



Summary Financial Statements

For the Year Ended 30 June 2020

Contents	Page
Chairman's Report	2 - 4
Statement of Comprehensive Income	5
Statement in Movements in Equity	6
Cash Flow Statement	6
Statement of Financial Position	7
Notes to the Summary Financial Statements	8 - 9
Audit Report	10 - 11

Directory

Registered Office

144 Tancred Street, Ashburton

Accountants

Brophy Knight Limited, Ashburton

Directors

Colin Wesley Glass (Chairperson)

Andrew James Ronald Grant

Randal David Hanrahan

Steven Edzo Broeils Bierema

Philip Allan Lowe

Date of Incorporation

22-Sep-89

Capital

1,272,486 Ordinary Shares

Solicitors

Tavendale and Partners Limited, Ashburton

Bankers

Bank of New Zealand, Christchurch

Auditors

Crowe Australasia, Christchurch



Chairman's Report

For the Year Ended 30 June 2020

At the 2019 Annual Meeting, updates were provided to shareholders on several initiatives. These included:

- Cost control to ensure scheme charges increase by less than the annual rate of inflation.
- Renewal of the scheme nutrient consent and continued support to farmers for environmental outcomes.
- Enhanced water supply reliability so we can optimise water use.
- Facilitate stock water supply to scheme shareholders.

All these initiatives have progressed.

2019/20 Irrigation Season

The 2019/20 season is the third full year of pressurised water supply to most shareholders and we are beginning to understand peak irrigation demand and the importance of reliability, particularly over the December to January period.

Efficient spray irrigation means that our shareholders are more responsive to changing climatic conditions. This has resulted in more periods of reduced irrigation demand. However, when peak demand occurs the scheme must be reliable and irrigation restrictions can be expensive.

The 2019/20 season recorded the greatest demand since the completion of the pressurised system.

ALIL received 87,605,101 cubic metres of water from RDRML during the 2019/20 season, up from 66,022,155 cubic metres in the prior year.

The scheme's irrigated area for 2019/20 was 32,012 hectares, up 118 hectares from the previous season. This equates to 273 mm across the scheme, compared with 207 mm last year.

Restrictions were applied for 1 day. However, Stored Water from Lake Coleridge, accessed via Barrhill Chertsey Irrigation Limited (BCI), was utilised for 3 days and was used strategically during the season to offset periods of restriction.

Water Charges

Cost control continues to be a major focus for your Board, which enabled Water Charges to be held for most shareholders despite further increases in environmental charges, Rangitata Diversion Race Management Limited (RDRML) charges, and electricity costs.

The interest rate hedging policy has meant that lower wholesale interest rates have resulted in a slight reduction in debt servicing costs. However, this policy is expected to provide more benefit in future years as additional fixed cover has recently been taken out at lower rates.

Land Use and Discharge Consent (LUC)

For the 2019/20 season ALIL and MHV Water Limited (MHV) have been operating under the jointly held land use and discharge consent that expired in May 2019. The consent renewal application was lodged and accepted by Environment Canterbury (ECan) as complete within the required timeframe which has enabled ALIL to operate under continuance of the old consent.

In March 2020, the ECan chief executive approved a new matrix approach in relation to Good Management Practice (GMP). This has paved the way for the new LUC to be granted without the need for individual Overseer nutrient budgets.

While the LUC application was progressing, the Prime Minister and Cabinet adopted the Essential Freshwater Package and introduced new National Environmental Standards that have the effect of restricting land use change to dairy, dairy support and winter grazing, as well as introducing a synthetic nitrogen cap. The accompanying National Policy Statement requires all regional councils to undertake new planning processes within the next four years to achieve water quality objectives within a generation.

The emergence of these new regulations has been challenging for our LUC application.

Your Board remains confident that the LUC can be renewed soon, and that this will provide enhanced certainty for shareholders seeking a degree of flexibility within their farming operations.

Until the new consent is granted, the Board will continue to take a precautionary approach to any land use change requests.

Over the 2019/20 season it has been pleasing to record further improvements in Farm Environment Plan (FEP) audit grades. These improvements will be crucial for creating flexibility under the new LUC in future. The audit grades are set out below:

Audit Grade	Farms Audited 2019/20	Farms Audited 2018/19
A	32 (60%)	48 (51%)
B	20 (38%)	42 (44%)
C	1 (2%)	4 (4%)
D	0	1 (1%)
Total Farms	53	95

Klondyke Storage and Enhanced Reliability

While RDRML was successful with the Klondyke storage consent application last year, there has been negligible progress this season due to the focus on the new fish screen and advancing the Environment Court appeal to take an additional 10 cumecs of high-flow water from the Rangitata River. The high-flow appeal has been further delayed because of the Covid-19 restrictions and the new Essential Freshwater reforms.

