

Kakahu Irrigation Limited

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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For the Year Ended 30 June 2014

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Directory

As at 30 June 2014

Nature of Business	Irrigation Scheme
Address	4C Sefton Street East Timaru
Registered Office	4C Sefton Street East Timaru
Directors	Alvin Reid (Chairman) Gerald Hargreaves Keith Pow Keith Lane Brian Bolt
Company Secretary	Quantum Advantage Limited Chartered Accountants and Business Advisors Timaru
Share Register	4c Sefton Street East Timaru
Accountants	Quantum Advantage Limited Chartered Accountants & Business Advisors 4C Sefton Street East Timaru
Auditor	Mitchell Audit Chartered Accountants PO Box 40 Timaru 7940
Bankers	ASB Bank Stafford Street Timaru
Solicitors	RSM Law Barristers and Solicitors Timaru
IRD Number	079-004-685

Annual Report

For the Year Ended 30 June 2014

The board of directors submit their annual report including the financial statements for Kakahu Irrigation Limited for the year ended 30 June 2014, and the auditors report.

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

Results and Distributions

The net loss for the financial year ending 30th June 2014 was \$335,908 (2013 year loss: \$469,905). There were no dividends paid during the year.

Review of Operations

Background

Kakahu Irrigation Ltd was initially formed in 2001 to promote, build and operate an irrigation scheme covering up to 4,000 hectares in the Geraldine area using water sourced from the Opuha Dam scheme. Final approval was gained for a 3,208 hectare scheme through the support of over 30 local farmers.

Construction began on October 2003 the gravity-fed race system. A number of events occurred that meant the scheme was delayed in meeting its targeted start date. In 2008 and 2009, a piped supply system for the Main Race One component of the scheme had been constructed and installed by Bosch Irrigation Ltd. The scheme has been fully operational for four years.

The board, on behalf of the Shareholders, has entered into an unconditional contract to sell the assets and liabilities to Opuha Water Limited as at 1st July 2014.

Once the sale transaction is completed the Company will be wound up and the surplus assets, being the shares in SCFIS Limited, will be distributed to the Shareholders in proportion to their current shareholding.

Directors

The Directors who retire by rotation are Keith Lane and Brian Bolt. Both Directors being eligible for re-election, have offered themselves accordingly. No other nominations for the position of Directors were received by the date of distribution of these financial statements.

Directors Remuneration

There were no payments or benefits of any kind to Directors during the year.

Auditor

It is proposed that the Auditor, Mitchell Audit, will cease as the company's auditors with the completion of this audit.

For and on behalf of the Board

Annual Report (continued)

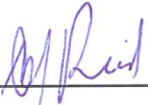
For the Year Ended 30 June 2014



Director

Keith Pow

Date 11-11-2014



Director

Alvin Reid

Date 20/10/2014

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kakahu Irrigation Limited

Report on the Financial Statements

We have audited the financial statements on pages 6 to 25 which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of movements in equity and statement of cash flows for the year then ended, the depreciation schedule and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Unqualified Opinion

In our opinion, the financial statements on pages 6 to 25 give a true and fair view of the financial position of Kakahu Irrigation Limited as at 30 June 2014, and its financial performance and its cash flows for the year ended on that date.

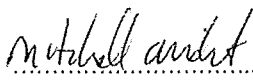
Emphasis of Matter

Without qualifying our opinion, we draw attention to the fact that the Company is no longer trading as a going concern as disclosed in the accounting policy on page 19 in the financial statements and detailed where appropriate in other policies and notes. The major effect is that the assets and liabilities will be sold on 1 July 2014 to the new entity at the values shown in the statement of financial position.

Report on Other Legal and Regulatory Requirements

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

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



mitchell audit
15 October 2014
P O Box 40, Timaru

Statement of Financial Performance

For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Operating Revenue			
Scheme Charges ex Opuha Water Ltd		887,718	887,717
Less Cost of Sales			
Control System Electricity		854	836
Environmental Consultancy Services		12,839	11,067
Other Consultancy Fees		-	270
Management Fees : Opuha Water Ltd		31,500	30,000
Consent & Compliance Monitoring Charges		10,008	7,213
Repairs & Maintenance		21,598	34,750
Weed & Pest Control		1,144	2,230
Total Cost of Sales		77,943	86,366
Gross Surplus		809,775	801,351
Other Income			
Commissions Received		944	-
Depreciation Recovered on Water Meter (Bolt Property)		-	150
Interest Received		26	30
Total Other Income		970	180
Gross Surplus after Other Income		810,745	801,531
Less Expenses			
Administration Expenses			
Accountancy & Secretarial Services		31,800	24,722
Audit Fees		3,112	3,428
Legal Fees - Deductible		1,980	5,641
License Fees		1,720	220
Survey & Feasibility Studies		30,180	37,874
Telephone & Tolls		61	452
		68,853	72,337
Overhead Expenses			
Insurance		31,908	35,741
Room Hire		50	-
		31,958	35,741
Finance Expenses			
Bank Fees & Charges		403	403
Interest - IRD Use of Money		45	-
Interest Paid - Loans		523,332	586,055
		523,780	586,458
Non Cash Expenses			
Depreciation		522,127	576,900
Total Expenses		1,146,718	1,271,436
Net Deficit		(335,973)	(469,905)

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Statement of Movements in Equity

For the Year Ended 30 June 2014

	2014	2013
	\$	\$
Revenues and Expenses		
Net Deficit	(335,973)	(469,905)
Movement in Asset Revaluation Reserve	2,686,259	-
Total Recognised Revenues and Expenses	2,350,286	(469,905)
Equity at the Beginning of the Year	8,392,627	8,862,532
Equity at the End of the Year	10,742,913	8,392,627
Movements in Retained Earnings		
Opening Balance	(3,042,509)	(2,572,604)
Less:		
Net Deficit	335,973	469,905
Retained Earnings Closing Balance	(3,378,482)	(3,042,509)

