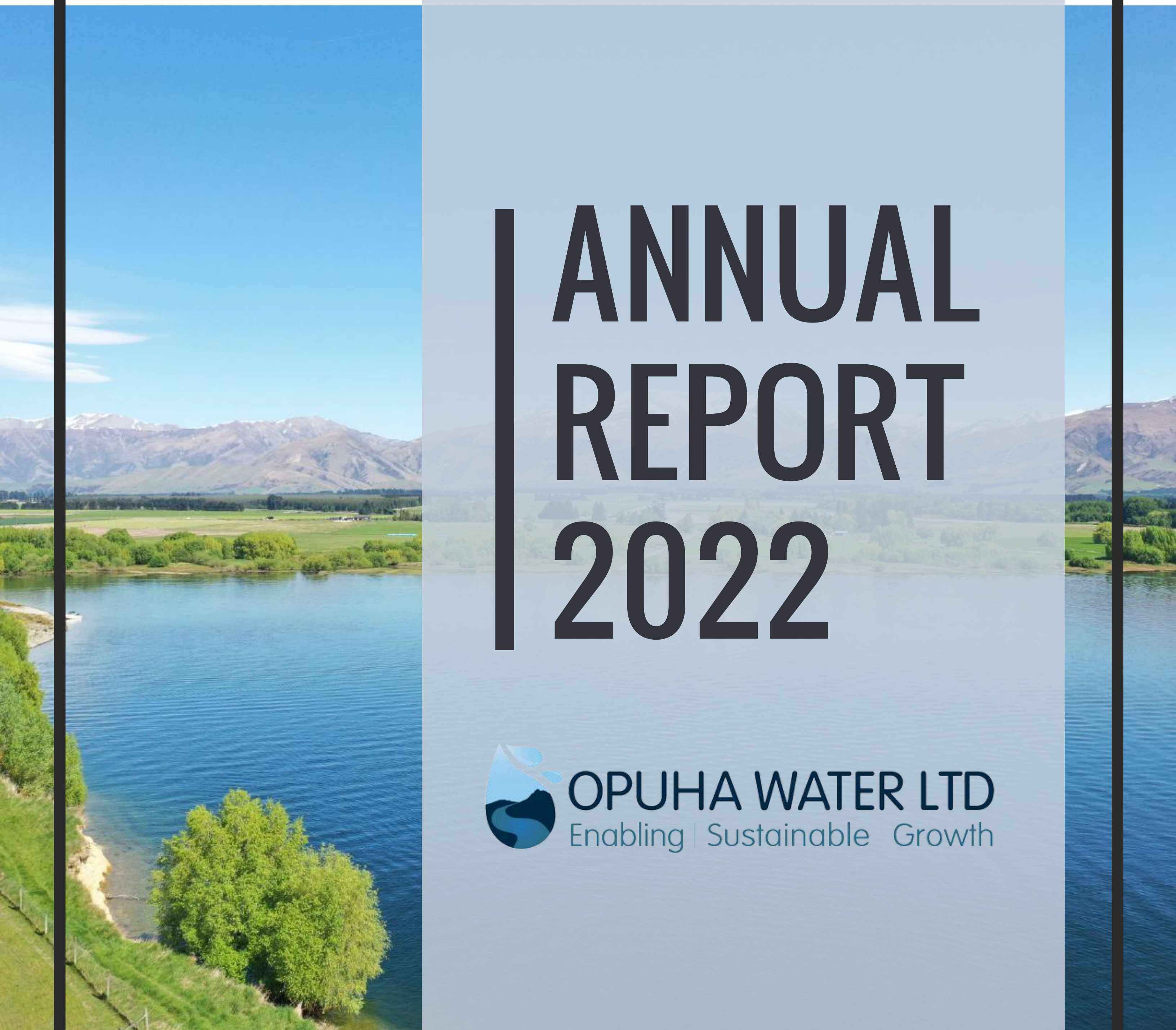


ANNUAL REPORT 2022

OPUHA WATER LTD
Enabling | Sustainable Growth

Contents

Introduction

Our Company

Financial Information

Company Information

2022 Financial Year

AT A GLANCE

$9.0m
Operating Revenue

$10.2m
FY21

$54m
Assets*

$55m
FY21*

$2.7m
EBIT

$3.9m
FY21

$21m
Equity*

$19m
FY21*

5.4%

Total Percentage of debt repaid during the year ($1.5m)

47%

Total Revenue Generated from Electricity ($4.29m)

80%

of Capital Expenditure related to Development Capex ($853k)

* Based on assets being valued at cost

2022 Highlights

5,000
Avg NZ Homes Powered by OWL

33
Staff Safety Training Sessions

239
Shareholders

36,024
MWh Electricity Generated

21.37m
Volume (m3) of spilled water

75
Water Monitoring Sites

10
Number of Employees (FTE)

510
Water Quality Samples Taken

202
Water Charge ($/share/p.a)

0
Days on Restrictions

CHAIR & CEO REPORT

Internal view of the Opuha Power Station

Introduction

The 2021/22 season was another strong year for Opuha Water Ltd (OWL) with the main feature being Mother Nature's delivery of a significant amount of precipitation. This commenced with a rapid dam refill in late May 2021 and regular top-ups throughout the season. Our water orders for irrigation were the lowest for any season to date, and high generation throughput ensured the year was a success commercially.

Another key aspect of the season was the delivery of Plan Change Seven (PC7) by the Hearing Commissioners, which was much awaited after a significant investment of work by OWL, groups of shareholders and our experts.

Dam safety and remediation is a significant workstream for the company and will continue to be, in the medium term. While we are still largely in an investigative phase, the Board signed off a low-level de-watering project during the year.

More on the above and other key highlights for the 2021/22 year below.

Revenue

Year-on-year revenue from operations has maintained last year's very good performance with only a moderate decrease of 2% ($0.18m to $9m). This is very positive given last year's stand-out operating revenue result being a 34% year-on-year increase.

This revenue result has been driven by high generation volume (36 GWh) and high energy prices (average of $117 per MWh during the year). We have investigated the benefits of returning to selling energy via Fixed Price Variable Volume (FPVV) power purchase agreements, but the tenders received were not sufficiently competitive to move away from the wholesale market. The OWL Board will continue to stay informed regarding the energy market so this income can be de-risked appropriately, given the importance of this revenue stream to the company.

Accordingly, we have generated positive cash inflow from operating activities ($2.4m), paid down further term debt ($1.5m), and ended the period with strong cash and equivalents on hand ($1.8m). The cash and equivalents are to be applied towards 2022/23 insurance costs and the Low-Level De-water Enhancement project.

Expenditure

Operating expenditure has lifted year on year ($0.55m to $4.99m); wages and salaries ($0.26m) and dam safety management ($0.2m) were the main increases. The inflationary environment became firmly entrenched during the year and will continue to be a challenge in many areas of our business. With respect to wages, our full-time equivalent staff numbers moved from eight to 10, principally in the Commercial and the Environmental teams to ensure the longer-term prosperity of OWL. While financially not incurred this financial year (FY), the insurance renewal process during this reporting period indicated a very large lift in insurance premiums for FY 2022/23. OWL Management is actively working with our insurance brokers to define the best approach to our insurance programme going forward.

Dam Safety

There have been two main dam safety workstreams advanced this year, which should be completed next year leading to substantive enhancement works. The workstreams were: (i) the multi-stage Dam Performance Assessment, which is the last major piece of investigative work to fully understand how the dam will respond under extreme floods or major earthquakes. This piece of work will enable major remediation decisions to be taken with confidence, ultimately optimising the assets long term resilience; (ii) the ability to increase flows from the lake to better control potential dam safety events and floods. This project, which has been approved for construction by the OWL Board ($5.5m), will double the capacity to dewater the dam. It will be funded by a mixture of free-cash flow and new debt. The new capability is forecast to be operational by the end of September 2023 and will add to the overall safety of the dam's operation.

Investment in the dam will extend into the medium term as investigations are finalised and further options to improve safety and extend the life of the dam are determined.