In the interim, ALIL secured access to 1,200,000 cubic metres of Lake Coleridge Stored Water with BCI at a flow rate of 500 litres per second for the past season. This arrangement avoided approximately three days of scheme restrictions during November/December. A similar arrangement with BCI has

been agreed for the current season, with ALIL in return providing unused ALIL water to BCI to be stored in their Akarana pond.

The delays with Klondyke and the limitations with accessing BCI Stored Water are not ideal. As a result, your Board is proceeding to consent and construct in-scheme storage of approximately one million cubic metres. It is envisaged that this may be funded from further water sales, and may be sufficient to limit minor irrigation restrictions, at least until 2033, when the next Ashburton River minimum flows take effect.

Stock Water

Over the 2020 winter, ALIL commenced a stock water delivery trial after receiving a permanent transfer of 79 litres per second of RDRML stock water from the Ashburton District Council (ADC).

This initial trial has proved successful with 37 offtakes using winter stock water and have had their irrigation offtake structures upgraded to enable winter supply.

It is hoped to expand the trial next winter, work with ADC to close stock water races within the scheme boundary and see what other options are available for stock water supply outside the ALIL catchment area.

Scheme Collaboration

During the year, ALIL were invited to join the Boards of BCI and MHV to consider what opportunities existed from closer cooperation that would be advantageous for our shareholders and the wider Ashburton District.

This process was useful in highlighting the strength of the ALIL pressurised network, our low-cost delivery model, and the benefit from having a truly cooperative approach with minimal different water supply arrangements. However, it also demonstrated that ALIL requires enhanced reliability to safeguard against environmental pressures.

The outcome was that all schemes had further work to do to improve their service to existing shareholders, before exploring other initiatives.

Director and Staff

Over the past year there have been no Director or Staff changes. This is testimony to the strong team culture within ALIL and the desire to be a scheme that provides the greatest level of service and value-for-money for our shareholders.

Your Board has been appreciative of the efforts of our General Manager, Rebecca Whillans, and her team Carmen Foster, Mike King, Rachel Pilling, Luke Leitis and Brett Evans for their help and support over this period.

Colin Glass
Chairman

Ashburton Lyndhurst Irrigation Limited

Statement Of Comprehensive Income

For The Year Ended 30 June 2020

	Note	2020	2019
		\$	\$
Income			
Water Charges		8,070,768	8,015,081
Other Income		84,499	162,026
Total Gross Revenue		8,155,267	8,177,107
Less Expenses As Detailed:			
Directors Fees		87,354	84,200
Interest		-	749
Operating Expenses		2,004,167	1,718,171
Piping Stage 1 Interest Expenses		290,447	303,233
Piping Stage 2 Interest Expenses		3,170,477	3,248,950
Ponds & Telemetry Interest Expenses		773,298	707,473
Scheme Charges		296,278	190,515
Turbine Interest Expenses		15,219	18,211
Turbine Scheme Expenses		13,075	8,486
Depreciation & Amortisation		3,413,687	3,365,420
Total ALIL Operating Expenses		10,064,002	9,645,408
Operating Profit		(1,908,735)	(1,468,301)
Share Of Associates Profit		(6,310)	(481)
Profit / (Loss) Before Income Tax		(1,915,045)	(1,468,782)
Less Taxation Expense		(528,687)	(411,124)
Less Effect of Derecognition of Tax Losses		1,644,352	-
PROFIT / (LOSS) FOR THE YEAR		\$(3,030,711)	\$(1,057,658)
Other Comprehensive Income			
Items that may be subsequently recycled through profit and loss:			
Cash Flow Hedge - Net of Tax Effect		(1,225,873)	(2,164,872)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$(4,256,584)	\$(3,222,530)

Ashburton Lyndhurst Irrigation Limited

Statement Of Movements In Equity

For The Year Ended 30 June 2020

	2019			Total
	Share Capital	Retained Earnings	Hedging Reserves	
	\$	\$	\$	
Equity At 1 July 2018	37,839,402	5,097,911	(3,312,940)	39,624,373
Net Surplus / (Deficit) For The Period	-	(1,057,658)	(2,164,872)	(3,222,530)
Transactions with Owners:				
Net Share Capital Issued / Surrendered	1,189,770	-	-	1,189,770
Equity At 30 June 2019	<u>\$39,029,172</u>	<u>\$4,040,253</u>	<u>\$(5,477,812)</u>	<u>\$37,591,614</u>

