993*	*(13,280)*	***29,730***
Less: Capital Expenditure *	(20,152)	(149,702)	(39,199)	**(209,053)**
Sub-Total	*(47,135)*	*(82,708)*	*(52,480)*	***(182,323)***
Balance 30 June 2021	**$(67,348)**	**$456,847**	**$177,830**	**$567,329**

** Capital Expenditure includes transactions relating to Property, Plant & Equipment and Intangible Assets (Water Consents).*

23. CAPITAL RESERVES

Capital reserves include transfers and the acquisition or disposal of non-produced, non-financial assets. Capital transfers involve the transfer of ownership of fixed assets, or the transfer of funds linked to them. Except for certain distributions on winding-up, all distributions are taxable in the hands of shareholders, including distributions from realised capital profits.

24. SHARE PREMIUM RESERVE

Share premium reserve is the excess amount received by the company over the nominal value of issued shares. This amount forms a part of the non-distributable reserves which can be used only for specific purposes. Except for certain distributions on winding-up, all distributions are taxable in the hands of shareholders, including distributions from share premium reserves.

SECTION F: OTHER INFORMATION

This section includes other disclosures and statutory reporting requirements.

DIVIDENDS

No payment of any dividend for this year is recommended by the Directors.

DONATIONS

In accordance with section 211(1)(h) of the Companies Act 1993, the company made donations totalling $2,748 during the reporting period to 30 June 2021 (2020: $1,023).

DIRECTOR REMUNERATION

Directors' Remuneration was fixed for a 12 month period at the company's Annual General Meeting held on 4 November 2020. The total amount approved was $154,400 per annum (comprising of $134,400 Directors fees and $20,000 compensation pool) from 1 December 2020.

The compensation pool enables flexibility to deal with any changes in the Board and provides remuneration in respect of work carried out by Directors on various Board Committees to reflect the additional time involved and responsibilities of these positions, including reimbursement for reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors.

Total remuneration paid, including the value of any benefits received in the period to 30 June 2021, is shown in the table below:

Director	Position	2021 ($)	2020 ($)
Ryan O'Sullivan	Shareholder Director *(Chair)*	30,629	30,367
Nicola Hyslop	Shareholder Director *(Deputy Chair)*	15,429	16,367
Brendan Caird	Shareholder Director	15,829	14,367
Herstall Ulrich	Shareholder Director *(ceased 04 Nov 2020)*	5,039	14,367
Rebecca Biggs	Shareholder Director	17,628	14,367
Antony Howey	Shareholder Director *(appointed 01 Dec 2020)*	8,533	-
Jeremy Boys	Independent Director	20,629	20,367
Paul Burns	Independent Director	25,248	22,746
Total Directors Remuneration		**$138,964**	**$132,946**

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND EXECUTIVES

During the reporting year, the company paid insurance premiums in respect of Directors' and certain Executive employees' liability insurance, as permitted by the company's constitution and the Companies Act 1993.

The policies do not specify the premium for individuals. This insurance extends to Directors and certain Executive employees acting in the capacity of a Director or on behalf of the company. The Directors' and Executive employees' liability insurance provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons incurred in their capacity as Director or Executive employee unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage. Such actions specifically excluded, for example, are incurring penalties/fines which may be imposed in respect of breaches of the law and criminal actions.

LOANS TO DIRECTORS

No loans were made by the company to a Director, nor has the company guaranteed any debts incurred by a Director.

DIRECTORS' USE OF COMPANY INFORMATION

During the year, the company received no notices from Directors requesting to use company information received in their capacity as Directors which would not otherwise have been available to them.

DIRECTORS' INTERESTS

The company maintains an Interests' Register in which particulars of certain transactions and matters involving the Directors are recorded.

Pursuant to Section 140 of the Companies Act 1993, Directors have disclosed interests in the following entities which the company conducts or may conduct business from time to time:

Shareholder Directors'

The company received payment for water and infrastructure charges through their respective shareholding companies, for which they are Directors and/or shareholders in.

Shareholding Company	Shareholding	Director(s)	Position
Te Ngawai Downs Limited	38 "W" shares	Ryan O'Sullivan	Director/Shareholder
Glenire Farm Limited	90 "W" shares	Ryan O'Sullivan	Director/Shareholder
Levels Estate Company Limited	224 "W" shares, 208 "L" shares	Nicola Hyslop	Director/Shareholder
Ravensdown Limited	48 "W" shares, 48 "L" shares	Nicola Hyslop	Director/Shareholder
Skipton Ag Limited	140 "W" shares	Brendan Caird	Director/Shareholder
B J Caird Limited	172 "W" shares	Brendan Caird	Director/Shareholder
Riverholme Farm Limited	145 "W" shares	Brendan Caird	Director/Shareholder
The Rock Farm Limited	46 "W" shares	Herstall Ulrich	Director/Shareholder
Biggs Land Company Limited	93 "W" shares	Rebecca Biggs	Director/Shareholder
Alpine Fresh Limited	118 "W" shares, 118 "L" shares	Antony Howey	Director/Shareholder
A C & A Howey	85 "W" shares	Antony Howey	Director/Shareholder

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.

Shareholder Directors

The company has transactions with its Shareholder Directors in the ordinary course of business. All transactions are conducted at arm's length and not discounted. During the year, the company collected water and infrastructure charges and on-charged any FEP audit costs, to their respective shareholding companies.

The amount paid and/or accrued from their respective entity, during the period of which they were a company Director, is shown in the following table. At reporting date (30 June 2021), $16,834 excluding GST of this amount was owing (2020: $14,475).