Statement of Financial Position

As at 30 June 2014

	Note	2014 \$	2013 \$
Assets			
ASB : Farmline Cheque Account	7	316,035	135,719
ASB : Business Saver Account	7	1,014	996
Account Receivables - Opuha Water Limited	8	81,970	88,176
Income Tax Receivable	5	9	10
Prepayments	9	1,722	-
Current Account - Opuha Water Limited	10	76,674	72,906
		477,424	297,807
Fixed Assets			
Property, Plant & Equipment		10,683,000	8,512,788
		10,683,000	8,512,788
Other			
Shares - SC Farmers Irrigation Society Limited	11	8,020,000	8,020,000
Preliminary Expenses	12	3,956	3,956
Total Non Current Assets		8,023,956	8,023,956
Total Assets		19,184,380	16,834,551
Liabilities			
Sundry Creditors	13	3,019	5,750
Trade Creditors	13	19,685	19,558
Interest Payable on Loan	13	10,783	8,704
Current Portion of Term Loans	13	8,390,000	-
GST Payable		17,980	17,912
		8,441,467	51,924
Other			
Term Loans - Secured	14	-	8,390,000
Total Liabilities		8,441,467	8,441,924
Net Assets		10,742,913	8,392,627
Equity			
Paid up Share Capital	15	3,208	3,208
Accumulated Losses	16	(3,378,481)	(3,042,508)
Reserves	17	14,118,186	11,431,927
Total Equity		10,742,913	8,392,627

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Statement of Financial Position (continued)

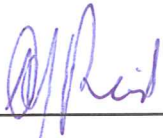
As at 30 June 2014



Keith Pow

Director

Date 11-11-2014



Alvin Reid

Director

Date 20/10/2014

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Statement of Cash Flows

For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Cash Flows from Operating Activities			
Cash was provided from:			
Interest Received		17	20
Operating Income		890,290	869,447
Goods and Services Tax		16,932	-
Income Tax Refunds		10	10
		<u>907,249</u>	<u>869,477</u>
Cash was disbursed to:			
Payments to Suppliers		179,742	190,972
Interest Paid		521,299	585,598
Goods and Services Tax		-	578
		<u>701,041</u>	<u>777,148</u>
Net Cash Flows from Operating Activities	21	206,208	92,329
Cash Flows from Investing Activities			
Cash was disbursed to:			
Purchase of Fixed Assets		6,080	-
		<u>6,080</u>	<u>-</u>
Net Cash Flows from Investing Activities		(6,080)	-
Net Increase in Cash Held		200,128	92,329
Cash at the Beginning of the Year		137,062	44,733
Cash at the End of the Year		<u>337,190</u>	<u>137,062</u>
Comprising			
ASB - Farmline Cheque Account		316,035	135,719
Plus - Unpresented Cheques		20,142	347
ASB - Business Saver Account		1,014	996
		<u>337,190</u>	<u>137,062</u>

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Depreciation Schedule

For the Year Ended 30 June 2014

	RATE & % PVT	Cost	OPENING	ADDITIONS	DATE of	SALE	PARTSALE	PROFIT	DISPOSAL	Cost	CAPITAL	DEPN	ACCUM	PRIVATE	ACCUM	CLOSING
	TYPE USE	on HAND	WDV		ADDITION	PRICE	PRICE	(LOSS)	DATE		GAIN/LOSS	DEPN	DEPN	DEPN	PRIVATE	WDV
Revaluation																
Revaluation of Scheme \$10,683m (March 2014)	.00D	4,132,474	1,446,215	2,686,259	27-Nov-10	-	-	-	-	-	-	-	-	-	-	4,132,474
		4,132,474	1,446,215	2,686,259												4,132,474
Additional Costs																
Fencing	12.00D	15,571	9,767	-	30-Nov-07	-	-	-	-	-	-	1,172	6,976	-	-	8,595
M/R1 Work	12.00D	12,064	7,567	-	30-Nov-07	-	-	-	-	-	-	908	5,405	-	-	6,659
Engineer Costs	30.00D	129,937	35,812	-	31-Oct-07	-	-	-	-	-	-	10,744	104,869	-	-	25,068
Resource Consent	.00D	42,061	42,061	-	30-Sep-07	-	-	-	-	-	-	-	-	-	-	42,061
Pipeline	9.60D	4,439,266	3,071,417	-	31-Mar-08	-	-	-	-	-	-	294,856	1,662,705	-	-	2,776,561
Roadway	.00D	59,881	59,881	-	1-May-08	-	-	-	-	-	-	-	-	-	-	59,881
(Coles/Pagan)																
Land Access & Compensation	.00D	87,057	87,057	-	1-Sep-08	-	-	-	-	-	-	-	-	-	-	87,057
Didymo Screen	48.00D	58,939	5,650	-	31-Dec-08	-	-	-	-	-	-	2,712	56,001	-	-	2,938
Fish Intake	15.60D	46,299	24,962	-	31-Jan-09	-	-	-	-	-	-	3,894	25,231	-	-	21,068
Pipeline (Extras to Contract)	9.50D	124,332	87,314	-		-	-	-	-	-	-	8,295	45,313	-	-	79,019
Telemetered Datalogger	60.00D	843	32	-		-	-	-	-	-	-	19	830	-	-	13
Earthworks	15.60D	25,125	13,590	-		-	-	-	-	-	-	2,120	13,655	-	-	11,470
Power Supply - Skipton Bridge	15.60D	14,359	7,852	-	31-Oct-09	-	-	-	-	-	-	1,225	7,732	-	-	6,627
GPS Modem (MR2 Intake)	60.00D	2,726	105	-		-	-	-	-	-	-	63	2,684	-	-	42
Harvest Modem (MR1 Intake)	60.00D	1,183	53	-		-	-	-	-	-	-	32	1,162	-	-	21
Penstock Pipe, Intake Structure & Self Cleaning Screen (Pagans Property)	8.00D	17,521	14,433	-	20-Mar-11	-	-	-	-	-	-	1,155	4,243	-	-	13,278
Essement Pearce Property	.00D	20,000	20,000	-	30-Nov-11	-	-	-	-	-	-	-	-	-	-	20,000
Neon Compact																
Stilling Well - Hawke Road	10.00D	6,080	-	6,080	31-Jan-14	-	-	-	-	-	-	302	302	-	-	5,778