Irrigation Scheme Enhancements

The company continued to invest in scheme enhancements. We successfully deployed a singular telemetry system (Halo) to Totara Valley, Sutherlands and Kakahu irrigation schemes. This technology is operating well for operations staff, and we have received positive feedback from shareholders. This year also saw the start of Rubicon control gates being installed in the scheme, with the Totara Valley intake being the first recipient of this technology change. The new system allows for full remote control and monitoring of the water flows in a singular unit, that also telemeters the flow data direct to ECan for compliance purposes. The Operations team this year has dealt with a considerable amount of non-routine work in response to the May 2021 floods. These created a significant amount of additional remediation across the scheme and at the dam.

PC7

Plan Change 7 (PC7) was adopted by Environment Canterbury in Nov 2021. While for OWL it did not deliver on everything sought, it provides clarity on our future operating regime. Reflecting on the process, it highlighted the importance of good science and objective information, and given the ongoing cycle of regional water plans, it proves a key driver for ongoing investment in our Environmental team. The implmentation of PC7 has been paused until the numerous High Court appeals have been settled, including that most relevant to OWL, the appeal lodged jointly by Te Runanga o Arowhenua and Te Runanga o Ngai Tahu. We can only wait and see if there is any material deviation from the ECan-adopted plan. A large body of work will follow in the future, as both Opuha scheme consents and farmer shareholder water consents are calibrated against new PC7 rules.

Monitoring and Reporting

This financial year has seen an enhanced environmental monitoring program come to fruition, as we look to not just meeting our consented environmental requirements, but go beyond these to ensure we categorically understand the dynamics of the environments we operate in. There is, and will continue to be, a very active public interest in the water bodies we are involved with, and for us to comprehensively illustrate that we are effective custodians of these environments we need the objective data from which to build our stories and reporting. This intent fits firmly with our strategic direction where understanding and reporting on our environmental performance will be of equal importance to the underlying commercial performance of the cooperative.

Community

We have a long-term goal to improve the amenity, recreation, and environmental facets of Lake Opuha and its immediate surrounds. Last year saw the start of these works with the island being logged in preparation for native plantings. During the year we completed major improvements to the track between the dam and Bennetts Rd recreational area. This is now a very well-formed track for walking and biking. OWL also had the opportunity to get in behind the CPLAY community playground project at Caroline Bay. We sponsored this initiative, as we saw parallels in the future benefit this asset would bring to the community; a very similar vision to what was applied in establishing the Opuha Dam and its now multi-year community benefit. We also provided sponsorship towards an Agri-Wellbeing event held in Fairlie in late July 2021. It has been great to get in behind the community within which we operate.

Management Team

Both of us thank the OWL team for their outstanding performance. It has been another busy and eventful year that has required the team to put in significant effort across a sustained period. The impacts of COVID were mitigated with no reduction in levels of service due to how the team approached this ubiquitous hurdle. The strength of the team was also well demonstrated during flood events and the efforts of everyone are wholeheartedly appreciated and acknowledged. We are lucky and thankful to have the team we have operating the key community business that is Opuha Water Ltd.

Board

We also acknowledge the hard work and sound guidance of the Board of Directors. The increasing regulatory environment and complex challenges the company faces require a high level of governance, which the Board continues to strive to achieve. We both offer our sincere thanks and gratitude to Nicky Hyslop who plans to retire at the AGM, after 15 years of being connected to Opuha, a massive and valuable contribution. As we move forward as a company, we require a pipeline of capable Directors so if you think you have the skills to offer, please consider a nomination to the Board in the future.

The company can reflect on a successful 2022 season as measured in several areas. This does not afford any complacency, however, as we look forward to the next year and beyond. Cost pressures, dam safety, changing climate patterns, insurance costs and regulatory burdens are all top of mind and require well thought out solutions to navigate.

All the best for the current season.

Ryan O'Sullivan
Chairman

Andrew Mockford
Chief Executive Officer

Our Board

Right to Left: Ryan O'Sullivan, Brendan Caird, Rebecca Biggs, Paul Burns, Jeremy Boys, Tony Howey, Nicky Hyslop, Tom Hargreaves (associate director)

Ryan O'Sullivan (Chair, Shareholder-Director)

Ryan joined the Opuha Water Board on 8 November 2016, and became Chair in December 2018.
Ryan grew up on a sheep and arable farm near Fairlie. After completing a B Com AG at Lincoln University, he had a 10-year rural finance career working in the North Island and South Canterbury. In 2008, he left banking and created an equity partnership that converted his home property to dairy. The conversion has since expanded to 1200 cows plus support operations. Ryan completed a Nuffield Scholarship in 2017 studying pastoral dairying competitiveness. He has held office with Federated Farmers and various leadership roles working with the regional council on water access and new irrigation. He's also held local school and rugby club committee roles

Brendan Caird (Deputy Chair, Shareholder-Director)

Brendan joined the Opuha Water Board on 7 November 2017 and became Deputy Chair in November 2020. He is Chair of the Water Committee.

Brendan has been involved with Opuha Water since 2000 when he became a shareholder after purchasing a property in Totara Valley. He is a director and shareholder of four dairy farm businesses, of which three are shareholders in the company.

Rebecca Biggs (Shareholder-Director)

Rebecca joined the Opuha Water Board on 6 November 2018. She is a member of the Risk and Audit Committee.
Rebecca and her husband farm a large-scale arable and beef unit in Fairlie. She enjoys being an active member of the local school and sporting community. Rebecca has a background in accounting and marketing and currently works as Commercial Manager for Farmers Mill. She previously had private and local authority accounting roles. In 2016 Rebecca won the IOD first steps of Governance award and spent two years on the Ronald McDonald House Board in Christchurch. In 2021 Rebecca completed the IoD's Company Director's Course.

Paul Burns (Independent Director)

Paul was appointed to the Opuha Water Board on 1 September 2017. He is Chair of the Risk and Audit Committee.
Paul holds a Bachelor of Mechanical Engineering, Masters in International Business Management, is a Fellow of the Institute of Chartered Accountancy England and Wales (ICAEW) and a member of the Institute of Directors NZ. Paul is a Partner in Craigmore Sustainables where he looks after acquisitions and corporate finance. Prior to Craigmore, Paul led the corporate finance and commercial finance teams at Synlait, and he was involved with various high growth listed companies in the UK and US. Paul has significant rural sector expertise, specialises in M&A, corporate finance, and company governance. He is also a director with Argyll Group, Pahau Dairy Limited and various other investee companies through Craigmore.

Jeremy Boys (Independent Director)

Jeremy was appointed to the Opuha Water Board on 30 July 2014. He is a member of the Risk and Audit Committee.

Jeremy started his career as an engineer moving into various CEO roles that included 13 years as Primeport Timaru CEO before being instrumental in securing Port of Tauranga as a 50%Shareholder. Jeremy is a member of IOD and had other governance roles that include Ara Institute of Canterbury and Deputy president of the local South Canterbury Chamber of Commerce. He was raised on a farm north of Gisborne and, with his wife, previously owned a dairy farm in Southland.

Tony Howey (Shareholder Director)

Tony was a director of Opuha Water serving from 1999 to November 2014. He re-joined the board on 1 December 2020 and is a member of the Water Committee. Tony was born and raised in Waitohi. joining the family farming business in Waitohi in 1986, and land was purchased in Levels Plain in 1987, starting his long-term interest in water issues and management, which has included studying water rights in the UK and US in 1992. Farming activities included grain/seed and vegetable production between 1986 and 2019 (Alpine Fresh Ltd), and now the family concentrates on organic blackcurrants with the ViBERi brand. situated east of Pleasant Point. Tony’s past involvements include Ravensdown, Southern Packers, SC Chamber of Commerce OTOP Zone Committee, Levels Plain Irrigation Company, Fed Farmers, Aoraki Multicultural Council, Timaru Bah’ái Community, and Te Aitarakihi Multicultural Centre. Tony's present involvements include Horticulture NZ, NZGAP, Seedlands, Farmers Mill, and Venture Timaru

Nicky Hyslop (Shareholder Director)

Nicky has a long-standing involvement with Opuha Water and has been a director since April 2007. She was Deputy Chair until November 2020 and is a member of the Water Committee.
Nicky and her husband farm an intensive sheep, beef and arable irrigated property in the Levels Plain. She has worked for 20 years in the sheep, beef and deer industry as a registered farm advisor. Since 2003, Nicky has increased her governance roles taking on directorships with companies and industry organisations that she believes are important to the success of rural and regional New Zealand. Current directorships include Beef + Lamb NZ, Ravensdown, NZAGRC and a small number of private farming businesses

"The role of the Board of Directors is to provide the proper governance, direction and control of the Co-Operative’s activities."