Shareholder Entity	Director(s) Involved	2021 ($)	2020 ($)
Te Ngawai Downs Limited	Ryan O'Sullivan	7,937	7,300
Glenire Farm Limited	Ryan O'Sullivan	18,549	17,290
Levels Estate Company Limited	Nicola Hyslop	54,308	51,332
Ravensdown Limited	Nicola Hyslop	11,788	12,807
Skipton Ag Limited	Brendan Caird	28,239	27,457
B J Caird Limited	Brendan Caird	34,694	33,044
Riverholme Farm Limited	Brendan Caird	-	-
The Rock Farm Limited	Herstall Ulrich	3,093	8,837
Biggs Land Company Limited	Rebecca Biggs	18,759	17,867
Alpine Fresh Limited	Antony Howey	709	-
A C & A Howey	Antony Howey	20,277	-
Total Related Party Transactions - Shareholder Directors		**$197,643**	**$175,934**

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KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Compensation to key management personnel includes all employee benefits and all forms of consideration paid, payable and provided by the company (or on behalf of) in exchange for services rendered to the company.

Key management personnel compensation for the reporting period comprises:

		2021 ($)	2020 ($)
Board of Directors	*Full-time equivalent members:*	*7*	*7*
Remuneration	(Directors fees)	133,343	131,733
Compensation	(Expense reimbursement, professional development)	5,621	1,213
		138,964	132,946
Chief Executive Officer	*Full-time equivalent members:*	1	*1*
Remuneration	(Salary, KiwiSaver, motor vehicle, performance bonus)	222,859	229,811
Total Key Management Personnel Compensation		**$361,823**	**$362,757**

EMPLOYEES' REMUNERATION

Section 211(1)(g) of the Companies Act 1993 requires disclosure of remuneration and other benefits, including redundancy and other payments made on termination of employment, in excess of $100,000 per year, paid in respect of the current year by the company to any employees who are not Directors of the company.

The number of employees (including former employees) whose remuneration and other benefits were within the bands specified during the reporting period to 30 June 2021 was:

Remuneration	No. of Employees
$100,000 - $110,000	1
$220,000 - $230,000	1

PERSONNEL EXPENSES

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave and short term and long term employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement.

Personnel expenses (excluding Directors) for the reporting period comprises:

	2021 ($)	2020 ($)
Wages and Salaries	891,009	861,461
Increase/(Decrease) in Employer Liabilities	2,579	30,354
KiwiSaver Employer (incl. Contribution Tax)	24,157	22,299
Other Allowances	839	1,473
Total Personnel Expenses	**$918,584**	**$915,587**

EMPLOYER LIABILITIES

Employee entitlements include annual leave and alternate holidays and are expensed on an undiscounted basis as the relevant service is provided. Employer liabilities are recognised in the Statement of Financial Position and are recorded at the amount expected to be paid for the entitlement earned. At reporting date (30 June 2021), the company had employer liabilities of $68,228 (2020: $65,649).

AUDITOR REMUNERATION

At the company's Annual General Meeting held on 4 November 2020, BDO were appointed as auditors for the year ending 30 June 2021.

At reporting date, remuneration paid and/or accrued to the company auditors is $19,500. This is a provision for statutory audit services for the year ending 30 June 2021, based on a fixed fee of $18,000 plus disbursements. The company did not engage BDO for any advice or guidance on other matters.

	2021 ($)	2020 ($)
BDO Christchurch - Annual statutory audit fees	19,500	18,250
Total Auditor Remuneration	**$19,500**	**$18,250**

BDO Christchurch

REGISTERED OFFICE

875 Arowhenua Road
RD 4
Timaru 7974

ADDRESS FOR COMMUNICATION

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Email: office@opuha.co.nz
Website: www.opuhawater.co.nz

AUDITORS

BDO Christchurch
Awly Building, 287-293 Durham Street North
PO Box 246
Christchurch 8140

FINANCIERS

ANZ Bank New Zealand
ANZ Centre, 267 High Street
PO Box 220
Christchurch 8140

SOLICITORS

Commercial:
Tavendale and Partners
Level 3, Tavendale & Partners Centre
329 Durham Street North
PO Box 442
Christchurch 8140

Environmental:
Gresson Dorman & Co
Level 1, 24 The Terrace
PO Box 244
Timaru 7940

BOARD OF DIRECTORS

There was a vacant position on the Board as a result of the Director Elections held in October 2020.

Following the Annual General Meeting held in November 2020, and in accordance with the company Constitution, the Board of Directors appointed Mr Tony Howey to fill the vacancy in a casual position up until the 2021 AGM.

The following persons held office as Directors during the year and as at the date of this report:

Director Name	Position	Date Appointed	Date Ceased
Ryan O'Sullivan	Shareholder Director (Chair)	08 Nov 2016	
Brendan Caird	Shareholder Director (Deputy Chair)	07 Nov 2017	
Nicola Hyslop	Shareholder Director	05 May 2014	
Herstall Ulrich	Shareholder Director	06 Nov 2018	05 Nov 2020
Rebecca Biggs	Shareholder Director	06 Nov 2018	
Tony Howey	Shareholder Director	01 Dec 2020	
Jeremy Boys	Independent Director	30 Jul 2014	
Paul Burns	Independent Director	01 Sept 2017	

ANNUAL GENERAL MEETING ("AGM")

The Annual General Meeting of Opuha Water Limited is scheduled for Tuesday 2 November 2021.

OPUHA WATER LTD
Enabling | Sustainable | Growth