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Depreciation Schedule (continued)

For the Year Ended 30 June 2014

RATE & % PVT TYPE USE	Cost on HAND	OPENING WDV	ADDITIONS	DATE of ADDITION	SALE PRICE	PARTSALE PRICE	PROFIT (LOSS)	DISPOSAL DATE	Cost	CAPITAL GAIN/LOSS	DEPN	ACCUUM DEPN	PRIVATE DEPN	ACCUUM PRIVATE	CLOSING WDV
Kakahu Supply Race MR1															
Concrete Head Works	4.80D	48,209	-	31-Mar-04	-	-	-	-	-	-	-	-	-	-	31,294
Intake Screens Control Gate (Hydraulic Slide)	21.60D	29,942	4,507	31-Mar-04	-	-	-	-	-	-	973	26,408	-	-	3,534
Gate Automation	21.60D	65,187	9,771	29-Feb-04	-	-	-	-	-	-	308	8,395	-	-	1,117
CI Access Crossing Near Intake	4.80D	5,712	3,889	31-May-03	-	-	-	-	-	-	2,111	57,527	-	-	7,660
C2 Track Access Crossing (1.2m Dia Aluflow)	4.80D	4,101	2,793	31-May-03	-	-	-	-	-	-	134	1,442	-	-	2,659
C3 Wrights Gully Siphon (1.2 Dia Steel)	4.80D	284,723	200,640	29-Feb-04	-	-	-	-	-	-	9,631	103,714	-	-	191,009
C4 Limestone Gully Siphon (1.2m Dia Aluflow)	4.80D	168,410	114,655	29-Feb-04	-	-	-	-	-	-	5,503	59,258	-	-	109,152
C5 Access Crossing (1.2m Dia Aluflow)	4.80D	4,953	3,372	31-May-03	-	-	-	-	-	-	162	1,743	-	-	3,210
C6 Access Crossing (1.2m Dia Aluflow)	4.80D	4,851	3,302	31-May-03	-	-	-	-	-	-	159	1,708	-	-	3,143
C7 Access Crossing (1.2m Dia Aluflow)	4.80D	3,569	2,430	31-May-03	-	-	-	-	-	-	117	1,256	-	-	2,313
C9 End of Cutting 1 (1.2m Dia Aluflow)	4.80D	3,569	2,430	31-May-03	-	-	-	-	-	-	117	1,256	-	-	2,313
C10 Access Crossing (1.2m Dia Aluflow)	4.80D	3,569	2,430	31-May-03	-	-	-	-	-	-	117	1,256	-	-	2,313
C13 Access Crossing (1.2m Dia Aluflow)	4.80D	7,306	4,973	31-May-03	-	-	-	-	-	-	239	2,572	-	-	4,734
C14 Access Crossing (1.2m Dia Aluflow)	4.80D	1,506	1,026	31-May-03	-	-	-	-	-	-	49	529	-	-	977

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Depreciation Schedule (continued)

For the Year Ended 30 June 2014

	RATE & TYPE	% PVT USE	Cost on HAND	OPENING WDV	ADDITIONS	DATE of ADDITION	SALE PRICE	PARTSALE PRICE	PROFIT (LOSS)	DISPOSAL DATE	Cost	CAPITAL GAIN/LOSS	ACCUM DEPN	PRIVATE DEPN	ACCUM PRIVATE	CLOSING WDV
C15 Access Crossing (1.2m Dia Aluflow)	4.80D		1,506	1,026	-	31-May-03	-	-	-	-	-	-	49	529	-	977
C16 Access Crossing (1.2m Dia Aluflow)	4.80D		1,413	961	-	31-May-03	-	-	-	-	-	-	46	498	-	915
C17 Access Crossing (1.2m Dia Aluflow)	4.80D		6,027	4,103	-	31-May-03	-	-	-	-	-	-	197	2,121	-	3,906
C18 Siphon Stream (1.2m Dia Aluflow)	4.80D		20,061	13,658	-	31-May-03	-	-	-	-	-	-	656	7,059	-	13,002
C19 Pipe Road Reserve	4.80D		120,154	81,802	-	31-May-03	-	-	-	-	-	-	3,927	42,279	-	77,875
0.6m Dia Underpass Siphons (Aluflow)	4.80D		29,785	20,278	-	31-Mar-04	-	-	-	-	-	-	973	10,480	-	19,305
Strip Vegetation	4.80D		10,301	7,013	-	1-Oct-03	-	-	-	-	-	-	337	3,625	-	6,676
Cut to Fill (1:1 Batter)	4.80D		316,829	215,700	-	1-Oct-03	-	-	-	-	-	-	10,354	111,483	-	205,346
Cut to Waste	4.80D		308,114	209,767	-	31-Dec-03	-	-	-	-	-	-	10,069	108,416	-	199,698
Clay Lining	4.80D		33,272	22,652	-	29-Feb-04	-	-	-	-	-	-	1,087	11,707	-	21,565
Cut to Fill (0.5:1 Batter)	4.80D		51,447	35,026	-	29-Feb-04	-	-	-	-	-	-	1,681	18,102	-	33,345
Cut to Waste	4.80D		182,886	124,511	-	29-Feb-04	-	-	-	-	-	-	5,977	64,352	-	118,534
Cut to Fill (1:1 Batter)	4.80D		57,468	39,124	-	29-Feb-04	-	-	-	-	-	-	1,878	20,222	-	37,246
Cut to Waste	4.80D		1,310	892	-	31-May-04	-	-	-	-	-	-	43	461	-	849
Cut to Fill (1.5:1 Batter)	4.80D		10,922	7,435	-	31-May-04	-	-	-	-	-	-	357	3,844	-	7,078
Cut to Waste	4.80D		1,329	905	-	31-May-04	-	-	-	-	-	-	43	467	-	862
Trench Supply and Lay 1.2m Dia Aluflow Pipe	4.80D		164,575	112,044	-	30-May-03	-	-	-	-	-	-	5,378	57,909	-	106,666
Cut to Fill (1.5:1 Batter)	4.80D		12,569	8,557	-	31-May-04	-	-	-	-	-	-	411	4,423	-	8,146
Strip Topsoil and Replace	4.80D		272	185	-	31-Dec-03	-	-	-	-	-	-	9	96	-	176
Cut to Stock Pile	4.80D		326,755	222,459	-	31-Dec-03	-	-	-	-	-	-	10,678	114,974	-	211,781
Stockpile to Fill	4.80D		448,525	305,360	-	31-Mar-04	-	-	-	-	-	-	14,657	157,822	-	290,703

