



Financial Accounts

For The Year Ended 30 June 2023

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Ashburton Lyndhurst Irrigation Limited

Company Directory

<i>Registered Office</i>	144 Tancred Street, Ashburton
<i>Directors</i>	Colin Wesley Glass (Chairperson) Andrew James Ronald Grant Randal David Hanrahan Steven Edzo Broeils Bierema Philip Allan Lowe
<i>Bankers</i>	Bank of New Zealand, Christchurch
<i>Accountants</i>	Brophy Knight Limited, Ashburton
<i>Solicitors</i>	Tavendale and Partners Limited, Ashburton
<i>Auditors</i>	BDO Christchurch Audit Limited, Christchurch
<i>Date Of Incorporation</i>	22-September-1989
<i>Capital</i>	1,289,212 Ordinary Shares



Chairman and Chief Executive's Report

For the Year Ended 30 June 2023

At the 2022 Annual Meeting, updates were provided to shareholders on several initiatives. These included:

- Changes in water charges
- Compliance with the scheme Discharge Consent and the Environmental Law Initiatives appeal
- Rangitata Diversion Race Management Limited (RDRML) Consents and Storage
- Infrastructure upgrades on Ledgerwoods Road
- Stockwater delivery within the scheme

All these initiatives have progressed.

2022/23 Irrigation Season

Peak water use was lower in 2022/23 compared with last season, but slightly more water was used overall. Once again seasonal peaks occurred in November and January and usage dropped off sharply after February with a very quiet end to the season.

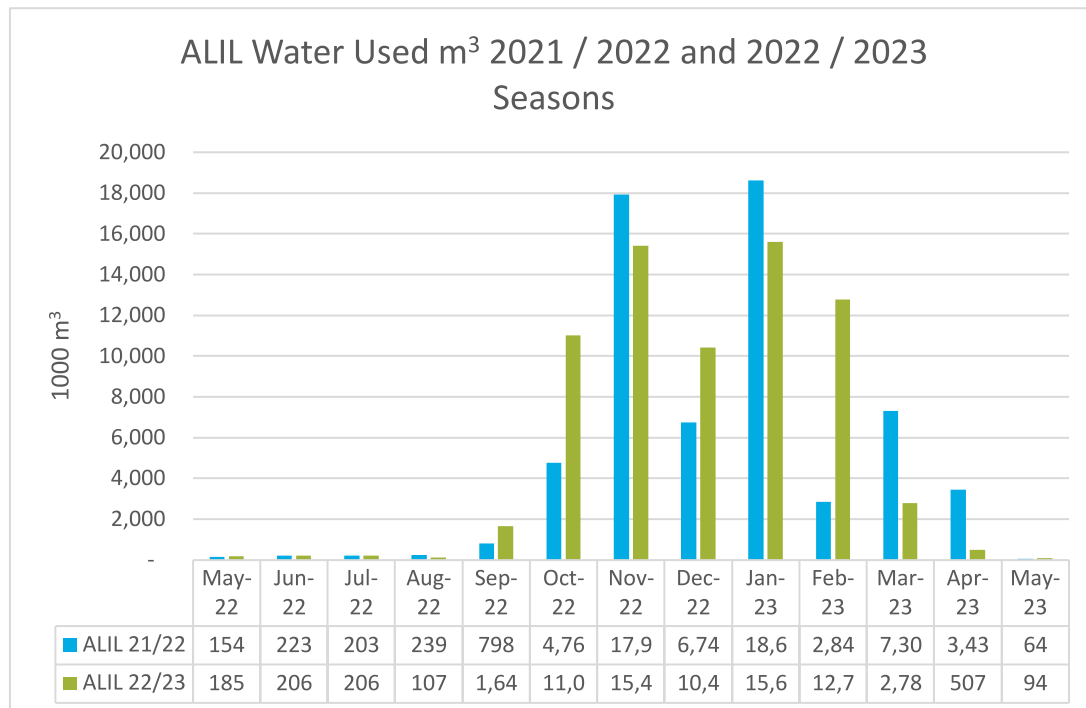


Figure 1: ALIL Supply from RDRML 2021/22 2022/23 Monthly water use (m³)

ALIL received 70,970,518 cubic meters of irrigation water, up slightly from 62,463,693 cubic meters in the prior year. Spread over the scheme's irrigated area this equates to 245 mm, compared with 216 mm last year.

The high reliability of the scheme enables shareholders to reduce water use, with efficient spray irrigation applying water only when and where it is needed. This was evident in the variable monthly water use. The peak month for the 2022/23 season was January with 15,614,842m³ of water use, down on the peak month of January in 2021/22 of 18,629,450m³.

There were no days of restriction for the season and the scheme did not need to access stored water via Barrhill Chertsey Irrigation Limited (BCI).

Water Charges

Water Charges for the 2023/24 financial year have been held at the same rate as the 2022/23 financial year.

- Stage 2 - \$7.34 per share
- Green Line (Stage 1) - \$7.25 per share

The Environmental Charges also remain unchanged at \$750 for the first 50ha and \$7 per each additional hectare managed under a Farm Environment Plan (FEP). The fee for Authorised Properties remains at \$150 per property.

In preparing this year's budget the Company has been mindful of the cost pressure being experienced on farm and is appreciative of the feedback from shareholders at last year's annual meeting.

We are continuing to benefit from the Company's robust treasury policy, which has smoothed the effect of interest rate increases.

Like many businesses, ALIL has seen an increase in operating expenses. These increases have been fully offset by reduced principal repayments on the Stage 2 loan, allowing the total water charge to remain unchanged for 2023/24. On the Greenline the water charge also remains the same as last year's which will utilise some of the prior years' surpluses.

The Company is subject to a bank covenant that requires the earnings before interest, tax, depreciation and amortisation (EBITDA) to cover operating expenses, principal and interest costs. This can be challenging as we try to limit our headroom by not over recovering funds from shareholders. From the 2023/24 season we are able to utilise up to \$300,000 of prior year surpluses to meet our bank covenant, should we under recover funds in any year. This will assist the Company in maintaining stable water charges.

Land Use and Discharge Consent (LUC)

In June 2020, ECan granted Resource Consent CRC185469 to ALIL, which runs until December 2030. This allows ALIL to manage the nutrient load for both irrigated and unirrigated land within its command area. During the last year, the scheme has developed a Nutrient Management Agreement (NMA), to allow for properties which do not receive irrigation water from ALIL to operate under our Discharge Consent. There are now two NMA's in place.

The scheme met its annual compliance requirements under the Consent, submitting its Compliance Report in December 2022.

Farm environment plan audit results in 2022/23 were mixed compared with the year prior. It was pleasing to see five shareholders being awarded an A+ grade in recognition for achieving the highest Advanced Mitigation standard of on-farm practice. Unfortunately, five shareholders received B Grade audits, and one a C Grade audit. The low grades were issued due to lack of bucket testing, effluent application records, cultivating too close to waterways and not implementing actions from previous audits.