Strategy

Our Vision:

Enable our Community through sustainable use of Natural Resources

Our Pillars:

Safety & Wellness

Environmental Custodianship

Operational Excellence

Asset Optimisation

Commercial Resilience

Relationships & Communication

Foundation Stones:

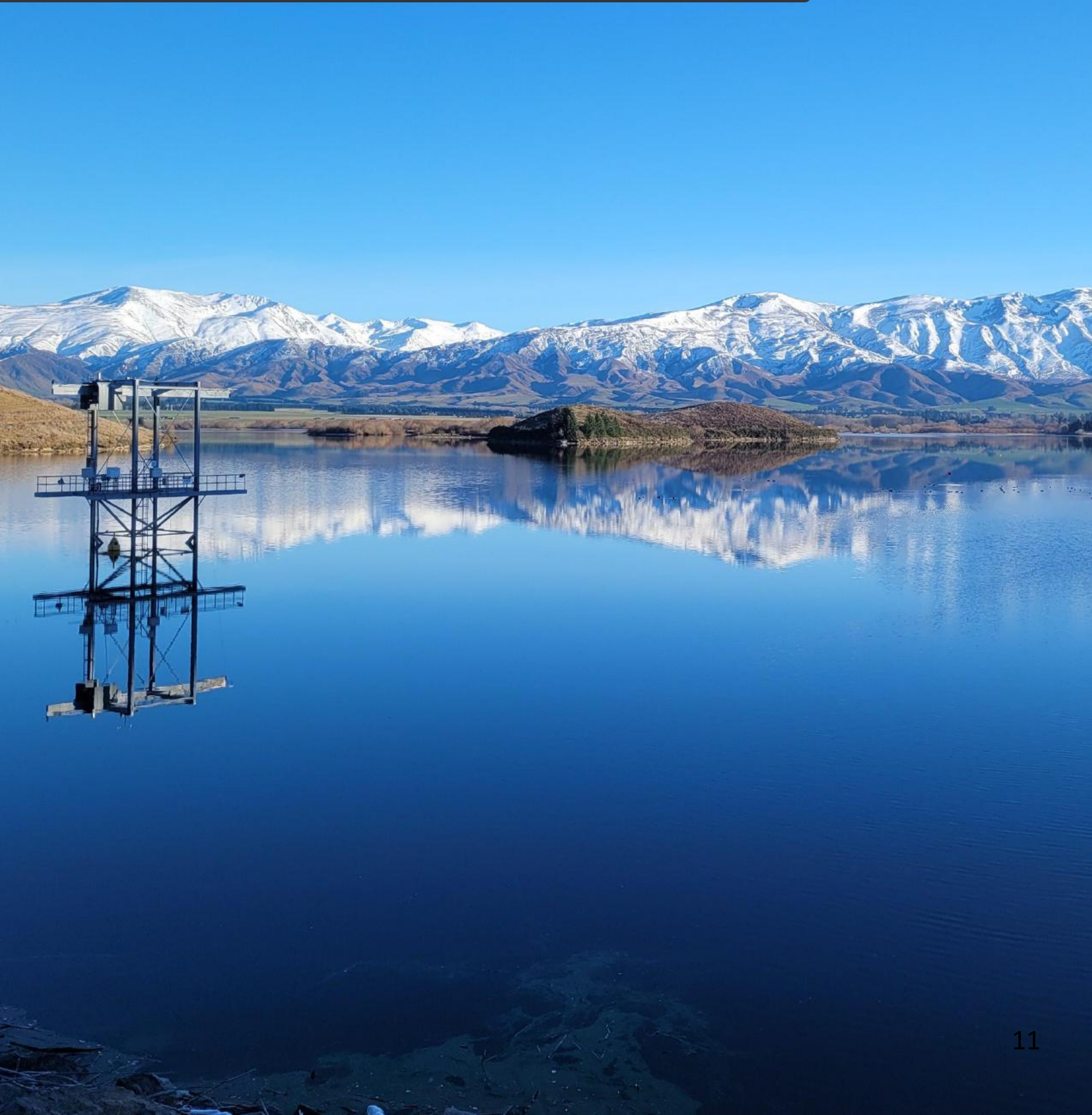
PEOPLE | **ENVIRONMENT** | **DAM**

TRUST

Opuha Water Limited

Financial Statements

for the year ended 30 June 2022



CONTENTS TO THE FINANCIAL STATEMENTS

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 21)

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

Section B: Company Performance (pg 24)

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

Section C: Taxation (pg 27)

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

Section D: Operating Assets (pg 29)

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

Section E: Liabilities and Equity (pg 33)

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

Section F: Other Information (pg 44)

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 grey shaded box surrounding them. Policies are placed within the note that is most relevant, however the policy applies to all financial statements and notes.

OPUHA WATER LTD
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The Directors are pleased to present the financial statements of Opuha Water Limited for the year ended 30 June 2022.

The Directors are responsible for ensuring that the financial statements fairly present the financial position of the Company at 30th June 2022 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 consider 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 12th October 2022 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, Board Chair*

Paul Burns - *Director, Chair of Risk & Audit*

12th October 2022

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 2022, 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 2022, 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 16 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 $49m as at 30 June 2022 (2021: $49.8m) – refer to Note 8. 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: o Assessing the forecast cash flows by comparing them to current and updated data and information; o 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.

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 2020 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.

Derivative Financial Instruments and Hedge Accounting

Refer to Note 19 of the Financial Statements

The Company reports derivative financial assets at fair value of $774,518 as of 30 June 2022 (2021: derivative financial liability of $1,472,451).

Derivative financial instruments are used to manage and hedge interest rate risks. These instruments are typically designated in a fair value or cash flow hedge relationship. Financial instruments that are not designated in a hedging relationship and where no hedge accounting is applied are measured at fair value.

The fair value of the derivative financial instruments is based on a valuation model using observable input data. We focused on this are because of the significance of the movement in the financial year ended 30 June 2022, the measurement and the complexity related to hedge accounting.

We have performed, amongst other audit procedures, the following test work:

- Obtaining an understanding of the risk management policies and testing key controls for the use, the recognition and the measurement of derivative financial instruments;
- Reconciling derivative financial instruments data to third party confirmations;
- Comparing input data used in the Company's valuation models to independent sources and externally available market data;
- Testing the applicability and accuracy of hedge accounting;
- Considering the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting.

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

BDO Christchurch
Christchurch
New Zealand
12 October 2022

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 ($)	2021 ($)
CONTINUING OPERATIONS			
Operating Income	1	8,978,116	9,160,076
Financing Income	10	696,003	1,064,061
Total Income		**9,674,119**	**10,224,137**
Operating Expenses	2	4,986,975	4,437,455
Amortisation	9	134,394	148,213
Depreciation	8	1,842,691	1,726,472
Total Expenses (excluding Interest and Tax)		**6,964,060**	**6,312,140**
Earnings before Interest Expense and Tax (EBIT)		**$2,710,059**	**$3,911,997**
Interest Expense	10	1,543,885	1,655,367
Profit/(Loss) before Income Tax		**$1,166,174**	**$2,256,630**
Income Tax Expense/(Benefit)	5	330,150	296,109
Profit/(Loss) for the year		**$836,024**	**$1,960,521**
Other Comprehensive Income/(Expenditure)			
Items that may be reclassified to profit or loss in future:			
Effective Portion of Changes in Fair Value of Hedges	19	1,551,346	-
Deferred Tax Effect on Fair Value of Hedges	7	(434,377)	-
Other Comprehensive Income/(Expenditure) Net of Tax		**$1,116,969**	**$0**
Total Comprehensive Income for the year		**$1,952,993**	**$1,960,521**