	2020			Total
	Share Capital	Retained Earnings	Hedging Reserves	
	\$	\$	\$	
Equity At 1 July 2019	39,029,172	4,040,253	(5,477,812)	37,591,614
Net Surplus / (Deficit) For The Period	-	(3,030,711)	(1,225,873)	(4,256,584)
Transactions with Owners:				
Net Share Capital Issued / Surrendered	402,500	-	-	402,500
Equity At 30 June 2020	<u>\$39,431,672</u>	<u>\$1,009,542</u>	<u>\$(6,703,685)</u>	<u>\$33,737,529</u>

Cash Flow Statement

For The Year Ended 30 June 2020

	Note	2020	2019
		\$	\$
Net Cash Inflow From Operating Activities	4	725,812	1,963,963
Net Cash Outflow From Investing Activities		(942,729)	(6,339,989)
Net Cash Inflow From Financing Activities		(466,420)	3,545,335
Net Increase/ (Decrease) in Cash		(683,337)	(830,691)
Opening Cash		949,266	1,779,957
Closing Cash		<u>\$265,929</u>	<u>\$949,266</u>

Ashburton Lyndhurst Irrigation Limited
Statement Of Financial Position
As At 30 June 2020

	2020		2019
	\$	\$	\$
Current Assets			
Cash And Cash Equivalents	265,929		949,266
Receivables	1,015,057		109,704
Total Current Assets		1,280,986	1,058,970
Non-Current Assets			
Total Other Non-Current Assets	83,524		39,797
Total Property, Plant, Equipment & Intangibles	123,879,531		126,797,657
Deferred Tax Asset	-		638,937
		123,963,055	127,476,391
Total Assets		\$125,244,041	\$128,535,361
Current Liabilities			
Payables	670,082		941,000
Current Portion Term Liabilities	90,836,429		1,883,445
Total Current Liabilities		91,506,511	2,824,445
Non-Current Liabilities			
Loan Swap Liability	-		5,971,227
Loans	-		82,148,076
Total Non-Current Liabilities		-	88,119,303
Total Shareholder's Equity		33,737,529	37,591,613
Total Shareholders' Funds And Liabilities		\$125,244,041	\$128,535,361

Chairman



Dated 14/09/20

Director

Dated 14/09/20

Ashburton Lyndhurst Irrigation Limited

Notes to the Summary Financial Statements

For the Year Ending 30 June 2020

All disclosures in these Summary Financial Statements have been extracted from the audited full financial statements. The information is presented in New Zealand Dollars (NZD) and rounded to the nearest dollar.

The full Financial statements were authorised for issue on the 14th September 2020. The full financial statements were prepared in accordance with NZ IFRS.

The summary financial statements have been prepared in accordance with *FRS 43 'Summary Financial Statements'*. These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") as they relate to summary financial statements.

There have been no changes in the accounting policies used to prepare the financial statements for the year ending 30 June 2020.

1. STAGE 1 PIPING SCHEME (GREENLINE)	2020	2019
Total Scheme Charges Received	561,359	594,017
Less:		
Interest	290,447	303,233
Principal paid	212,730	193,227
	<u>503,177</u>	<u>496,460</u>
Excess Monies Received over Expenditure	58,182	97,557
Opening Position	120,765	23,208
Closing Position	<u>\$178,947</u>	<u>120,765</u>

Within the Company's retained earnings there is a amount of \$178,947 (2019: \$120,765), which equates to the cumulative reserve for the stage 1 piping scheme. Funds supporting this are held in the Company's assets.

2. TURBINE SCHEME	2020	2019
Total Scheme Charges Received	82,500	72,353
Less:		
Interest	15,219	18,211
Repairs	13,075	8,486
Principal paid	40,900	38,127
	<u>69,194</u>	<u>64,824</u>
Excess Monies Received over Expenditure	13,306	7,529
Opening Position	43,654	36,125
Closing Position	<u>\$56,960</u>	<u>43,654</u>

Within the Company's retained earnings there is a amount of \$56,960 (2019: \$43,654), which equates to the cumulative reserve for the turbine scheme. Funds supporting this are held in the Company's assets.