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Depreciation Schedule (continued)

For the Year Ended 30 June 2014

RATE & TYPE	% PVT USE	Cost on HAND	OPENING WDV	ADDITIONS	DATE of ADDITION	SALE PRICE	PARTSALE PRICE	PROFIT (LOSS)	DISPOSAL DATE	Cost	CAPITAL GAIN/LOSS	DEPN	ACCUM DEPN	PRIVATE DEPN	ACCUM PRIVATE	CLOSING WDV	
																	4.80D
Supply and Lay 1.2 Dia Concrete Pipe	4.80D	281,637	191,741	-	1-Oct-03	-	-	-	-	-	-	9,204	99,100	-	-	182,537	
Construction of Rock and Concrete Drop Structures Down Stream of Cutting 2	4.80D	310,041	211,088	-	31-May-04	-	-	-	-	-	-	10,132	109,085	-	-	200,956	
Fencing and Hanging Gates	11.40D	210,253	81,841	-	31-Mar-04	-	-	-	-	-	-	9,330	137,742	-	-	72,511	
Rock Down Drop Structures	4.80D	18,081	12,513	-	31-Jan-06	-	-	-	-	-	-	601	6,169	-	-	11,912	
		3,580,649	2,321,154	-	-	-	-	-	-	-	-	119,459	1,378,954	-	-	2,201,695	
Kakahu Supply Race MIR2																	
Concrete Head Works	4.80D	56,981	38,789	-	31-Mar-04	-	-	-	-	-	-	1,862	20,054	-	-	36,927	
Intake Screens	21.60D	54,027	8,091	-	31-Mar-04	-	-	-	-	-	-	1,748	47,684	-	-	6,343	
Control Gate (Hydraulic Slide)	21.60D	8,468	1,268	-	29-Feb-04	-	-	-	-	-	-	274	7,474	-	-	994	
Gate Automation C1 Access Kakahu	21.60D	62,485	9,357	-	29-Feb-04	-	-	-	-	-	-	2,021	55,149	-	-	7,336	
River (1.2m Dia Aluflow)	4.80D	16,904	11,508	-	31-May-03	-	-	-	-	-	-	552	5,948	-	-	10,956	
C2 Adjacent Kakahu River (1.2m Dia Aluflow)	4.80D	52,061	35,441	-	31-May-03	-	-	-	-	-	-	1,701	18,321	-	-	33,740	
C3 Access Road Crossing (1.2m Dia Aluflow)	4.80D	32,690	22,254	-	31-May-03	-	-	-	-	-	-	1,068	11,504	-	-	21,186	
C4 Gaultier Road Crossing (1.2m Dia Aluflow)	4.80D	29,855	20,323	-	31-May-03	-	-	-	-	-	-	975	10,507	-	-	19,348	
C5 Access Crossing (1.2m Dia Aluflow)	4.80D	2,218	1,510	-	31-May-03	-	-	-	-	-	-	72	780	-	-	1,438	
C6 Access Crossing (1.2m Dia Aluflow)	4.80D	1,331	907	-	31-May-03	-	-	-	-	-	-	44	468	-	-	863	
C7 Brenton Road Crossing (1.2m Dia Aluflow)	4.80D	26,424	17,988	-	31-May-03	-	-	-	-	-	-	863	9,299	-	-	17,125	

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Depreciation Schedule (continued)