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 2022

OPUHA WATER LTD
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	CONTRIBUTED EQUITY ($)	CAPITAL RESERVES ($)	SHARE PREMIUM RESERVES ($)	SCHEME RESERVES ($)	FAIR VALUE HEDGE RESERVES ($)	ACCUMULATED LOSSES ($)	TOTAL ($)
Notes	**21**	**22**	**23**	**24**	**25**		
Opening Balance 1 July 2020	25,325	20,655,413	5,424,865	749,652	-	(9,402,186)	**$17,453,069**
Total Comprehensive Income							
Profit/(Loss) for the year	-	-	-	-	-	1,960,521	**$1,960,521**
Other Comprehensive Income/(Expenditure)	-	-	-	-	-	-	**$0**
	-	-	-	-	-	1,960,521	**$1,960,521**
Transfers between Reserves							
Appropriations to/from Scheme Reserves	-	-	-	(182,323)	-	182,323	**$0**
Balance 30 June 2021	**$25,325**	**$20,655,413**	**$5,424,865**	**$567,329**	**$0**	**$(7,259,343)**	**$19,413,589**
Opening Balance 1 July 2021	25,325	20,655,413	5,424,865	567,329	-	(7,259,343)	**$19,413,589**
Total Comprehensive Income							
Profit/(Loss) for the year	-	-	-	-	-	836,024	**$836,024**
Other Comprehensive Income/(Expenditure)	-	-	-	-	-	1,116,969	**$1,116,969**
	-	-	-	-	-	1,952,993	**$1,952,993**
Transfers between Reserves							
Appropriations to/from Scheme Reserves	-	-	-	(496,145)	-	496,145	**$0**
Appropriations to/from Fair Value Hedge Reserves	-	-	-	-	1,551,346	(1,551,346)	**$0**
	-	-	-	(496,145)	1,551,346	(1,055,201)	**$0**
Balance 30 June 2022	**$25,325**	**$20,655,413**	**$5,424,865**	**$71,183**	**$1,551,346**	**$(6,361,549)**	**$21,366,583**

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

BDO Christchurch

	Notes	2022 ($)	2021 ($)
ASSETS			
Current Assets			
Cash and Cash Equivalents	13	1,798,713	1,992,168
Trade & Other Receivables	14	781,819	1,452,182
Income Tax Receivable	6	4,747	-
Short-Term Derivative Assets	19	3,380	-
Total Current Assets		**$2,588,659**	**$3,444,350**
Non-Current Assets			
Property, Plant and Equipment	8	49,854,414	50,550,517
Investments		2,194	2,194
Intangibles	9	1,112,144	1,248,608
Shareholder Loans Receivable	15	26,430	6,393
Long-Term Derivative Assets	19	771,518	-
Total Non-Current Assets		**$51,766,700**	**$51,807,711**
Total Assets		**$54,355,359**	**$55,252,062**
LIABILITIES			
Current Liabilities			
Trade and Other Payables	17	876,324	445,306
GST Payable		23,506	48,817
Interest Payable on Loans & Borrowings	4	35,327	177,602
Employee Liabilities		63,159	68,228
Income Tax Payable	6	-	441,180
Short-term Loans & Borrowings	18	625	27,960,679
Short-term Derivative Liabilities	19	-	780,071
Total Current Liabilities		**$998,941**	**$29,921,883**
Non-Current Liabilities			
Deferred Tax Liability	7	5,529,157	5,224,209
Long-term Loans & Borrowings	18	26,460,679	-
Long-term Derivative Liabilities	19	-	692,380
Total Non-Current Liabilities		**$31,989,836**	**$5,916,589**
Total Liabilities		**$32,988,777**	**$35,838,472**
Net Assets		**$21,366,583**	**$19,413,589**
SHAREHOLDERS' EQUITY			
Contributed Equity	21	25,325	25,325
Capital Reserves	22	20,655,413	20,655,413
Share Premium Reserves	23	5,424,865	5,424,865
Scheme Reserves	24	71,183	567,328
Fair Value Hedge Reserves	25	1,551,346	1,551,346
Accumulated Losses		(6,361,549)	(7,259,343)
Total Shareholders' Equity (Deficit)		**$21,366,583**	**$19,413,589**

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

BDO Christchurch

OPUHA WATER LTD
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	Notes	2022 ($)	2021 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers		9,653,750	8,239,646
Receipts from Interest and Dividends		1,445	2,094
Receipts from Other Activities		12,210	972
Receipts from Goods & Services Tax		-	45,264
Receipts from Income Tax		-	394
		9,667,405	8,288,370
Cash was applied to:			
Payments to Suppliers and Employees		(6,772,171)	(5,707,788)
Payments for Goods & Services Tax		(17,742)	-
Payments for Income Tax		(441,178)	-
		(7,231,091)	(5,707,788)
Net Cash Inflow/(Outflow) from Operating Activities	**3**	**$2,436,314**	**$2,580,581**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from disposal of Property, Plant and Equipment		81,760	6,200
		81,760	6,200
Cash was applied to:			
Acquisition of Property, Plant and Equipment		(1,191,847)	(633,289)
Acquisition of Intangibles		(269)	(22,794)
		(1,192,116)	(656,083)
Net Cash Flows from Investing Activities		**$(1,110,356)**	**$(649,883)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from Short-term Loans & Borrowings	**4**	625	-
Proceeds from Shareholder Loans		27,711	7,518
		28,336	7,518
Cash was applied to:			
Payments for Shareholder Loans		(47,749)	-
Repayment of Long-term Loans & Borrowings	**4**	(1,500,000)	(375,000)
		(1,547,749)	(375,000)
Net Cash Flows from Financing Activities		**$(1,519,413)**	**$(367,482)**
Net Cash Flows		**$(193,455)**	**$1,563,217**
Cash and cash equivalents at beginning of period		$1,992,168	$428,951
Cash and cash equivalents at end of period	**13**	$1,798,713	$1,992,168
Net change in cash for period		**$(193,455)**	**$1,563,217**

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.

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 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 at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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.

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, the Company may recode certain transactions of the prior year to other reporting headers 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.

BDO Christchurch

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*
- Non-recognition of deferred tax asset regarding accumulated losses - *refer to Notes 5 and 7*
- Impairment of Operating Assets - *refer below 'Internal Erosion and Impairment Assessment'*

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.

At the date of the Annual Report, the Company is working with engineers and consultants towards what the final suite of remediation solutions for the Opuha Dam may look like. Costs are not yet defined to undertake remediation at the Dam; however, the company is nearing the completion of the investigative phase, at which point the remediation costs will be better understood.

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 2020 reporting year, impairment testing under NZ IAS 36 was undertaken on the expected impact of water supply and electricity generation, from which 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 2022 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 the comparative year, the Company reported entering 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 schemes. This contract was for stage one upgrades and had a total contract value of $260,890 excluding GST. This contract was fulfilled during the reporting year and no monies were owing at balance date.

In March 2022, the Company entered into another contract with Rubicon Systems Australia Pty Ltd for stage two upgrades in the irrigation schemes with a value of $166K. At reporting date, no amounts had been paid and/or accrued on this contract.

Low Level Outlet Valve Upgrade

In March 2022, the Company entered into a contract with an engineering consultant to progress the design of the Low-Level Outlet valve upgrade. The consultants work had a total estimated value of $173K (excluding GST). At reporting date (30 June 2022), $74K excluding GST was paid and/or accrued for the valve upgrade and has been included as work in progress in Property, Plant & Equipment.

In July 2022, OWL entered into a contract with AVK Flow Control Pty Ltd for the supply of the valve equipment for the Low Level Outlet valve upgrade. The contract sum is $793K AUD plus NZ GST. No amounts under this contract have been paid at the date of the Annual Report. The valve upgrade project has an estimated total cost of up to $5.5M, construction works is expected to be undertaken in 2023.

BDO Christchurch

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 known contingent liabilities (2021: 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 known contingent assets (2021: Nil).