Of the land area under ALIL Discharge Consent, 95% is now graded at an A, compared with 93% last year. Compliance with the Discharge Consent is strongly linked to on-farm actions, so maintaining an A grade across the scheme is an important focus to demonstrate environmental improvement over time.

The monitoring of surface and ground water quality in the catchment is compiling a robust data set to better understand the trends and set a baseline from 2020 to 2025. ALIL needs to develop a plan should any future degradation occur.

Storage and Share Sales

Having access to Rakaia River Stored Water through BCI has ensured shareholders reliability is maintained to optimise water use. This ensures that the sale of further water does not impact reliability ahead of the construction of additional scheme storage.

In the last year the Board has acquired 15 hectares for the construction of a small in-scheme storage pond which is progressing through the consenting process.

The purchase of land at Klondyke from RDRML is advancing. This land will provide large scale storage optionality for the future should the reliability of the Company's water takes be compromised. Feedback from shareholders will be sought before any decisions are made to construct large scale storage.

Over the last 15 months the Board has made two offers of shares; the first to its existing shareholders and the second to shareholders and farmers within our wider scheme area. We have sold 17,494 shares, raising capital of \$3.499m. These sales will assist with funding the in-scheme storage construction costs and provide further water charge income.

Stock Water

ALIL are continuing to work with the Ashburton District Council (ADC) on the transition of stockwater to the irrigation schemes.

This year ALIL delivered a total of 1,010,410m³ of stock water over the winter, up from 882,057m³ during the prior year. This stock water is sourced from ADC's water entitlement in RDRML that has previously been transferred to ALIL.

Environmental Law Initiative (ELI) Judicial Review

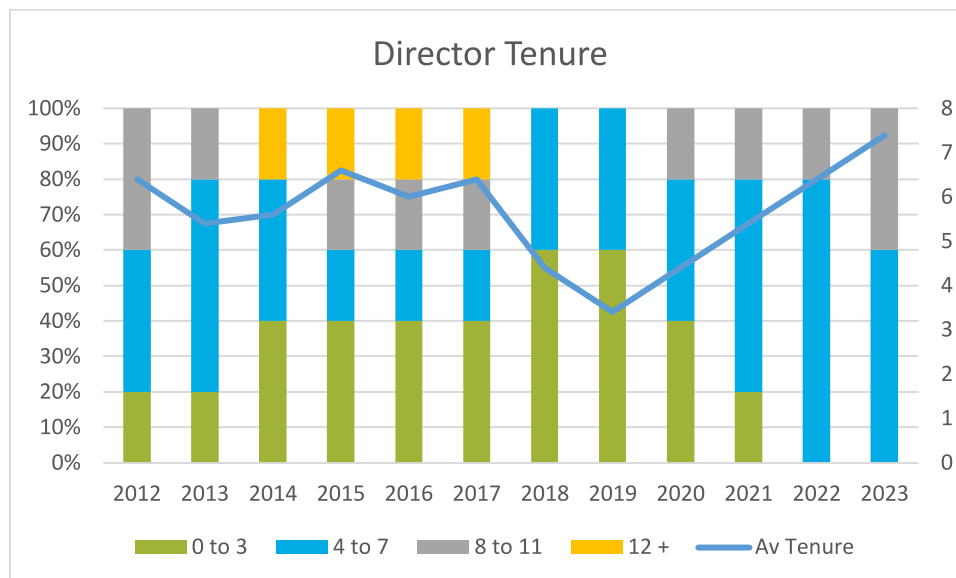
The judicial review brought by ELI against the Canterbury Regional Council (ECan) in relation to ALIL's Discharge Consent was heard in the High Court on 23rd and 24th May 2023.

ALIL were a second respondent to the action, which was heard by Justice Mander. ECan defended their decision to process the application on a non-notified basis and the conditions placed on the Consent. ALIL supported ECan in this role.

The hearing concluded on 24th May, with the judge reserving his decision. We expect to wait up to 12 months for a decision.

Directors and Staff

We have been fortunate to have longstanding Directors of ALIL as detailed in the following table.



Board succession was discussed at the 2022 annual meeting, noting that there will be Director changes over the next three years. Shareholders strongly indicated their support for the Observer 12-month role to continue as a means of increasing shareholder awareness of the Company and governance training.

Our thanks to George Lilley for his contribution as the Company's inaugural Board Observer, and we welcome Alison van Polanen whom continues to take an active role at Board Meetings. The role will be advertised again in 2023 following the Annual Meeting

Our thanks to all Directors for their continued engagement and support over the past year. Our special thanks to Andy Grant whom is standing down at this year's annual meeting after eight years of service, including roles as chair of the Finance Committee and the ALIL appointed director to RDRML.

We would like to thank the ALIL staff; Carmen Foster, Mike King, Rachel Pilling, Luke Leitis, Brett Evans, and Sarah Hayman for their efforts in providing the highest level of shareholder service in the past year.

Colin Glass
Chairman

Rebecca Whillans
Chief Executive

Ashburton Lyndhurst Irrigation Limited

Annual Report

For The Year Ended 30 June 2023

The business of the Company is Water Scheme Management. The nature of the company's business has not changed during the year under review.

As required by Section 211 of the Companies Act 1993 we disclose the following information:

Directors' Interests

The following transactions were entered into by the Directors of the Company:

For the year ended 30 June 2023

During the year all the Directors purchased water on the same normal trading terms from Ashburton Lyndhurst Irrigation Limited as other shareholders.

In addition the following entries were recorded in the Directors interest register:

On the 17th August 2022, Colin W Glass declared an interest in the transfer of the Water Supply Agreement between ADG Pastoral Limited and Dromona Limited.

On the 28th September 2022, Colin W Glass declared an interest in the approval and signing of the updated Water Supply Agreement with Westward Ho Limited following the issue of shares under the 30 June 2022 Information Memorandum.

On the 2nd November 2022, Andrew J R Grant declared an interest in the approval and signing of the updated Water Supply Agreement with Craigellachie Farm Mitcham Limited following the issue of shares under the 30 June 2022 Information Memorandum.

On the 2nd November 2022, Steven E B Bierema declared an interest in the approval and signing of the updated Water Supply Agreement with Somerton Station Farm Limited following the issue of shares under the 30 June 2022 Information Memorandum.

On the 2nd November 2022, Philip A Lowe declared an interest in the approval and signing of the updated Water Supply Agreement with Spreadeagle Holdings Limited and Spring River Holdings Limited following the issue of shares under the 30 June 2022 Information Memorandum.

On the 15th December 2022, Colin W Glass declared an interest in discussions around FAVA Application No 2 to increase irrigated area (18.1Ha under pivot irrigator) which triggered a "significant change" event.

On the 25th January 2023, Colin W Glass declared an interest in discussions and response in relation to Westward Ho Farming Company Limited's FAVA approval for 17ha additional irrigated land.