For the Year Ended 30 June 2014

	RATE & TYPE	% PVT USE	Cost on HAND	OPENING WDV	ADDITIONS	DATE of ADDITION	SALE PRICE	PARTSALE PRICE	PROFIT (LOSS)	DISPOSAL DATE	Cost	CAPITAL GAIN/LOSS	DEPN	ACCUM DEPN	PRIVATE DEPN	ACCUM PRIVATE	CLOSING WDV
C8 Access Crossing (1.2m Dia Aluflow)	4.80D		1,440	981	-	31-May-03	-	-	-	-	-	-	47	506	-	-	934
C9 Access Crossing (1.2m Dia Aluflow)	4.80D		3,843	2,615	-	31-May-03	-	-	-	-	-	-	126	1,354	-	-	2,489
C10 Access Crossing (1.2m Dia Aluflow)	4.80D		3,735	2,542	-	31-May-03	-	-	-	-	-	-	122	1,315	-	-	2,420
C11 Access Crossing (1.2m Dia Aluflow)	4.80D		1,331	907	-	31-May-03	-	-	-	-	-	-	44	468	-	-	863
C12 Access Crossing (1.2m Dia Aluflow)	4.80D		1,795	1,221	-	31-May-03	-	-	-	-	-	-	59	633	-	-	1,162
C13 Nelson Stream Crossing (1.2m Dia Aluflow)	4.80D		142,355	96,916	-	31-May-03	-	-	-	-	-	-	4,652	50,091	-	-	92,264
C14 Access Crossing (1.2m Dia Aluflow)	4.80D		3,843	2,615	-	31-May-03	-	-	-	-	-	-	126	1,354	-	-	2,489
C15 Access Crossing (1.2m Dia Aluflow)	4.80D		4,109	2,798	-	31-May-03	-	-	-	-	-	-	134	1,445	-	-	2,664
C16 Access Crossing (1.2m Dia Aluflow)	4.80D		1,440	981	-	31-May-03	-	-	-	-	-	-	47	506	-	-	934
C17 Access Crossing (1.2m Dia Aluflow)	4.80D		3,557	2,421	-	31-May-03	-	-	-	-	-	-	116	1,252	-	-	2,305
C18 Access Crossing (1.2m Dia Aluflow)	4.80D		43,768	29,794	-	31-May-03	-	-	-	-	-	-	1,430	15,404	-	-	28,364
C19 Access Road Crossing (1.2m Dia Aluflow)	4.80D		9,479	6,454	-	31-May-03	-	-	-	-	-	-	310	3,335	-	-	6,144
C20 Access Crossing (1.2m Dia Aluflow)	4.80D		2,958	2,013	-	31-May-03	-	-	-	-	-	-	97	1,042	-	-	1,916
C21 Access Crossing (1.2m Dia Aluflow)	4.80D		2,958	2,013	-	31-May-03	-	-	-	-	-	-	97	1,042	-	-	1,916

These financial statements are to be read in conjunction with the accompanying notes. These statements have been audited.

Depreciation Schedule (continued)

For the Year Ended 30 June 2014

	RATE & TYPE	% PVT USE	Cost on HAND	OPENING WDV	ADDITIONS	DATE of ADDITION	SALE PRICE	PARTSALE PRICE	PROFIT (LOSS)	DISPOSAL DATE	Cost GAIN/LOSS	CAPITAL GAIN/LOSS	DEPN	ACCUM DEPN	PRIVATE DEPN	ACCUM PRIVATE	CLOSING WDV
C22 Stream Crossing (1.2m Dia Aluflow)	4.80D		41,753	28,423	-	31-May-03	-	-	-	-	-	-	1,364	14,694	-	-	27,059
C23 Access Crossing (1.2m Dia Aluflow)	4.80D		5,732	3,901	-	31-May-03	-	-	-	-	-	-	187	2,018	-	-	3,714
C24 Earl Road Crossing (1.2m Dia Aluflow)	4.80D		37,903	25,801	-	31-May-03	-	-	-	-	-	-	1,238	13,340	-	-	24,563
9x6m Crossings in M Horne's Property (1.2m Dia Aluflow)	4.80D		32,431	22,078	-	29-Feb-04	-	-	-	-	-	-	1,060	11,413	-	-	21,018
0.6m Dia Underpass Siphons (Aluflow)	4.80D		44,919	30,578	-	21-Jan-04	-	-	-	-	-	-	1,468	15,809	-	-	29,110
Cut to Fill (1.5:1 Batter)	4.80D		11,199	7,624	-	31-Mar-04	-	-	-	-	-	-	366	3,941	-	-	7,258
Cut to Waste (1:1 Batter)	4.80D		84,693	57,654	-	29-Feb-04	-	-	-	-	-	-	2,767	29,806	-	-	54,887
Cut to Fill (1.5:1 Batter)	4.80D		20,280	13,813	-	29-Feb-04	-	-	-	-	-	-	663	7,130	-	-	13,150
Cut to Fill (1.5:1 Batter)	4.80D		33,110	22,539	-	29-Feb-04	-	-	-	-	-	-	1,082	11,653	-	-	21,457
Cut to Waste (1:1 Batter)	4.80D		2,149	1,463	-	31-Mar-04	-	-	-	-	-	-	70	756	-	-	1,393
Cut to Fill (1.5:1 Batter)	4.80D		9,015	6,136	-	29-Feb-04	-	-	-	-	-	-	295	3,174	-	-	5,841
Cut to Waste (1:1 Batter)	4.80D		7,412	5,046	-	29-Feb-04	-	-	-	-	-	-	242	2,608	-	-	4,804
Cut to Fill (1.5:1 Batter)	4.80D		22,418	15,261	-	29-Feb-04	-	-	-	-	-	-	733	7,890	-	-	14,528
Cut to Waste (1.5:1 Batter)	4.80D		17,610	11,988	-	29-Feb-04	-	-	-	-	-	-	575	6,197	-	-	11,413
Cut to Fill (1.5:1 Batter)	4.80D		120,819	82,267	-	21-Jan-04	-	-	-	-	-	-	3,949	42,501	-	-	78,318
Cut to Waste (1.5:1 Batter)	4.80D		2,149	1,463	-	31-Mar-04	-	-	-	-	-	-	70	756	-	-	1,393
Fencing and Hanging Gates	11.40D		99,574	38,678	-	22-Jan-04	-	-	-	-	-	-	4,409	65,305	-	-	34,269
			1,163,219	696,418	-	-	-	-	-	-	-	-	39,125	505,926	-	-	657,293