Subsequent Events to Reporting Date

The following subsequent events arose after the end of the reporting period:

Insurance Claim - Sutherlands Scheme

In September 2022, the Company lodged a claim with insurers following the discovery of a section of pipe exposed which was buried underneath the Te Ana Wai River. The Company has received acceptance of the claim and the estimate of loss is pending the outcome of further investigations. A local civil contractor who has experience in this type of work has quoted $312K excluding GST for the repair and reinstatement of the pipe.

New Accounting Policy Adopted

The Company adopted NZ IFRS 9 Hedge Accounting effective 1 July 2021 - refer to Note 19 'Derivative Financial Instruments and Hedge Accounting'.

New and Amended Standards Adopted

There are no new and amended NZ IFRS accounting standards and interpretations impacting the Company adopted in these financial statements.

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. 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.

NZ IAS 1 Classification of Liabilities as Current or Non-Current

This Standard will be adopted be adopted by the Company for the first time for its financial reporting period ended 30 June 2024.

This Standard sets out amendments to clarify the classification of liabilities as current or non-current. Management have not yet performed an assessment on the impact of this standard.

NZ IAS 8 Definition of Accounting Estimates

This Standard will be adopted be adopted by the Company for the first time for its financial reporting period ended 30 June 2024. This Standard sets out amendments to clarify:

a. how accounting policies and accounting estimates relate to each other, by:
   i. explaining that accounting estimates are used in applying accounting policies; and
   ii. making the definition of accounting estimates clearer and more concise;

b. that selecting an estimation technique, or valuation technique, used when an item in the financial statements cannot be measured with precision, constitutes making an accounting estimate; and

c. that, in applying IAS 2 Inventories, selecting the first-in, first-out (FIFO) cost formula or the weighted average cost formula for interchangeable inventories constitutes selecting an accounting policy.

Management have not yet performed an assessment on the impact of this standard.

BDO Christchurch

SECTION B: COMPANY PERFORMANCE

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

1. Operating Income

	2022 ($)	2021 ($)
Energy Activities		
Electricity Sales	4,200,463	4,319,949
Other	86,725	118,126
Total - Energy Activities	*4,287,188*	*4,438,075*
% of Operating Income	*48%*	*48%*
Water Activities		
Water Supply Charges	3,352,113	3,400,281
Infrastructure Charges	971,136	955,788
Other	361,578	350,027
Total - Water Activities	*4,684,827*	*4,706,096*
% of Operating Income	*52%*	*51%*
Other Income	6,101	15,905
Total Operating Income	**$8,978,116**	**$9,160,076**

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.

BDO Christchurch

2. Operating Expenses

	2022 ($)	2021 ($)
Administration Expenses	557,057	585,350
Consulting & Project Services	479,488	545,363
Direct Operating Expenses	3,925,787	3,293,417
Other Expenses	24,643	13,324
Total Operating Expenses	**$4,986,975**	**$4,437,455**

3. Reconciliation of Profit/(Loss) with Net Cash Flow from Operating Activities

	2022 ($)	2021 ($)
Profit/(Loss) after Taxation	812,539	1,960,521
Add/(Deduct) Non-Cash and Non-Operating Items:		
Amortisation & Depreciation	1,977,084	1,874,685
Deferred Tax	(108,170)	(145,927)
Derivative Liabilities	(696,003)	(1,064,061)
De-recognition of Intangibles	-	169,146
Loss/(Gain) on Disposal of PP&E and Intangible Assets	(34,161)	(5,973)
Total Non-Cash and Non-Operating Items	*1,138,751*	*827,870*
	$1,951,290	**$2,788,391**
Add/(Deduct) Movement in Working Capital Items:		
(Increase)/Decrease in Receivables and Accruals	682,910	(908,364)
(Increase)/Decrease in Prepayments	(9,869)	(13,227)
(Increase)/Decrease in Other Current Assets	(2,677)	(287)
Increase/(Decrease) in Payables and Accruals	431,089	139,503
Increase/(Decrease) in Employer Liabilities	(5,069)	2,579
Increase/(Decrease) in Interest Payable	(142,275)	105,949
Increase/(Decrease) in Income Tax	(443,702)	441,572
Increase/(Decrease) in Goods and Services Tax	(25,311)	24,440
Increase/(Decrease) in Other Current Liabilities	(71)	24
Total Movement in Working Capital Items	*485,024*	*(207,810)*
Net Cash Inflow/(Outflow) from Operating Activities	**$2,436,314**	**$2,580,581**

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 GST relating to investing and financing activities, is classified as an operating cash flow.

BDO Christchurch

4. Reconciliation of Financial Liabilities to Financing Cash Flows

	Interest Payable on Loans & Borrowings	Current Loans & Borrowings (Note 18)	Non-Current Loans & Borrowings (Note 18)	Derivative Liabilities (Note 19)	Total ($)
As at 30 June 2020	**$71,652**	**$375,000**	**$27,960,679**	**$2,536,512**	**$30,943,843**
Cash flows					
Repayment of 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**
Cash flows					
Repayment of loans & borrowings	-	(750,000)	(750,000)	-	**(1,500,000)**
Drawdown of loans & borrowings	-	625	-	-	**625**
Non-Cash flows					
Movements in accrued interest	(142,275)	-	-	-	**(142,275)**
Fair value movements	-	-	-	(2,247,349)	**(2,247,349)**
Reclassification of borrowings	-	(27,210,679)	27,210,679	-	**0**
As at 30 June 2022	**$35,327**	**$625**	**$26,460,679**	**$(774,898)**	**$25,721,733**

BDO Christchurch

SECTION C: TAXATION

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

5. Taxation

	2022 ($)	2021 ($)
Current Income Tax		
Profit/(Loss) before Taxation	1,166,174	2,256,630
Non-Taxable Expenditure	5,891	2,267
Temporary Differences		
Accounting Difference in Depreciation and Amortisation	487,508	467,583
Accounting Difference in De-recognition of Intangible Assets	-	(1,430)
Accounting Difference in Loss/(Gain) on Disposal of PP&E and Intangible Assets	(18,745)	(28,987)
Timing Difference for Accrued Expenditure not yet incurred	1,220	(6,900)
Adjustment for Employer Liabilities	(694)	4,770
Taxable Income	***$1,641,355***	***$2,693,934***
Losses Brought Forward	-	(1,115,233)
Taxable Profit/(Loss)	***$1,641,355***	***$1,578,701***
Current Income Tax Expense/(Benefit) 28%	**$459,579**	**$442,036**
Deferred Income Tax		
Movement in Temporary Differences	1,089,097	(521,169)
Deferred Income Tax Expense/(Benefit) 28%	**$304,947**	**$(145,927)**
Income Tax reported in the Statement of Profit or Loss & Other Comprehensive Income	**$764,527**	**$296,109**

Current Tax for the period was calculated using the tax rate of 28% (2021: 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 meeting shareholder continuity requirements from the time the tax losses arose until their utilisation. At reporting date (30 June 2022), the Company has no tax losses to carry forward (2021: $ Nil).

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:

	2022 ($)	2021 ($)
Profit/(Loss) before Taxation	1,166,174	2,256,630
Tax at the Statutory Rate of 28%	*326,529*	*631,856*
Tax Effect of Non-Taxable Expenditure	1,650	635
Tax Effect of Temporary Differences	436,348	(24,117)
Tax Effect of Current Year Taxable Income	-	(312,265)
	437,998	*(335,748)*
Income Tax reported in the Statement of Profit or Loss	**$764,527**	**$296,109**
Average Effective Tax Rate	***66%***	***13%***

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 2022: $457,492 (2021: $15,221).