On the 26th April 2023, Andrew J R Grant declared an interest in discussions around governance training courses available.

On the 26th April 2023, Philip A Lowe declared an interest in discussions on Spreadeagle Holdings Limited FAVA application No 3 regarding an application to increase dairy wintering on 28ha of land.

On the 6th June 2023, Colin W Glass declared an interest in the pre-approval share transfer from Gortade Farm Limited.

** Refer to Note 35 for transactions with related parties*

Ashburton Lyndhurst Irrigation Limited

Annual Report

For The Year Ended 30 June 2023

As at 30 June 2023 the Directors have disclosed the following general interests:

<i>Company</i>	<i>Position</i>
Colin W Glass	
Dairy Holdings Limited	Chief Executive Officer
Dairy Holdings Limited subsidiary companies	Chief Executive Officer & Director
DairyNZ Limited	Director
Glass Farms Limited	Director & Shareholder
Glenroy Community Irrigation Company Limited	Director
Pasture Conferences Limited	Director
Rabobank Canterbury Client Council	Client Council Member
Rakaia Irrigation Limited	Director
RDR Irrigation Limited	Director
Tamlaght Farm Limited	Director & Shareholder
Tamlaght Farm Partnership	Partner
Tindall Farm Limited	Director & Shareholder
Westward Ho Farming Limited	Director & Shareholder
Westward Ho Limited	Director & Shareholder
Methven Adventures Limited (Opuke Hot Pools)	Shareholder
Andrew J R Grant	
Aberlour Farming Limited	Director & Shareholder
Cooperative Business New Zealand Incorporated	Director
Craigellachie Dairy Farms Limited	Director & Shareholder
Craigellachie Farm Hatfield Limited	Director
Craigellachie Farm Mitcham Limited	Director
Craigellachie Group Advisory Limited	Director
Rangitata Diversion Race Management Limited	Director & Chair of Audit & Risk Committees
Randal D Hanrahan	
GPS-AG (New Zealand) Limited	Director & Shareholder
Merope Holdings Limited	Director & Shareholder
Waitui Contractors Limited	Director & Shareholder
FEP Dashboard Limited	Director
Steven E B Bierema	
Foundation of Arable Research NZ	Chairperson
Rabobank Client Council	Client Council Member
S & F Bierema Family Trust	Trustee
Somerton Fields Limited (Ceased Trading)	Director & Shareholder
Somerton Station Farm Limited	Director & Shareholder

Ashburton Lyndhurst Irrigation Limited

Annual Report

For The Year Ended 30 June 2023

Philip A Lowe

Irrigo Centre Limited (in Liquidation)

Phidon Farm Limited

Philip Lowe Family Trust

Spring River Farms Partnership Limited

Spring River Holdings Limited

Spreadeagle Holdings Limited

RDR Irrigation Limited

Director

Director & Shareholder

Trustee

Director & Shareholder

Director & Shareholder

Director & Shareholder

Director

Use of Company Information

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

Share Dealing

Under the Information Memorandum issued by the Company on the 30th June 2022, the following directors applied for and were issued fully paid shares in the Company for an issue price of \$200 per share.

Director	Shares	Issue Date
Andrew J R Grant - Craigellachie Farm Mitcham Limited	1,000	6-Sep-22
Colin W Glass - Westward Ho Limited	1,000	6-Sep-22
Colin W Glass - Westward Ho Farming Company Limited	1,000	20-Jan-23
Steven E B Bierema - Somerton Station Farm Limited	400	6-Sep-22
Philip A Lowe - Spreadeagle Holdings Limited	294	6-Sep-22
Philip A Lowe - Spring River Holdings Limited	706	6-Sep-22

At 30 June 2023 the Directors held interests in the following shares:

Andrew J R Grant

Craigellachie Dairy Farms Limited

Craigellachie Farm Mitcham Limited

2023

2022

12,428

12,428

9,258

8,258

21,686

20,686

Colin W Glass

Jaline Farm Limited (Dairy Holdings Limited Subsidiary company)

Ketson Holdings Limited (Dairy Holdings Limited Subsidiary company)

Tamlaght Farm Limited

Westward Ho Farming Company Limited

Westward Ho Limited

6,697

6,697

6,635

6,635

6,520

6,520

4,500

3,500

4,500

3,500

28,852

26,852

Randal D Hanrahan

Merope Holdings Limited

12,674

12,674

12,674

12,674

Ashburton Lyndhurst Irrigation Limited

Annual Report

For The Year Ended 30 June 2023

Steven E B Bierema
Somerton Station Farm Limited

8,908	8,508
8,908	8,508

Philip A Lowe
Spreadeagle Holdings Limited
Spring River Holdings Limited

4,800	4,506
8,873	8,167
13,673	12,673

Remuneration and other benefits

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

	2023	2022
Colin W Glass (Chairman)	28,000	27,000
Randal D Hanrahan	14,000	13,500
Andrew J R Grant	14,937	13,500
Steven E B Bierema	14,000	14,614
Philip A Lowe (Irrigo Director)	16,051	16,841
	\$86,988	\$85,455

The Directors of the company as at reporting date are listed in the Directory, no other person held the office of Director at any time during the year.

The Company has insured all its Directors against liabilities to other parties that may arise from their positions as directors. At reporting date the level of cover is \$5,000,000 for directors and officers liability and \$2,000,000 for defence costs.

Employee Remuneration


The number of employees whose total remuneration, including non-cash benefits, was over \$100,000 during the year ended 30 June 2023 are specified in the following bands:


Band	Number of Staff
\$100,000 - \$110,000	1
\$110,000 - \$120,000	1
\$200,000 - \$210,000	1

Audit Fees

Audit fees of \$25,500 were paid to BDO Christchurch Audit Limited in respect of the audit for the year (2022: \$27,659 - Crowe).

For and on behalf of the Board


Chairman


Director

14-09-23 Date

14-09-23 Date

Ashburton Lyndhurst Irrigation Limited

Statement Of Comprehensive Income

For The Year Ended 30 June 2023

	Note	2023	2022
		\$	\$
Income			
Water Charges	4	9,472,114	7,907,047
Environmental Management Charges		308,697	294,384
Rentals Received	5	30,038	31,438
Interest Received		933	804
Other Income	6	123,426	198,996
Total Gross Revenue		9,935,208	8,432,670
Less Expenses As Detailed:			
Administration & Operating Expenses	7	2,487,763	2,422,202
Interest		19,991	6
Piping Stage 1 Interest Expenses	10 & 11	245,421	252,812
Piping Stage 2 Interest Expenses	10 & 13	3,090,559	2,697,861
Ponds & Telemetry Interest Expenses	10	948,039	669,516
Share of R.D.R. Costs	14	459,437	307,245
Turbine Interest Expenses	10 & 12	3,247	11,543
Turbine Scheme Expenses	12	-	146,099
Depreciation & Amortisation		3,565,680	3,485,028
Total ALIL Operating Expenses		10,820,137	9,992,312
		(884,929)	(1,559,642)
Plus: Fair Value Gain of Interest Rate Swaps	10	890,206	6,094,117
Operating Profit		5,277	4,534,474
Plus: Share Of Associates Profit	33	14,159	(1,162)
Less: Loss on Disposal of Associate		(3,130)	-
Profit/(Loss) Before Income Tax		16,306	4,533,312
Less Taxation Expense	18	(1,139)	280,641
PROFIT/(LOSS) FOR THE YEAR		\$17,445	\$4,252,671
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$17,445	\$4,252,671