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Depreciation Schedule (continued)

For the Year Ended 30 June 2014

Distributory Races	TYPE	RATE & % PVT USE	Cost on HAND	OPENING WDV	ADDITIONS	DATE of ADDITION	SALE PRICE	PARTSALE PRICE	PROFIT (LOSS)	DISPOSAL DATE	Cost	CAPITAL GAIN/LOSS	DEPN	ACCU M DEPN	PRIVATE DEPN	ACCU M PRIVATE	CLOSING WDV
Earthworks	4.80D		25,155	17,124	-	29-Feb-04	-	-	-	-	-	-	822	8,853	-	-	16,302
Turnouts/Gates	21.60D		19,862	3,473	-	29-Feb-04	-	-	-	-	-	-	750	17,139	-	-	2,723
Access Crossings	4.80D		13,311	9,061	-	30-Apr-04	-	-	-	-	-	-	435	4,685	-	-	8,626
Road Crossings	4.80D		6,526	4,442	-	30-Jun-04	-	-	-	-	-	-	213	2,297	-	-	4,229
River Crossing	4.80D		214,455	145,988	-	31-May-03	-	-	-	-	-	-	7,007	75,474	-	-	138,981
Fencing	11.40D		8,361	3,248	-	30-Apr-04	-	-	-	-	-	-	370	5,483	-	-	2,878
Pipes	9.00D		102,692	49,143	-	31-Mar-04	-	-	-	-	-	-	4,423	57,972	-	-	44,720
Earthworks	4.80D		41,337	28,140	-	30-Jun-04	-	-	-	-	-	-	1,351	14,548	-	-	26,789
Turnouts/Gates	21.60D		16,728	2,505	-	29-Feb-04	-	-	-	-	-	-	541	14,764	-	-	1,964
Access Crossings	4.80D		16,627	11,318	-	31-Aug-04	-	-	-	-	-	-	543	5,852	-	-	10,775
Road Crossings	4.80D		23,533	16,021	-	31-Aug-04	-	-	-	-	-	-	769	8,281	-	-	15,252
Fencing	11.40D		23,752	9,226	-	31-Jul-04	-	-	-	-	-	-	1,052	15,578	-	-	8,174
Pipes	9.00D		28,877	13,818	-	31-Mar-04	-	-	-	-	-	-	1,244	16,303	-	-	12,574
Earthworks	4.80D		74,000	50,388	-	31-May-04	-	-	-	-	-	-	2,419	26,031	-	-	47,969
Access Crossings	4.80D		75,283	51,248	-	30-Apr-04	-	-	-	-	-	-	2,460	26,495	-	-	48,788
Road Crossings	4.80D		34,639	23,580	-	30-Jun-04	-	-	-	-	-	-	1,132	12,191	-	-	22,448
Fencing	11.40D		78,115	30,343	-	30-Apr-04	-	-	-	-	-	-	3,459	51,231	-	-	26,884
Pipes	9.00D		50,074	23,963	-	31-Mar-04	-	-	-	-	-	-	2,157	28,268	-	-	21,806
Earthworks	4.80D		2,149	1,463	-	31-Mar-04	-	-	-	-	-	-	70	756	-	-	1,393
Access Crossings	4.80D		1,311	892	-	1-Sep-04	-	-	-	-	-	-	43	462	-	-	849
Road Crossings	4.80D		12,380	8,428	-	1-Jul-04	-	-	-	-	-	-	405	4,357	-	-	8,023
Fencing	11.40D		1,993	774	-	30-Apr-04	-	-	-	-	-	-	88	1,307	-	-	686
Pipes	9.00D		7,066	3,382	-	31-Jul-04	-	-	-	-	-	-	304	3,988	-	-	3,078
Earthworks	4.80D		14,959	10,183	-	22-Jan-04	-	-	-	-	-	-	489	5,265	-	-	9,694
Access Crossings	4.80D		484	330	-	1-Jul-04	-	-	-	-	-	-	16	170	-	-	314
River Crossing	4.80D		31,112	21,178	-	1-Mar-05	-	-	-	-	-	-	1,017	10,951	-	-	20,161
Fencing	11.40D		5,560	2,159	-	1-May-05	-	-	-	-	-	-	246	3,647	-	-	1,913
Pipes	9.00D		33,502	16,032	-	31-Jul-04	-	-	-	-	-	-	1,443	18,913	-	-	14,589
Additional Work			963,843	557,850	-		-	-	-	-	-	-	35,268	441,261	-	-	522,582
Inlet Grills Long Pipes	21.60D		2,035	338	-	31-Jan-06	-	-	-	-	-	-	73	1,770	-	-	265

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Depreciation Schedule (continued)

For the Year Ended 30 June 2014

Recorder Station at Multivihill Road	RATE & TYPE	% PVT USE	Cost on HAND	OPENING WDV	ADDITIONS	DATE of ADDITION	SALE PRICE	PARTSALE PRICE	PROFIT (LOSS)	DISPOSAL DATE	Cost	CAPITAL GAIN/LOSS	DEPN	ACCUM DEPN	PRIVATE DEPN	ACCUM DEPN	PRIVATE DEPN	ACCUM PRIVATE	CLOSING WDV
			21,837	3,262	-	31-Dec-04	-	-	-	-	-	-	705	19,280	-	21,050	-	-	2,557
			23,872	3,600	-	-	-	-	-	-	-	-	778	21,050	-	21,050	-	-	2,822
TOTAL			14,967,299	8,512,788	2,692,339		-	-	-	-	-	-	522,127	4,284,299	-	4,284,299	-	-	10,683,000

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2014

1 Statement of Accounting Policies

Reporting Entity

Kakahu Irrigation Limited is a company incorporated in New Zealand and registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993.