BDO Christchurch

6. Statement of Financial Position

	2022 ($)	2021 ($)
Opening Balance	441,180	(392)
Income Tax (Payments)/Refunds	(441,178)	394
Interest RWT and NRWT credits	(902)	(62)
Dividend RWT and FDP credits	(29)	(121)
Imputation Credits on Dividends	(161)	(676)
Tax on Taxable Income	461,805	442,036
Provisional Tax Paid	(463,236)	-
Income Tax Payable/(Receivable)	**$(2,523)**	**$441,180**

7. Deferred Tax

Deferred tax assets and liabilities are attributable to the following:

	2022 ($)	2021 ($)
Assets		
Feasibility Expenditure	(70,222)	(73,147)
Employee Liabilities & Accrued Expenditure	(21,261)	(21,113)
Total Tax Assets	*(91,482)*	*(94,261)*
Liabilities		
Property, Plant and Equipment	5,132,329	5,257,418
Intangible Assets	53,932	61,051
Fair Value Hedges	434,377	-
Total Tax Liabilities	*5,620,638*	*5,318,469*
Total Deferred Tax (Assets)/Liabilities	**$5,529,157**	**$5,224,209**

Movement in Temporary Differences

	Property, Plant & Equipment	Intangible Assets	Feasibility Expenditure	Employee Liabilities & Accrued Expenditure	Fair Value Hedges	Total ($)
Balance 30 June 2020	**$5,377,886**	**$68,446**	**$(76,196)**	**$0**	**$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)**	**$0**	**$5,224,209**
Recognised in Profit or Loss	(125,090)	(7,118)	2,926	(147)	-	**(129,430)**
Recognised in Equity	-	-	-	-	434,377	**434,377**
Balance 30 June 2022	**$5,132,329**	**$53,932**	**$(70,222)**	**$(21,261)**	**$434,377**	**$5,529,156**

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% (2021: 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.

BDO Christchurch

SECTION D: OPERATING ASSETS

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

8. Property, Plant and Equipment ("PPE")

	Land & Buildings	Plant & Equipment	Motor Vehicles	Office Equipment & Furniture	Dam & Power Station	Irrigation Schemes	Total ($)
Cost or Valuation							
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**
Additions	35,520	37,521	162,413	28,046	124,511	676,739	**1,064,751**
Work in Progress	(10,871)	-	-	-	204,525	(99,576)	**94,078**
Revaluations	-	-	-	-	-	-	**0**
Sales/Disposals	-	(3,117)	(90,168)	(4,463)	(7,650)	-	**(105,398)**
Balance 30 June 2022	**558,017**	**154,639**	**370,279**	**152,130**	**54,539,724**	**15,704,521**	**71,479,310**
Accumulated Depreciation & Impairment							
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)**
Depreciation Expense	(12,988)	(16,339)	(57,181)	(15,259)	(1,037,559)	(703,364)	**(1,842,691)**
Elimination on Disposal	-	3,117	77,927	4,463	7,650	-	**93,157**
Impairment Losses	-	-	-	-	-	-	**0**
Balance 30 June 2022	**(84,894)**	**(81,829)**	**(160,696)**	**(114,899)**	**(15,547,600)**	**(5,634,978)**	**(21,624,896)**
Carrying Amounts							
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**
Balance 30 June 2022	**$473,123**	**$72,810**	**$209,582**	**$37,231**	**$38,992,124**	**$10,069,543**	**$49,854,414**

The Dam & Power Station are pledged as security, refer to Note 18 'Loans & Borrowings'.

BDO Christchurch

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 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.

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. 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 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.

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 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% - 67% SL
Motor Vehicles	13.5% - 21% SL
Office Equipment & Furniture	7.0% - 67% SL
Dam & Power Station	1.5% - 30% SL
Irrigation Schemes	1.5% - 40% SL

BDO Christchurch

9. 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 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**
Additions	-	2,075	-	-	**2,075**
De-recognition	-	-	-	-	**0**
Sales/Disposals	-	(5,417)	-	-	**(5,417)**
Balance 30 June 2022	**-**	**377,325**	**1,531,402**	**185,000**	**2,093,726**
Accumulated Amortisation & Impairment					
Balance 30 June 2020	(113,920)	(139,200)	(506,351)	(68,308)	**(827,779)**
Amortisation Expense	(13,616)	(23,494)	(99,723)	(11,385)	**(148,213)**
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)**
Amortisation Expense	-	(23,286)	(99,723)	(11,385)	**(134,394)**
Elimination - De-recognition	-	-	-	-	**0**
Elimination - Disposal	-	1,272	-	-	**1,272**
Impairment Losses	-	-	-	-	**0**
Balance 30 June 2022	**-**	**(184,709)**	**(705,797)**	**(91,077)**	**(981,582)**
Carrying Amounts					
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**
Balance 30 June 2022	**$0**	**$192,616**	**$825,605**	**$93,923**	**$1,112,144**

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") 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.

In the comparative year, the Company's accounting policy for SaaS arrangements was 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 was 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.

BDO Christchurch

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 prior periods.

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).

BDO Christchurch

SECTION E: LIABILITIES AND EQUITY

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

10. Financing Income

	2022 ($)	2021 ($)
Revaluation of Interest Rate Swaps	-	1,064,061
Movements in Fair Value of Hedges	696,003	-
Total Financing Income	**$696,003**	**$1,064,061**

Financing income comprises of changes in fair value of derivatives (interest rate swaps), recognition of ineffective portion of movements in fair value hedges and reclassification from fair value hedge reserves.

11. Financing Expenses

	2022 ($)	2021 ($)
Bank Charges & Other Fees	8,428	8,310
Interest Paid - ANZ Bank New Zealand (Revolving Credit)	-	6,823
Interest Paid - ANZ Bank New Zealand (Term Loans)	1,535,586	1,648,544
Interest Paid - Other	8,299	-
Interest Expense from Liabilities at Amortised Cost	*1,543,885*	*1,655,367*
Total Financing Expenses	**$1,552,314**	**$1,663,677**

Financing expenses comprises of transaction and account management fees, interest paid on loans & borrowings and IRD Use of Money Interest.

12. Financial Assets

Fair Value through Profit or Loss

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Financial assets measured at amortised cost comprise Cash and Cash Equivalents, Trade and Other Receivables and Shareholder Loans in the Statement of Financial Position.

Financial assets at Fair Value through Profit or Loss (“FVTPL”) are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. Refer to Note 19 ‘Derivative Financial Instruments and Hedge Accounting’.

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.

BDO Christchurch

13. Cash & Cash Equivalents

	2022 ($)	2021 ($)
ANZ Bank New Zealand - Cheque Account	1,798,713	1,992,168
Total Cash & Cash Equivalents	**$1,798,713**	**$1,992,168**

The interest rate receivable on the cheque account as at 30 June 2022: 0.35% p.a. (2021: 0.05% 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 24.10% (2021: 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.

14. Trade and Other Receivables

	2022 ($)	2021 ($)
Trade Receivables	727,021	1,415,415
Shareholder Loans Receivable - Current Portion	10,196	7,518
Deferred Monthly Expenses	11,352	5,868
Prepayments	33,250	23,381
Total Trade and Other Receivables	**$781,819**	**$1,452,182**

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 (2021: $ 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 $20,821 (2021: $16,834). 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 12 'Financial Assets'.

15. Shareholder Loans Receivable

	2022 ($)	2021 ($)
Water Metering and Telemetry	18.440	13,911
Infrastructure/Piping	18,186	-
Total Shareholder Loans Receivable	**$36,626**	**$13,911**
Repayable as follows:		
Current Portion - less than one year	*10,196*	*7,518*
Non-Current Portion - one to five years	*26,430*	*6,393*
Total	***$36,626***	***$13,911***

Shareholder Loans Receivable relating to related party transactions (current Directors) were $ Nil (2021: $ Nil).

Loan 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.

BDO Christchurch

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.

16. 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 or 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.

Financial liabilities at Fair Value through Profit or Loss ("FVTPL") are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Refer to Note 19 'Derivative Financial Instruments and Hedge Accounting'.

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.

17. Trade and Other Payables

	2022 ($)	2021 ($)
Trade Payables	367,492	371,833
Accrued Expenditure	506,914	73,402
Revenue Received in Advance	-	71
Retentions on Contracts	1,918	-
Total Trade and Other Payables	**$876,324**	**$445,306**

Trade Payables relating to related party transactions (current Directors): $ Nil (2021: $ 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 16 'Financial Liabilities'. All Trade Payables are on standard terms and are paid on the 20th of the month following invoice unless otherwise specified.