Ashburton Lyndhurst Irrigation Limited
Statement Of Movements In Equity
For The Year Ended 30 June 2023

			2022	
	Note	Share Capital	Retained Earnings	Total
		\$	\$	\$
Equity At 1 July 2021		39,431,672	(3,267,034)	36,164,637
Total Comprehensive Income		-	4,252,671	4,252,671
Equity At 30 June 2022		<u>\$39,431,672</u>	<u>\$985,637</u>	<u>\$40,417,308</u>

			2023	
	Note	Share Capital	Retained Earnings	Total
		\$	\$	\$
Equity At 1 July 2022		39,431,672	985,637	40,417,308
Total Comprehensive Income		-	17,445	17,445
Transactions with Owners in their capacity as Owners:				
Share Capital Issued	30(a)	3,339,371	-	3,339,371
Equity At 30 June 2023		<u>\$42,771,043</u>	<u>\$1,003,082</u>	<u>\$43,774,125</u>

Ashburton Lyndhurst Irrigation Limited
Statement Of Financial Position
As At 30 June 2023

	Note		2023		2022
		\$	\$	\$	\$
Current Assets					
Cash And Cash Equivalents	21		86,426		-
Trade And Other Receivables	22		1,530,007		1,097,051
Loan Swap Asset	21		2,014,253		314,459
Related Party Advance					
FEP Dashboard Limited	17 & 33		17,939		24,951
Irrigo Centre Limited	21 & 33		-		15,000
Total Current Assets				3,648,625	1,451,461
Non-Current Assets					
Investments In:					
Irrigo Centre Limited	15 & 33	-			7,375
Farmlands Co-operative Society Limited	21	500			500
FEP Dashboard Limited	17 & 33	-			-
Ashburton Trading Society Limited	21	1,440			1,440
RDR Management Limited	14	30,000			30,000
Loan Swap Asset	21	-			803,002
			31,940		842,317
Property, Plant, Equipment & Intangible Assets					
Property, Plant And Equipment	23	116,719,849			117,835,226
Intangible Assets	24	489,089			549,192
Right Of Use Assets	25	285,763			-
			117,494,701		118,384,418
Total Non-Current Assets				117,526,641	119,226,735
Total Assets				\$121,175,266	\$120,678,195

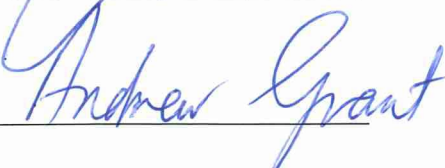
Ashburton Lyndhurst Irrigation Limited
Statement Of Financial Position
As At 30 June 2023

	Note	\$	2023 \$	\$	2022 \$
Current Liabilities					
Bank Overdrafts	26		-		11,426
Trade And Other Payables	27		627,709		775,658
GST Payable			146,903		60,328
Employee Entitlements			48,992		25,063
Lease Liability	25		11,251		-
Loans	21		75,878,338		311,520
Swap Liabilities	21		127,030		115,714
Total Current Liabilities				76,840,223	1,299,709
Non-Current Liabilities					
Loans	21 & 29		-		78,675,807
Swap Liability	21		-		4,730
Lease Liability	25		281,416		-
Deferred Tax Liability	19		279,502		280,641
Total Non-Current Liabilities				560,918	78,961,178
Equity					
Share Capital			42,771,043		39,431,672
Retained Earnings			1,003,082		985,636
Total Equity	30			43,774,125	40,417,308
Total Shareholders' Funds And Liabilities				\$121,175,266	\$120,678,195

For and on behalf of the Board of Directors:

Chairman 

Dated 14-09-23

Director 

Dated 14-09-23

Ashburton Lyndhurst Irrigation Limited

Cashflow Statement

For the Year Ended 30 June 2023

	Note	2023	2022
		\$	\$
Cash Flows From Operating Activities			
Cash receipts from Customers		9,723,380	8,315,463
Cash paid to Suppliers		(2,278,745)	(2,307,969)
Cash paid to Employees		(729,896)	(517,597)
Cash generated from operations		6,714,739	5,489,897
GST		47,056	(4,887)
Interest Paid		(4,308,219)	(3,635,229)
Income Tax		(109)	6
		(4,261,272)	(3,640,110)
Net Cash Inflow From Operating Activities		2,453,467	1,849,787
Cash Flows From Investment Activities			
Cash Receipts from Associates		45,415	5,750
Cash Advances to Associates		(5,000)	(15,000)
Cash Received for Property, Plant, Equipment & Intangibles		70,823	77,400
Cash Paid for Property, Plant, Equipment & Intangibles		(2,685,859)	(601,430)
Interest Received		933	804
Net Cash Inflow/(Outflow) From Investing Activities		(2,573,688)	(532,476)
Cash Flows From Financing Activities			
Cash Receipts from Loan Proceeds		1,804,712	458,280
Cash Receipts from Share Capital	30(a)	3,339,371	-
Lease Repayments		(12,309)	-
Repayment of Loans		(4,913,701)	(1,999,404)
Net Cash Inflow/(Outflow) From Financing Activities		218,073	(1,541,124)
Net Increase/(Decrease) in Cash		97,852	(223,813)
Opening Cash Equivalents		(11,426)	212,387
Closing Cash Equivalents		\$86,426	\$(11,426)
Reconciliation			
Cash & Cash Equivalents	21	86,426	-
Overdraft	26	-	(11,426)
Closing Cash		\$86,426	\$(11,426)

This statement should be read in conjunction with the Notes to the Financial Statements and Audit Report

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Ashburton Lyndhurst Irrigation Limited

Cashflow Statement

For the Year Ended 30 June 2023

	2023		2022
	\$	\$	\$
Reconciliation With Reporting Trading Profit			
Profit/(Loss) For Year		17,445	4,252,671
Non Cash Items			
Depreciation & Amortisation	3,554,699		3,485,028
Depreciation Recovery Income	(5,592)		(77,399)
Profit from Associates	(11,030)		1,162
Fair Value Movement of Interest Rate Swaps	(890,206)		(6,094,116)
Movements in Deferred Tax	(1,139)		280,647
		2,646,732	(2,404,678)
Movement in net Current Assets / Liabilities			
Increase in Accounts Payable	169,831		99,705
Increase in Accounts Receivable	(406,643)		(111,918)
Increase in Income Tax	(109)		-
Prepayment	(19,912)		19,698
GST	47,056		(4,887)
		(209,777)	2,598
Items Classified as investing activities:			
Interest Received	(933)		(804)
		(933)	(804)
Net Cash Inflow/(Outflow) From Operating Activities		\$2,453,467	\$1,849,787

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

Note

1. REPORTING ENTITY

Ashburton Lyndhurst Irrigation Limited ('the Company') is a co-operative company registered under the Co-operative Companies Act 1996 on the 22nd September 1989 and domiciled in New Zealand.