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

Statement of Compliance and Basis of Preparation

The Financial Statements of Kakahu Irrigation Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The company qualifies for differential reporting as it is not publicly accountable and there is no separation between the owners and the governing body. The company has taken advantage of all available differential reporting exemptions.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a historical cost basis are followed by the company, with the exception that certain assets as specified below have been revalued. The information is presented in New Zealand dollars.

Going Concern

The financial statements are not prepared on a going concern basis because all the Company assets and liabilities were sold to SCFIS Limited on 1 July 2014. The financial statements have been updated to reflect the assets and liabilities on a net realisable value basis. The net asset values are expected to be transferred to the new entity as referred to in note 18.

Specific Accounting Policies

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

(a) Revenue

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

(b) Expenses

Expenses have been classified on their business function.

(c) Trade Receivables

Trade Receivables are recognised at estimated realisable value.

(d) Property, Plant & Equipment

The irrigation scheme was completed on the 1st September 2005. Depreciation rates are using IRD rates and are associated with certain types of assets such as:

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

For the Year Ended 30 June 2014

Revaluation
Additional Costs
Kakahu Supply Race MR1
Kakahu Supply Race MR2
Distributory Races
Additional Work

The additional cost of pipe, intake structure and self cleaning screen shown in the fixed asset schedule has been depreciated using Inland Revenue depreciation rates from November 2009.

An easement was paid to Ken Pierce of \$20,000 to allow Kakahu Irrigation Limited to enter and re-enter his property for the purpose of survey, investigation work and maintenance of the race.

The irrigation scheme was re-valued on 15 March 2014 by Peter Seed Limited. The valuation was an Enterprise Valuation and was valued at \$10.683 million, including \$1.605 million resource consent (excluding GST). The revaluation amount has been carried through to the current year and has not been depreciated.

(e) Income Tax

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

(f) Shares - SC Farmers Irrigation Society Limited

Investments are either recorded in the Financial Statements at cost or are revalued.

(g) Preliminary Expenses

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible asset and intangible assets, acquired at the time of acquisition of a business or an equity interest in a subsidiary or associate company. Goodwill is tested annually for impairment. Brand names are recognised at cost. They are regarded as having indefinite useful lives because there is no foreseeable limit to the period over which they are expected to be useful. They are therefore not amortised. Instead, they are tested annually for impairment.

(h) Goods and Services Taxation (GST)

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

(i) Changes in Accounting Policies

This year the accounts have not been prepared on the going concern basis with assets and liabilities being revalued to the net realisable value. All other policies remain consistent with prior years.

(j) Changes in Accounting Policies

This year the accounts have not been prepared on the going concern basis with assets and liabilities being revalued to the net realisable value. All other policies remain consistent with prior years.

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

For the Year Ended 30 June 2014

2 Revenue	2014	2013
	\$	\$
Operating Revenue		
Scheme Charges ex Opuha Water Ltd	887,718	887,718
Other Income		
Commissions Received	944	-
Depreciation Recovered on Water Meter (Bolt Property)	-	150
Interest Received - ASB Bank : Call Account	26	30
Total Other Income	<u>970</u>	<u>180</u>
Total Revenue	<u><u>888,688</u></u>	<u><u>887,898</u></u>
3 Auditor's Remuneration	2014	2013
	\$	\$
The auditor of Kakahu Irrigation Limited is Mitchell Audit		
Audit Fees	3,112	3,428
	<u>3,112</u>	<u>3,428</u>
4 Tax Reconciliation	2014	2013
	\$	\$
Deficit before Income Tax	(335,973)	(469,905)
Permanent Differences		
Tax Losses Approved by the IRD	(3,303,734)	(2,833,829)
Total Loss	<u><u>(3,639,707)</u></u>	<u><u>(3,303,734)</u></u>
On completion of the restructure process as noted in note 18, the tax losses will not be available to carry forward as all the amalgamating companies did not meet the requirements to group tax losses.		
5 Income Tax	2014	2013
	\$	\$
Opening Balance	(10)	(10)
Plus:		
Refunds	10	-
Terminal Tax Paid	-	10
	<u>10</u>	<u>10</u>
Less:		
RWT Payable	9	10
Income Tax (Receivable)	<u><u>(9)</u></u>	<u><u>(10)</u></u>

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

For the Year Ended 30 June 2014

6	Imputation Credits		2014	2013
			\$	\$
	Imputation Credit Account at Tax Rate 30%			
	Opening Balance		128,662	128,672
	Less:			
	Income Tax Refunded		-	10
	Closing Balance		128,662	128,662
	Imputation Credit Account at Tax Rate 28%			
	Opening Balance		10	-
	Plus:			
	Interest RWT Received		9	10
	Less:			
	Income Tax Refunded		10	-
	Closing Balance		9	10
	Total Imputation Credits		128,671	128,672
7	Cash & Bank Balances		2014	2013
			\$	\$
	Bank Account Balances			
	ASB : Farmline Cheque Account		316,035	135,719
	ASB : Business Saver Account		1,014	996
	Total Cash & Bank Balances		317,049	136,715
8	Current Receivables		2014	2013
			\$	\$
	Account Receivables - Opuha Water Limited			
	Sundry Debtors		81,970	88,176
	Total Current Receivables		81,970	88,176
9	Prepayments		2014	2013
			\$	\$
	Prepayments - Insurance		1,722	-
	Total Prepayments		1,722	-
10	Current Account - Opuha Water Limited		2014	2013
			\$	\$
	Current Account - Opuha Water Ltd		76,674	72,906
	Total Current Account - Opuha Water Limited		76,674	72,906
11	Shares - SC Farmers Irrigation Society Limited	Qty	2014	2013
			\$	\$
	Shares in Unlisted Companies - at Valuation			
	SC Farmers Irrigation Society Limited	3,208	8,020,000	8,020,000

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

For the Year Ended 30 June 2014

Total Shares - SC Farmers Irrigation Society Limited8,020,0008,020,000

The investment in South Canterbury Farmers Irrigation Society Ltd (SCFIS) relates to the ownership of 3,208 shares which have been recorded in these financial statements at Directors valuation being \$5,000 per share (2013 year: \$5,000 per share). The total value of 3,208 shares is \$16,040,000. These have been discounted 50% for unrealised value.