BDO Christchurch

18. Loans & Borrowings

	2022 ($)	2021 ($)
ANZ Bank New Zealand - Revolving Credit	625	-
ANZ Bank New Zealand - Term Loans	26,460,679	27,960,679
Total Loans & Borrowings	**$26,461,304**	**$27,960,679**
Repayable as follows (based on the facility term):		
Current Portion - less than one year	*625*	*27,960,679*
Non-Current Portion - one to five years	*26,460,679*	*-*
Total	***$26,461,304***	***$27,960,679***

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 2022, the current rate was 4.74% p.a. (2021: 3.74% p.a.) and the account was drawn $625 (2021: $ Nil).

Term Loans

The Company has a term debt facility with ANZ Bank New Zealand. The facility was renewed on 22 June 2022 with a termination date 3 years from the date of the agreement (22 June 2025).

The term facility is broken into a number of tranches with varied funding periods. Current interest rates range from 1.13% to 5.65% including margin (2021: 1.13% to 6.09%). Security for the facility is by way of General Security Agreement over the Dam and Power Station. Refer to Note 8 ‘Property, Plant and Equipment’.

The term facility requires interest payments together with annual principal repayments of $750,000. During the reporting year, the Company made a principal repayment of $1.5M being amortisation requirements for the current reporting period ending 30 June 2022 and an advance payment for the year ending 30 June 2023. The next principal repayment is due on or before 30 June 2024.

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 16 ‘Financial Liabilities’.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the effective portion of the derivative is recognised in Other Comprehensive Income and reclassified to Profit or Loss when the qualifying asset impacts Profit or Loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

BDO Christchurch

19. Financial Instruments - Fair Values & Risk Management

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 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	1,452,182	-	-	-	**1,452,182**
Shareholder Loans Receivable	13,911	-	-	-	**13,911**
Investments in Shares	-	2,194	-	-	**2,194**
Total Financial Assets	**$3,458,261**	**$2,194**	**$0**	**$0**	**$3,460,455**
Financial Liabilities					
Trade and Other Payables	-	-	445,306	-	**445,306**
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**	**$28,583,586**	**$1,472,451**	**$30,056,037**

As at 30 June 2022	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	1,798,713	-	-	-	**1,798,713**
Trade and Other Receivables	781,819	-	-	-	**781,819**
Shareholder Loans Receivable	36,626	-	-	-	**36,626**
Investments in Shares	-	2,194	-	-	**2,194**
Total Financial Assets	**$2,617,158**	**$2,194**	**$0**	**$0**	**$2,619,352**
Financial Liabilities					
Trade and Other Payables	-	-	876,324	-	**876,324**
Interest Payable on Loans & Borrowings	-	-	35,327	-	**35,327**
Loans & Borrowings	-	-	26,461,304	-	**26,461,304**
Derivatives (Interest Rate Swaps)	-	-	-	(774,898)	**(774,898)**
Total Financial Liabilities	**$0**	**$0**	**$27,372,954**	**$(774,898)**	**$26,598,056**

BDO Christchurch

Fair Value Hierarchy

The table below presents the Company's assets and liabilities measured at fair value in the Statement of Financial Position in accordance with the fair value hierarchy. 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:

- *Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities
- *Level 2:* Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- *Level 3:* Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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.

Year Ended 30 June 2021	**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Financial Assets				
Investments in Shares	-	2,194	-	**2,194**
Derivatives (Interest Rate Swaps)	-	-	-	**-**
Financial Liabilities				
Derivatives (Interest Rate Swaps)	-	1,472,451	-	**1,472,451**

Year Ended 30 June 2022	**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Financial Assets				
Investments in Shares	-	2,194	-	**2,194**
Derivatives (Interest Rate Swaps)	-	774,898	-	**774,898**
Financial Liabilities				
Derivatives (Interest Rate Swaps)	-	-	-	**-**

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 utilises market observable inputs and data as far as possible and calculated as the present value of the estimated future cash flows based on observable yield curves (Level 2).

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 Liquidity, Credit and Market risks from its use of financial instruments and seeks to minimise the effects by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Risk & Audit Committee on a regular basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

a) 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.

Contractual Maturity Analysis

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.

BDO Christchurch

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 2021	Carrying Amount ($)	Contractual Cashflows ($)	*< 1 Year ($)*	*1-5 Years ($)*	*> 5 Years ($)*
Financial Assets					
Cash and Cash Equivalents	1,992,168	1,992,168	*1,992,168*	-	-
Trade and Other Receivables	1,452,182	1,452,182	*1,452,182*	-	-
Shareholder Loans Receivable	13,911	14,430	*7,925*	*6,504*	-
Financial Liabilities					
Trade and Other Payables	(445,306)	(445,306)	*(445,306)*		
Interest Payable on Loans & Borrowings	(177,602)	(177,602)	*(177,602)*		
Loans & Borrowings	(27,960,679)	(28,054,487)	*(28,054,487)*		
Derivatives (Interest Rate Swaps)	(1,472,451)	(1,479,092)	*(781,453)*	*(752,752)*	*55,112*
Net Financial Assets/(Liabilities)	**$(26,597,776)**	**$(26,697,707)**	**$(26,006,572)**	**$(746,247)**	**$(55,112)**

Year Ended 30 June 2022	Carrying Amount ($)	Contractual Cashflows ($)	*< 1 Year ($)*	*1-5 Years ($)*	*> 5 Years ($)*
Financial Assets					
Cash and Cash Equivalents	1,798,713	1,798,713	*1,798,713*	-	-
Trade and Other Receivables	781,819	781,819	*781,819*	-	-
Shareholder Loans Receivable	36,626	40,648	*11,235*	*21,498*	*7,915*
Financial Liabilities					
Trade and Other Payables	(876,324)	(876,324)	*(876,324)*	-	-
Interest Payable on Loans & Borrowings	(35,327)	(35,327)	*(35,327)*	-	-
Loans & Borrowings	(26,460,679)	(26,613,647)	*(152,968)*	*(26,460,679)*	-
Derivatives (Interest Rate Swaps)	774,898	869,468	*5,084*	*769,929*	*94,455*
Net Financial Assets/(Liabilities)	**$(23,980,274)**	**$(24,034,650)**	**$1,532,232**	**$(25,669,252)**	**$102,370**

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.

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.

	30 June 2022		30 June 2021	
Comparison between Carrying Amount and Fair Value	**Carrying Amount ($)**	**Fair Value ($)**	**Carrying Amount ($)**	**Fair Value ($)**
Financial Assets				
Cash and Cash Equivalents	1,798,713	1,798,713	1,992,168	1,992,168
Trade and Other Receivables	781,819	781,819	1,452,165	1,452,165
Shareholder Loans Receivable	36,626	36,626	13,911	13,911
Investments in Shares	2,194	2,194	2,194	2,194
Total Financial Assets	**$2,619,352**	**$2,619,352**	**$3,460,438**	**$3,460,438**
Financial Liabilities				
Trade and Other Payables	876,324	876,324	445,289	445,289
Interest Payable on Loans & Borrowings	35,327	35,327	177,602	177,602
Loans & Borrowings	26,461,304	21,456,961	27,960,679	27,253,446
Derivatives (Interest Rate Swaps)	(774,898)	(774,898)	1,472,451	1,472,451
Total Financial Liabilities	**$26,598,056**	**$21,593,713**	**$30,056,020**	**$29,348,787**

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b) Credit Risk

Credit risk is the potential for loss that could occur as a result of a counterparty to a financial asset failing to meet its contractual obligations.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk principally consist of bank balances and trade receivables. 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).

c) 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 on agreed notional principal amounts for specified periods. The swaps effectively convert portions of floating rate debt into fixed rate debt. These swaps are designated as fair value hedges. Interest rate swaps are accounted for as Derivatives and recognised in the Statement of Financial Position at fair value.

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

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***

Year Ended 30 June 2022	Amortised Cost ($)	% of total Loans	Fair Value of Derivatives ($)	Total ($)
Total Term Loans	26,460,679			
Less Floating Rate Borrowings	(2,843,271)			
Total Interest Rate Swaps	**$23,617,409**	**89%**	***$(774,898)***	***$22,842,510***

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 18 'Loans & Borrowings'.

Interest Rate Sensitivity Analysis

A 100 basis points increase or decrease in bank interest rates throughout the financial year would have increased/decreased the net profit before tax by $264,607 (2021: $279,606).