The Company is an issuer for the purposes of the Financial Markets Conduct Act 2013, and is an FMC reporting entity under the Financial Markets Conduct Act 2013. The financial statements of the Company have been prepared in accordance with the Financial Markets Conduct Act 2013.

The Company is a water supply management company receiving its share of water from Rangitata Diversion Race Management Limited and distributing this water through a piped network to its shareholder members. The Company's scheme area is within the Mid Canterbury area.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and other applicable Financial Reporting Standards. They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), as appropriate for profit orientated entities.

The information is presented in New Zealand Dollars (NZD) and rounded to the nearest dollar.

The financial statements were approved by the Board of Directors on 14th September 2023.

(b) Basis of Measurement

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the company, with the exception that certain assets and liabilities specified below have been revalued.

Judgement and estimation uncertainty

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of judgement in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note A valuation of property, plant & equipment

Note B intangible assets

Note C financial instruments

Note I impairment

Note J income Tax

Note M determination of fair values

(c) New or Amended Accounting Standards and Interpretations Adopted

The Company has adopted all of the new or amended Accounting Standards and interpretations issued by the New Zealand Accounting Standards Board ("NZASB") that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or financial position of the Company and hence no adjustment to the opening equity balance at 1 July 2022 was made.

(d) 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.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

3. SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of profit and the financial position have been applied.

A. Property Plant & Equipment

(1) Owned Assets

Except for land and buildings, items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Land and buildings held at 1 July 2006 were revalued to fair value based on a 1 July 2006 valuation completed by an independent valuer and this fair value was treated as its deemed cost at the date of transition to New Zealand equivalents to IFRS. In applying this one off transitional adjustment the Company has applied the cost model in the recognition of its property, plant & equipment assets.

(2) Subsequent Costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

(3) Depreciation

Depreciation is provided for on the diminishing balance method and straight line method on property, plant & equipment assets. Depreciation is charged to the Statement of Comprehensive Income. Land is not depreciated. The following rates have been used.

Asset Category	Depreciation Rates & Method		Estimated Useful Life
Scheme Structures	3% - 6%	diminishing balance method	7 - 50 Years
	2% - 14%	straight line method	
Buildings	3%	diminishing balance method	50 Years
Plant & Equipment	4% - 67%	diminishing balance method	3 - 50 Years
Motor Vehicles	20% - 26%	diminishing balance method	8 - 10 Years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

B. Intangible Assets

(1) Easement Costs, Legal Cost & Surveying

Easement costs were incurred in 1994, 1995 & 1998 by the Company so that the Company could operate its water delivery system over land not owned by the Company. These costs are recognised as fixed life intangible assets and amortised over the life of the full RDR consent at the time the expenses were incurred.

(2) Resource Consents

Resource consents are held by the Company to enable the scheme to operate. The useful life of the resource consent varies with the consent.

Intangible assets have been recorded at their historical cost less amortisation.

The following rates have been used:

Easement, Legal & Surveying	3.30% Straight line	(30 years, with 2 years on average remaining)
Resource Consent	9.50% Straight line	(10 Years)

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

C. Financial Instruments

Recognition, initial measurement and derecognition

Financial instruments are recognised when the Company becomes a party to a financial contract. Financial instruments are measured initially at fair value, adjusted by transaction costs, except for those carried at fair value through profit and loss; these costs are expensed. They include bank funds, bank overdrafts, receivables, payables, investments in and loans to others, and term borrowings.

In addition, the Company is a party to financial instruments to meet its financing needs and to reduce exposure to fluctuations in interest rates. These financial instruments include bank overdraft facilities and swaps.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- * amortised cost

- * financial instruments at fair value through profit and loss (FVTPL)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest expense or interest income, except for impairment of trade receivables which is presented within other expenses.

(1) Amortised Cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics.

(2) Financial assets at Fair Value through Profit and Loss

Financial assets at FVTPL include financial assets that are neither classified as at amortised cost or at fair value through other comprehensive income. Financial assets are initially recognised at fair value including directly attributable transaction costs.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within interest expenses.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

Derivative financial instruments

The Company uses interest rate swaps to manage its cash flow interest rate risk. These arrangements have been entered into to mitigate interest rate risk arising from changes in the interest rates available to the company.

All interest rate swaps are recognised initially at fair value and reported subsequently at fair value in the Statement of Financial Position.

All interest-related charges and changes in an instrument's fair value that are reported in profit or loss are included within interest expense or interest income.

D. Revenue

Water charges are levied on shareholder farmers in accordance with the water supply agreement entered into between the farmer and the Company. Charges are levied in accordance with the rates advised annually at the Annual General Meeting depending on the infrastructure used by the Company to deliver pressurised water to each farmer's farm gate. Charges are set based on the Company's expected maintenance, administration, operating and debt servicing costs for that financial year.

The water charges are recognised over time when the season for water delivery commences and is available for use by the shareholder. Shareholders are invoiced monthly, in arrears.

Interest income is reported on an accrual basis using the effective interest method.

E. Cash Flows

For the purpose of the cash flow statement, cash includes cash on hand and bank overdrafts.

F. Employee Entitlements

Liabilities for annual leave are accrued and recognised in the Statement of Financial Position.

Annual leave is recorded at the amount expected to be paid for the entitlement earned.

G. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in "Interest Expense" (see Note 9).

H. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, short term highly liquid investments with maturities of three months or less, and bank overdrafts.

I. Impairment

If the recoverable amount of an item of property, plant and equipment is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at historical cost is recognised as an expense in the Statement of Comprehensive Income. When a revalued item is written down to recoverable amount, the write down is recognised as a downward revaluation to the extent of the corresponding revaluation reserve, and any balance recognised in the Statement of Comprehensive Income.

The carrying amount of an item of property, plant and equipment that has previously been written down to recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down. The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to recoverable amount had not occurred.

Reversals of impairment write downs are accounted for as follows:

- On property, plant and equipment that are not revalued, the reversal is recognised in profit & loss; and
- On revalued property, plant and equipment, the reversal is recognised as an upward revaluation in equity.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

J. Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax 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. The deferred tax liability has been calculated at the Company's effective tax rate for the year in which the temporary differences are expected to be utilised.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

K. Goods and Services Tax (GST)

The Statement of Comprehensive Income and Cash Flow Statement have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, except for receivables and payables, which include GST invoiced.