12 Preliminary Expenses	2014	2013
	\$	\$
Formation Expenses	3,956	3,956
Total Preliminary Expenses	<u>3,956</u>	<u>3,956</u>
13 Payables & Accruals	2014	2013
	\$	\$
Accounts Payable		
Sundry Creditors	3,019	5,750
Trade Creditors	19,685	19,558
Total Accounts Payable	<u>22,704</u>	<u>25,308</u>
Other Payables & Accruals		
Interest Payable on Loan	10,783	8,704
Current portion of Term Liabilities		
Loans Secured (Current Portion)	8,390,000	-
Total Payables & Accruals	<u>8,423,487</u>	<u>34,012</u>
14 Term Loans - Secured	2014	2013
	\$	\$
Secured Loans - National Bank of New Zealand		
Total Outstanding	8,390,000	-
Less:		
Current Portion	8,390,000	-
Term Portion	<u>-</u>	<u>-</u>
a) Loan Amount: \$3,000,000		
Interest only maturing 1 July 2014 - Swap Interest Rate: 5.66% p.a. + 3.05% margin		
b) Loan Amount: \$2,590,000		
Interest only maturing on a monthly basis - Interest Rate 5.66% p.a.		
c) Loan Amount: \$2,800,000		
Interest only maturing 1 July 2014		
Subject to Interest Swap Rates (6.27% p.a. + 2.8% margin)		
On 1 July 2014 all loans were repaid in full. See events occurring after balance date, note 18, for additional information.		
Secured Loans - ASB Bank		
Total Outstanding	-	8,390,000

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

For the Year Ended 30 June 2014

Total Term Loans - Secured	<u>-</u>	<u>8,390,000</u>
15 Share Capital	2014	2013
	\$	\$
Ordinary Shares		
Opening Balance	3,500	3,500
Less:		
Uncalled Capital	292	292
Closing Balance	<u>3,208</u>	<u>3,208</u>
Total Share Capital	<u>3,208</u>	<u>3,208</u>
All authorised shares have been issued and fully paid. All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up. The shares have no par value.		
16 Accumulated Losses	2014	2013
	\$	\$
Opening Balance	(3,042,508)	(2,572,603)
Less:		
Net Deficit	335,973	469,905
Accumulated Losses Closing Balance	<u>(3,378,481)</u>	<u>(3,042,508)</u>
17 Reserves	2014	2013
	\$	\$
Asset Revaluation Reserve		
Opening Balance	1,446,215	1,446,215
Movements for the period	2,686,259	-
Closing Balance	<u>4,132,474</u>	<u>1,446,215</u>
Share Revaluation Reserve		
Opening Balance	6,015,000	6,015,000
Closing Balance	<u>6,015,000</u>	<u>6,015,000</u>
Capital Reserve		
Opening Balance	1,600,000	1,600,000
Closing Balance	<u>1,600,000</u>	<u>1,600,000</u>
Share Premium Reserve		
Opening Balance	2,370,712	2,370,712
Closing Balance	<u>2,370,712</u>	<u>2,370,712</u>
Total Reserves	<u>14,118,186</u>	<u>11,431,927</u>

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

For the Year Ended 30 June 2014

18 Events Occurring After Balance Date

A restructuring process has been scheduled to be completed and implemented on 1 July 2014. The end result of this will mean that Kakahu Irrigation Limited (KIL) will sell its assets and liabilities to South Canterbury Farmers Irrigation Society (SCFIS) and in consideration of such assets SCFIS issues shares to KIL. Because KIL's only assets are shares in SCFIS, it will be deregistered as a company and the shares in SCFIS can be distributed to its shareholders. SCFIS will be renamed "Opuha Water Limited" and will hold all assets of KIL. As part of this process the ASB loan has been repaid in full and the assets transferred at net realisable value 1 July 2014.

19 Contingent Liabilities

The Company has no contingent liabilities as at 30 June 2014, (2013 Nil).

20 Capital Commitments

The Company has no capital commitments as at 30 June 2014, (2013 Nil).

21 Reconciliation of Profit after Tax with Net Cashflow from Operations	2014	2013
	\$	\$
Profit (loss) after tax	(335,973)	(469,905)
Add (less) non cash items:		
Accrued Interest	2,078	457
Depreciation	522,127	576,750
Unpresented Cheques	19,795	(7,801)
	<u>544,000</u>	<u>569,406</u>
Add (less) movements in working capital items:		
(Increase)/Decrease in Accounts Receivable	4,483	(13,875)
(Increase)/Decrease in Taxation	1	-
(Increase)/Decrease in Goods & Services Tax	69	1,667
(Increase)/Decrease in OWL Current account	(3,768)	(7,136)
Increase/(Decrease) in Accounts Payable	(2,604)	12,172
	<u>(1,819)</u>	<u>(7,172)</u>
Net Cash from Operating Activities	<u><u>206,208</u></u>	<u><u>92,329</u></u>

22 Related Party

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.

The Company paid Quantum Advantage Limited, of which Mr N J Gormack is a director, for accountancy and secretarial services. The amount paid or accrued at balance date totals \$31,800 (excluding GST) has been recorded in these financial statements. At balance date \$2,650 (excluding GST) of this amount was still owing to Quantum Advantage Limited