Derivative Financial Instruments and Hedge Accounting

The Company holds derivative financial instruments to hedge its floating interest rate exposures, using interest rate swaps. Derivatives are initially measured at fair value and classified as an asset or liability. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in other comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The Company designates certain derivatives as hedging instruments in respect of interest rate risk in fair value hedges. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

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Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

To test the hedge effectiveness, the Company uses the hypothetical derivative / match terms method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. The Company expects that its hedges will be highly effective, however some ineffectiveness may arise from the credit value adjustment of the bank counterparty and from existing swaps with a non-zero value at designation during the period to maturity of those swaps.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again.

The Company designates only the intrinsic value of option contracts as a hedged item, i.e., excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Company applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Company expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The following table sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are shown in the Statement of Changes in Equity.

	Notional Principal Swap Amounts ($)		**Carrying Value Liability/(Asset) ($)**	
Swap Maturity Dates	**2022**	**2021**	**2022**	**2021**
May 2022	-	3,293,158	-	169,900
May 2023	4,939,736	4,939,736	74,746	427,914
Sep 2024	1,137,938	1,137,938	(23,278)	73,036
Dec 2024	3,293,157	3,293,157	108,538	488,572
Apr 2025	2,000,000	2,000,000	(155,417)	1,525
May 2025	1,646,578	1,646,578	75,149	285,162
Apr 2026	4,000,000	4,000,000	(377,427)	17,902
Apr 2028	4,000,000	4,000,000	(502,181)	8,440
May 2029	2,600,000	-	24,972	-
	$23,617,409	**$24,310,567**	**$(774,898)**	**$1,472,451**
Disclosed as:				
Short-term Derivative Liabilities/(Assets)			(3,380)	780,071
Long-term Derivative Liabilities/(Assets)			(771,518)	692,380
			$(774,898)	**$1,472,451**
Change in fair value recognised in:				
Profit or Loss Income/(Expense)			696,003	(1,064,061)
Other Comprehensive Income			1,551,346	-
			$2,247,349	**$(1,064,061)**

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness, and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

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Fair Value Hedges

The fair value change on qualifying hedging instruments is recognised in Profit or Loss except when the hedging instrument hedges an equity instrument designated at Fair Value through Other Comprehensive Income ("FVTOCI") in which case it is recognised in Other Comprehensive Income. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in Profit or Loss instead of Other Comprehensive Income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in Other Comprehensive Income to match that of the hedging instrument. Where hedging gains or losses are recognised in Profit or Loss, they are recognised in the same line as the hedged item.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to Profit or Loss from that date.

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	2022	2021
"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 Valley 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 2022 (2021: 150).

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22. 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.

23. Share Premium Reserves

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.

24. Scheme Reserves

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.

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.

Reserves held by each Irrigation sub-scheme at reporting date (30 June 2022) are shown in the table below:

	Levels Plain Scheme	Kakahu Scheme	Totara Valley Scheme	Total ($)
Balance 30 June 2020	**$(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**	**$567,329**
Prior Year Adjustment	-	9,611	-	**9,611**
Operating Surplus for the year	(21,170)	25,413	(20,380)	**(16,137)**
Less: Capital Expenditure *	(64,674)	(359,106)	(65,840)	**(489,620)**
Sub-Total	*(85,844)*	*(324,082)*	*(86,220)*	***(496,145)***
Balance 30 June 2022	**$(153,192)**	**$132,765**	**$91,611**	**$71,183**

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

25. Fair Value Hedge Reserves

Fair value hedge reserves comprise the effective portion of the cumulative net change in the fair value of hedging instruments used in fair value hedges pending to subsequent recognition in profit or loss.

BDO Christchurch

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 $10,324 during the reporting period to 30 June 2022 (2021: $2,748).

Director Remuneration

Directors' Remuneration was fixed for a 12 month period at the Company's Annual General Meeting held in November 2021. The total amount approved was $184,000 per annum (inclusive of $20,000 compensation pool) from 1 December 2021.

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 2022, is shown in the table below:

Director	Position	2022 ($)	2021 ($)
Ryan O'Sullivan	Shareholder Director *(Chair)*	36,604	30,629
Brendan Caird	Shareholder Director *(Deputy Chair)*	21,088	15,829
Nicola Hyslop	Shareholder Director	17,921	15,429
Herstall Ulrich	Shareholder Director *(ceased 04 Nov 2020)*	-	5,039
Rebecca Biggs	Shareholder Director	17,921	17,628
Antony Howey	Shareholder Director	17,762	8,533
Jeremy Boys	Independent Director	23,688	20,629
Paul Burns	Independent Director	25,726	25,248
Total Directors Remuneration		**$160,709**	**$138,964**

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:

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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.

Shareholder Entity	Director(s) Involved	2022 ($)	2021 ($)
Te Ngawai Downs Limited	Ryan O'Sullivan	7,665	7,937
Glenire Farm Limited	Ryan O'Sullivan	18,154	18,549
Levels Estate Company Limited	Nicola Hyslop	57,742	54,308
Ravensdown Limited	Nicola Hyslop	12,003	11,788
Skipton Ag Limited	Brendan Caird	28,239	28,239
B J Caird Limited	Brendan Caird	34,694	34,694
Riverholme Farm Limited	Brendan Caird	35,314	-
The Rock Farm Limited	Herstall Ulrich *(ceased 04 Nov 2020)*	-	3,093
Biggs Land Company Limited	Rebecca Biggs	18,759	18,759
Alpine Fresh Limited	Antony Howey	-	709
A C & A Howey	Antony Howey	24,744	20,277
Total Related Party Transactions - Shareholder Directors		**$237,314**	**$198,353**

At reporting date (30 June 2022), $20,821 excluding GST of this amount was owing from the Shareholder Directors respective shareholding companies (2021: $16,834).

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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:

		2022 ($)	2021 ($)
Board of Directors	*Full-time equivalent members:*	*7*	*7*
Remuneration	(Directors fees)	157,500	133,343
Compensation	(Expense reimbursement, professional development)	3,209	5,621
		160,709	138,964
Chief Executive Officer	*Full-time equivalent members:*	*1*	*1*
Remuneration	(Salary, KiwiSaver, motor vehicle, performance bonus)	235,445	222,859
Total Key Management Personnel Compensation		**$396,154**	**$361,823**

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 2022 was:

Remuneration	No. of Employees
$100,000 - $110,000	1
$140,000 - $150,000	1
$230,000 - $240,000	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:

	2022 ($)	2021 ($)
Wages and Salaries	1,161,606	891,009
Increase/(Decrease) in Employer Liabilities	(5,069)	2,579
KiwiSaver Employer (incl. Contribution Tax)	28,610	24,157
Other Allowances	-	839
Total Personnel Expenses	**$1,185,147**	**$918,584**

Employee 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 2022), the Company had employer liabilities of $63,159 (2021: $68,228).

Auditor Remuneration

At the Company's Annual General Meeting held in November 2021, BDO were appointed as auditors for the year ending 30 June 2022. At reporting date, remuneration paid and/or accrued to the Company auditors is $20,720 (2021: $19,500). This is a provision for statutory audit services for the year ending 30 June 2022, based on a fixed fee of $20,000 plus disbursements. The Company did not engage BDO for any advice or guidance on other matters.

BDO Christchurch

Opuha Water Limited

Company Directory

Registered Office

875 Arowhenua Road
RD 4
Timaru 7974

Address for Communications

Postal: 875 Arowhenua Road, RD 4, Timaru 7974
Email: Office@opuha.co.nz
Website: www.opuhwater.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:

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	
Rebecca Biggs	Shareholder Director	06 Nov 2018	
Tony Howey	Shareholder Director	01 Dec 2020	
Jeremy Boys	Independent Director	30 July 2014	
Paul Burns	Independent Director	01 Sept 2017	
Tom Hargreaves	Associate Director	04 May 2021	

Annual General Meeting ("AGM")

The Annual General Meeting of Opuha Water Limited is scheduled for Wednesday 2 November 2022

OPUHA WATER LTD
Enabling | Sustainable | Growth