L. Contingencies & Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A contingency is not recognised by the Company where there is a possible obligation on the company that may arise depending on an unknown future event, or where the Company has a present obligation but the payment is not considered probable.

M. Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(1) Derivatives

A derivative is a financial instrument or other contract within the scope of NZ IFRS 9 with all three of the following characteristics:

- a) its value changes in response to the change in a specified interest rate (sometimes called the 'underlying');
- b) it requires no initial net investment or any initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- c) it is settled at a future date.

The interest rate swaps with the Bank of New Zealand are derivatives and are recorded in the Company's Statement of Financial Position.

N. Investments in associates

Associates are those entities over which the Company is able to exercise significant influence but which are not subsidiaries.

Investments in associates are accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

O. Standards and interpretations issued:

The Company has prepared the financial statements in accordance with the New Zealand International Financial Reporting Standards. The following new accounting standards and amendments to existing standards have been issued but not yet adopted by the Company for the year ended 30 June 2023.

Classification of Liabilities as Current or Non-Current

Effective for annual reporting periods beginning on or after 1 January 2023

Alters the classification of liabilities between current and non-current, as defined within NZ IAS 1, for liabilities held as part of the company's normal operating cycle but which may be settled more than 12 months after reporting date. The Company will apply the amendments to these standards from 1 July 2023.

Disclosure of Accounting Policies

Effective for annual reporting periods beginning on or after 1 January 2023

Alters the disclosure requirements contained with NZ IAS 1 from a focus on significant accounting policies to only those that are material. The Company will apply the amendments to these standards from 1 July 2023.

Definition of Accounting Estimates

Effective for annual reporting periods beginning on or after 1 January 2023

Alters NZ IAS 8 by providing guidance on how accounting estimates and policies relate to each other and by making the definition of accounting estimates clearer and more concise. The Company will apply the amendments to these standards from 1 July 2023.

P. Leases:

The Company has entered into a lease for commercial office space. There are no financial restrictions placed upon the Company by entering into this lease. The lease contract contains market review clauses on every anniversary date along with options to renew for two additional terms.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

4. WATER CHARGES

	2023	2022
Main Scheme Charges	4,439,019	3,316,744
Piping Scheme Stage 1 Charges	503,132	522,375
Turbine Scheme Charges	-	76,904
Piping Scheme Stage 2 Charges	4,529,963	3,991,024
	<u>\$9,472,114</u>	<u>\$7,907,047</u>

5. RENTALS RECEIVED

	2023	2022
Springfield Farm Lease	4,000	5,400
Ledgerwoods Road	13,038	13,038
Springfield Road Scheme Operator's Cottage	13,000	13,000
	<u>\$30,038</u>	<u>\$31,438</u>

(1) The Scheme Operator's Cottage is rented to the Company employees. The rental on the Scheme Operator's cottage is negotiated annually as part of their remuneration package.

(2) The Scheme Operator's cottage is not an investment property in terms of NZIAS 40.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

6. MISCELLANEOUS INCOME		2023	2022
BCI Distribution Charge		41,661	17,708
Gain on Disposal of Property, Plant and Equipment		11,147	77,400
Pump Power Contribution Amortisation		6,309	6,309
New Connections Contribution Amortisation		13,603	10,556
Share Transfer Fee		4,750	1,500
Shingle Sales		22,255	4,214
Stock Water Offtakes		9,000	32,826
Other Sundry Income		14,701	48,483
		<u>\$123,426</u>	<u>\$198,996</u>

7. ADMINISTRATION & OPERATING EXPENSES	Note	2023	2022
Accounting		21,500	21,000
Audit Fees		23,000	27,659
Communication, Mail & Stationery		22,994	19,291
Employment Expenses		741,681	516,705
Fringe Benefit Tax		25,707	21,621
Governance Fees	8	98,239	85,455
Insurance & Rates		450,216	431,598
Irrigation New Zealand Subscription		44,800	44,800
Operating Expenses	9	951,411	1,093,440
Other Subscriptions		14,773	11,225
Office Rental		-	17,434
Scheme Administration		-	67,825
Secretarial Expenses		8,314	7,016
Water Monitoring Costs		19,002	13,243
Other		66,126	43,890
		<u>\$2,487,763</u>	<u>\$2,422,202</u>

8. GOVERNANCE FEES	2023	2022
Directors Fees	86,989	85,455
Observer Training *	10,000	-
Non-Director Committee Fees	1,250	-
	<u>\$98,239</u>	<u>\$85,455</u>

* The October 2022 Annual Meeting approved total Directors Fees and Training expenses for the 2023 year of \$95,000 (2021 Annual Meeting: \$91,000). In the 2022 year, the appointed Board Observer did not undertake training due to the challenges with enrolling in governance training in the wake of the Covid-19 restrictions. It was noted that \$5,000 of the unutilised and approved Directors Fees and Training expenses would be utilised in the 2023 year and this was approved to be carried forward to the 2023

9. OPERATING EXPENSES	2023	2022
Direct Irrigation Costs		
Contracted Stored Water	81,389	77,778
Electricity	303,976	233,521
Repairs & Maintenance	284,971	387,191
	<u>670,336</u>	<u>698,490</u>
Other Operating Costs		
Consultancy Expenses	4,575	9,521
Efficiency Costs	(47,877)	115,380
Environmental Management Expenses	116,996	119,164
Health & Safety Costs	3,623	2,360
Legal Fees	127,886	64,346
Resource Consent Costs	4,108	32,715
Vehicle Expenses	69,937	51,148
Other	1,827	316
	<u>281,075</u>	<u>394,950</u>
	<u>\$951,411</u>	<u>\$1,093,440</u>

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

10. INTEREST EXPENSE

	Turbine Scheme	Piping Scheme Stage 1 (Greenline)	Piping Scheme Stage 2	Ponds & Telemetry	Total Interest
Year Ended 30 June 2022					
Bank Table Loan Interest	6,234	102,705	1,462,611	446,992	2,018,542
Plus Interest Rate Swap Debits Paid	5,309	150,107	1,211,058	216,207	1,582,681
Plus Undrawn Loan Facility Fees	-	-	24,192	6,318	30,510
	11,543	252,812	2,697,861	669,517	3,631,733
Net Change in fair value of Interest Rate Swap	(10,210)	(288,706)	(4,808,293)	(986,907)	(6,094,116)
	\$1,333	\$(35,894)	\$(2,110,432)	\$(317,390)	\$(2,462,383)

	Turbine Scheme	Piping Scheme Stage 1 (Greenline)	Piping Scheme Stage 2	Ponds & Telemetry	Total Interest
Year Ended 30 June 2023					
Bank Table Loan Interest	2,627	228,877	3,287,897	1,069,272	4,588,673
Plus Interest Rate Swap Debits Paid	620	16,544	(260,128)	(128,449)	(371,413)
Plus Undrawn Loan Facility Fees	-	-	62,790	7,216	70,006
	3,247	245,421	3,090,559	948,039	4,287,266
Net Change in fair value of Interest Rate Swap	(1,340)	(37,905)	(743,952)	(107,009)	(890,206)
	\$1,907	\$207,516	\$2,346,607	\$841,030	\$3,397,060

11. STAGE 1 PIPING SCHEME (GREENLINE)

	Note	2023	2022
Total Scheme Charges Received	4	503,132	522,375
Less:			
Interest	10	245,421	252,812
Principal paid		224,250	268,560
		469,671	521,372
Excess Monies Received over Expenditure		33,461	1,003
Opening Position		192,629	191,626
Closing Position		\$226,090	\$192,629

Within the Company's retained earnings (stated at note 30) there is an amount of \$226,090 (2022: \$192,629), which equates to the cumulative reserve for the stage 1 piping scheme. Funds supporting this are held in the Company assets.