3. STAGE 2 PIPING	2020	2019
Total Scheme Charges Received	4,164,328	4,349,589
Less:		
Interest	3,170,477	3,248,950
Principal paid	790,600	1,139,497
	<u>3,961,077</u>	<u>4,388,447</u>
Excess Monies Received over Expenditure	203,251	(38,858)
Opening Position	(2,504,523)	(2,465,665)
Closing Position	<u>\$(2,301,272)</u>	<u>(2,504,523)</u>

Within the Company's retained earnings there is a loss amount of \$2,301,272 (2019: \$2,504,523), which equates to the cumulative reserve for the stage 2 piping scheme.

Ashburton Lyndhurst Irrigation Limited

Notes to the Summary Financial Statements

For the Year Ending 30 June 2020

4. STATEMENT OF CASH FLOW RECONCILIATION WITH REPORTED PROFIT

	2020	2019
Profit/(Loss) For Year	(3,030,711)	(1,057,658)
Non Cash Items	3,414,449	3,355,594
Movement in Net Current Assets / Liabilities	342,163	(333,958)
Items Classified as investing activities	(89)	(15)
Net Cash Flow From Operating Activities	\$725,812	\$1,963,963

5. CONTINGENCIES & PROVISION

There are no contingencies or provision owed by the Company.

(2019: During the 2018 financial year the Company became party to the appeal process against the granting of RDRML Klondyke consents. The Board of RDRML has advised ALIL that the costs of this appeals process will be met from debt funding from RDRML's bank. The cost to ALIL of this debt funding will be incorporated into the regular contributions paid to RDRML, based on ALIL's share of operating costs.)

Directors Disclosures:

Directors purchase water from the Company on the same terms and conditions as the members.

The Company is a shareholder in Rangitata Diversion Race Management Limited. Andrew J R Grant was the Company's director representative with Steven E B Bierema as his alternate. During the year the company paid \$296,278 (2019: \$190,515) for operational contributions. The operational amount owed at 30 June 2020 was \$29,387 (2019: \$17,457).

The Company is a shareholder in Irrigo Centre Limited. Steven E B Bierema is the Company's director representative with Andrew J R Grant is his alternate director. During the year the company paid \$358,100 for administration and environmental services provided (2019: \$319,629). At 30 June 2020 the company owed \$36,555 (2019: \$30,202).

Colin W Glass and Philip A Lowe are the Company's representatives on the RDR Irrigation Limited board. During the year the Company paid \$287 towards administration costs. During the year ended 30 June 2018, approval was granted by the Inland Revenue Department to make the company inactive, as it no longer trades.

The Company is a shareholder in FEP Dashboard Limited. Randal D Hanrahan is the Company's director representative along with the General Manager, Rebecca Whillans. During the year ended 30 June 2020 the company did not pay anything towards operating costs (2019:\$Nil). At 30 June 2020 the company did not owe any monies (2019: \$Nil).

Directors remuneration paid during the year or due and payable is as follows:

	2020	2019
Colin W Glass (Chairperson)	27,600	25,750
Randal D Hanrahan	13,800	13,513
Andrew J R Grant	13,800	13,513
Steven E B Bierema (Irrigo Director)	18,354	17,912
Philip A Lowe (appointed 23 Oct 2018)	13,800	9,393
John S Robinson (Resigned 23 Oct 2018)	-	4,119
	\$87,354	\$84,200

The Summary Financial Statements cannot be expected to provide as complete an understanding as provided by the full financial statements. A copy of the full financial report can be obtain by contacting the Registered Office c/o Brophy Knight Limited, 144 Tancred Street, Ashburton or viewing on the Company's website www.alil.co.nz

The full financial statements have been audited by Crowe Australasia, Christchurch who have issued an unqualified audit report.

Report Of The Independent Auditor On The Summary Financial Statements**To the Shareholders of Ashburton Lyndhurst Irrigation Limited****Opinion**

The summary financial statements on pages 5 to 9, which comprise the summary statement of financial position as at 30 June 2020, the summary statement of comprehensive income, summary statement of movements in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of Ashburton Lyndhurst Irrigation Limited for the year ended 30 June 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 14 September 2020.

Directors' Responsibility for the Summary Financial Statements

Directors are responsible on behalf of the entity for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with (or are a fair summary of) the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), Engagements to Report on Summary Financial Statements.



Other than in our capacity as auditor we have no relationship with, or interests in, Ashburton Lyndhurst Irrigation Limited.

A handwritten signature of the word "Crowe" in blue ink.

Crowe New Zealand Audit Partnership

CHARTERED ACCOUNTANTS

Dated at Christchurch this 14th day of September 2020