12. TURBINE SCHEME

	Note	2023	2022
Total Scheme Charges Received	4	-	76,904
Transfer to Stage 2		84,410	-
		84,410	76,904
Less:			
Interest	10	3,247	11,543
Repairs		-	146,099
Principal paid		10,950	42,960
		14,197	200,602
Excess Monies Received over Expenditure		70,213	(123,698)
Opening Position		(70,213)	53,485
Closing Position		-	\$(70,213)

Within the Company's retained earnings (stated at note 30) there is a loss amount of \$0 (2022: \$70,213), which equates to the cumulative reserve for the turbine scheme.

Since the updated BNZ loan agreements were signed in August 2022, Turbine Scheme costs have been incorporated into the costs of the Stage 2 Piping scheme.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

13. STAGE 2 PIPING	Note	2023	2022
Total Scheme Charges Received	4	4,529,963	3,991,024
Shares Issued		3,339,371	-
		<u>7,869,334</u>	<u>3,991,024</u>
Less:			
Interest	10	3,090,559	2,697,861
Principal paid		596,220	1,211,400
Transfer from Turbine Scheme		84,410	-
		<u>3,771,189</u>	<u>3,909,261</u>
Excess Monies Received over Expenditure		4,098,145	81,763
Opening Position		(2,246,313)	(2,328,076)
Closing Position		<u>\$1,851,832</u>	<u>\$(2,246,313)</u>

Within the Company's retained earnings (stated at note 30) there is an amount of \$1,851,832 (2022: Loss amount of \$2,246,313), which equates to the cumulative reserve for the stage 2 piping scheme. Funds supporting this are held in the Company's assets.

14. RANGITATA DIVERSION RACE MANAGEMENT LIMITED (RDRML)	2023	2022
Annual Contribution	459,437	307,245
Total Contributions	<u>\$459,437</u>	<u>\$307,245</u>
Trade Payables Owing	<u>\$50,898</u>	<u>\$30,478</u>

The Company is required to pay a share of RDRML operating and capital costs, as disclosed above.

The company holds 30,000 ordinary shares in RDRML (15%) at a cost price of \$1 per share and is entitled to be represented on its Board by one of 6 Directors. These shares have equal voting rights and share equally in dividends and surplus on winding up.

The procedure for sale or disposition of these shares is covered in a shareholder deed dated 14th January 2003, agreed and signed by all shareholders.

RDRML is neither an associate or subsidiary of ALIL.

15. IRRIGO CENTRE LIMITED (ICL)	2023	2022
Interest Received	544	786
Administration Services	4,285	-
Total Income	<u>\$4,829</u>	<u>\$786</u>
Service Charge	-	323,865
Fixed Assets Purchased	12,614	-
Total Expenditure	<u>\$12,614</u>	<u>\$323,865</u>
Trade Payables Owing	<u>-</u>	<u>\$5,203</u>

The Company holds 4,000 shares (20%) (2022:20%) in Irrigo Centre Limited and is entitled to be represented on its Board by one of 5 Directors. The company has been set up to provide administration and environmental services to its four shareholder irrigation companies on a time cost basis and any others on a contract basis.

The shareholders of ICL resolved in May 2022 that the company would be wound up and the assets taken over by the shareholders. ICL is solvent and the Directors are of the opinion that all debts will be repaid and surplus funds distributed to the shareholders in proportion to their shareholding.

ICL was placed into liquidation on the 23rd January 2023. All of the assets have been realised and debts discharged, and surplus funds have been paid out to the shareholders.

Refer to Note 33 for details of the value of the investment in ICL.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

16. RDR IRRIGATION LIMITED (RDRI)

The Company holds 24,323 (38.38%) "B" shares in RDR Irrigation Limited and is represented on the Board of RDRI by two Directors. The company was set up to provide management consultancy services for the shareholders. 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.

17. FEP DASHBOARD LIMITED

	2023	2022
License Fee	\$22,913	\$5,000

Trade Payables Owing	-	-
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The Company holds 50 shares (50%) in FEP Dashboard Limited and is represented on the Board by two Directors. The company has been set up to hold the rights to the software that delivers Farm Environmental Plan (FEP) dashboards. Refer to Note 33 for details of the value of the investment.

18. TAXATION

Tax Reconciliation

	2023	2022
Profit/(loss) before income tax		
- Continuing operations	16,306	4,533,312
Prima Facie income tax at 28%	4,566	1,269,327
Add (subtract) taxation effect of Permanent Differences		
Non-Deductible Expenses	506	305
Non Taxable Income	(3,121)	(21,672)
Adjustment for Equity Accounted Investments	(3,090)	325
	(5,705)	(21,042)
Timing Difference		
Recognition of Previously Unrecognised Tax Losses	-	(967,644)
	-	(967,644)
Income Tax Expense	\$(1,139)	\$280,641

The income tax expense is represented by

	2023	2022
Current Tax	-	-
Deferred Tax	(1,139)	280,641
Income Tax Expense for current year	\$(1,139)	\$280,641

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

19. BALANCE SHEET DEFERRED TAX ASSET / (LIABILITY)

	Depreciation	Swaps	Tax Losses	Other	Total
Balance 1 July 2021	(4,106,984)	1,427,188	2,672,687	7,109	-
Charged to Income	(236,298)	(1,706,353)	1,656,678	5,332	(280,641)
Balance 30 June 2022	\$(4,343,282)	\$(279,165)	\$4,329,365	\$12,441	\$(280,641)
Balance 1 July 2022	(4,343,282)	(279,165)	4,329,365	12,441	(280,641)
Charged to Income	(241,472)	(249,257)	487,317	4,551	1,139
Balance 30 June 2023	\$(4,584,754)	\$(528,422)	\$4,816,682	\$16,992	\$(279,502)

There are income tax losses of \$17,202,426 available to be carried forward (2022: \$15,490,070).

A deferred tax asset is recognised in relation to tax losses incurred in prior years to the extent that these losses offset deferred tax liabilities. There is no unrecognised deferred tax asset in relation to tax losses (2022: Nil).

There are no unrecognised temporary differences (2022: Nil)

20. IMPUTATION CREDIT ACCOUNT

	2023	2022
Opening Balance	8,640	8,646
Resident Withholding Tax Paid	109	-
Income Tax Paid (Refunded) During the Year	-	(6)
Closing Balance	\$8,749	\$8,640

21. FINANCIAL INSTRUMENTS

Credit Risk

To the extent that the Company has a receivable from another party, there is a credit risk in the event of non-performance by that counterparty. Financial instruments which will potentially subject the Company to credit risk principally consist of bank balances, loans, receivables and swaps.

The Company manages its exposure to credit risk to minimise losses from bad debts.

The Company continuously monitors the credit quality of major financial institutions that are counter parties to its financial instruments, and does not anticipate non-performance by the counter parties. The Company from time to time minimises its credit exposure by limiting the amount of funds placed with any one financial institution at any one time.

Maximum exposures to credit risk at reporting date are the carrying amounts of financial assets:

	2023	2022
Bank Balance	86,144	-
BNZ - Business First Transact	282	-
BNZ - Business First OnCall	\$86,426	-
Receivables	1,191,255	990,641

The above maximum exposures are net of any recognised impairment losses on these financial instruments. No collateral is held on the above amounts.

Concentrations of Credit Risk

Bank Balances

The Company held \$86,426 (2022: \$0) worth of cash at reporting date as detailed above. It is the Company's policy to only bank with banks registered with the Reserve Bank of New Zealand.

Receivables

95% of Trade Receivables (2022: 95%) are owed from shareholder farmers within the scheme catchment. Management regularly reviews outstanding amounts to ensure that no impairment is suffered.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

Liquidity Risk

Liquidity risk represents the Company's ability to meet its financial obligations on time. For the most part the Company generates sufficient cash flows from its operating activities to make timely payments. It is the Company's policy that it will maintain committed funding facilities at a minimum of 105% of the projected peak debt levels over the ensuing twelve month period.

Interest Risk

The Company has exposure to interest rate risk to the extent that it borrows or invests for a fixed term at fixed rates. The Company manages its cost of borrowing by placing limits on the proportion of borrowings at floating rate, and the proportion of fixed rate borrowing that is repriced in any year. These proportions have been decided on separately for the two different scheme loans (stage 1 piping and stage 2 piping (including ponds & telemetry)).

It is the Company's treasury policy to minimise interest costs and exposure to possible adverse interest rate movements. This will be achieved through the use of fixed interest rate swaps (including forward starting swaps), fixed rate term borrowings, forward rate agreements and interest rate options.

At reporting date the fair value of interest rate contracts outstanding were:

	2023	2022
Interest Rate Swaps:		
Derivatives - Stage 1 Piping	6,868	(31,037)
Derivatives - Turbine	243	(1,098)
Derivatives - Ponds & Telemetry	436,505	329,496
Derivatives - Stage 2 Piping	1,443,607	699,656
Total derivative financial instruments	<u>\$1,887,223</u>	<u>\$997,017</u>

The change in the fair value of the derivative is recognised in profit or loss. The fair value of the derivatives is the benefit/(cost) that ALIL would receive/(pay) to exit the contracts at reporting date as calculated by the BNZ.

Details of interest rate swaps held at reporting date are:

	Face Value	Effective Date	Expiry Date	Interest Rate	Fair Value
Stage 2 Piping	8,000,000	30/11/2026	30/11/2028	4.45%	(63,112)
Stage 2 Piping	8,000,000	29/10/2027	31/10/2029	4.55%	(63,918)
Total Interest Rate Swaps Liabilities					<u>(127,030)</u>
Turbine	131,086	2/09/2013	1/09/2023	4.60%	243
Stage 1 Piping	3,706,658	2/09/2013	1/09/2023	4.60%	6,868
Ponds & Telemetry	3,000,000	30/09/2021	30/09/2025	3.91%	88,417
Stage 2 Piping	10,000,000	31/08/2022	29/08/2025	4.01%	270,202
Ponds & Telemetry	2,000,000	30/09/2021	30/09/2024	3.52%	51,754
Stage 2 Piping	10,000,000	30/11/2022	30/11/2026	3.75%	365,507
Stage 2 Piping	10,000,000	31/10/2022	31/10/2024	3.54%	269,476
Ponds & Telemetry	2,500,000	30/09/2021	29/09/2023	3.28%	14,608
Stage 2 Piping	10,000,000	30/10/2024	29/10/2027	3.24%	267,000
Ponds & Telemetry	2,000,000	30/09/2024	30/09/2027	3.23%	55,937
Ponds & Telemetry	1,500,000	30/09/2021	30/09/2024	0.82%	87,662
Ponds & Telemetry	1,000,000	30/09/2020	30/09/2026	0.31%	138,128
Stage 2 Piping	5,000,000	30/07/2021	30/04/2024	2.55%	129,248
Stage 2 Piping	5,000,000	30/07/2021	30/04/2025	2.36%	269,203
Total Interest Rate Swaps Assets					<u>2,014,253</u>
					<u><u>\$1,887,223</u></u>

Ponds & Telemetry weighted average swap rate	2.91%
Stage 2 Piping weighted average swap rate	3.67%

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

Interest Rate Sensitivity

The Company's policy is to minimise interest rate cash flow risk exposures on long-term borrowings by either entering into interest rate swap agreements or by borrowing at fixed interest rates.

The following analysis illustrates the sensitivity of profit and equity to a reasonable change in interest rates of +/- 0.25% (2022: +/- 0.50%). These changes are considered to be reasonably possible based on current market conditions.

The calculations are based on a change in the average market interest rates for each period and the financial instrument held at each reporting date that are sensitive to changes in interest rates.

All other variables are held constant.

	Profit for the Year		Equity	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
30 June 2023	25,101	(25,101)	(18,073)	18,073
	+ 0.50%	- 0.50%	+ 0.50%	- 0.50%
30 June 2022	(126,037)	126,037	(90,747)	90,747

Fair Value

The fair values of financial instruments, including bank balances and overdrafts, receivables and payables do not differ to the carrying amounts in the Statement of Financial Performance.

Shares in Unlisted Companies:

It is not practical to estimate the fair value of shares in unlisted companies with an acceptable level of reliability.

Financial Instruments

	2023	2022
Amortised Cost		
Bank Balances	86,426	-
Accounts Receivable	1,191,255	990,641
Related Party Advance - Irrigo Centre Limited	-	15,000
	<u>1,277,681</u>	<u>1,005,641</u>
Financial assets measured at Fair Value through Profit & Loss		
Shares in Ashburton Trading Society Limited	1,440	1,440
Shares in Farmlands Co-Operative Society Limited	500	500
Interest Rate Swaps	<u>2,014,253</u>	<u>1,117,461</u>
	<u>2,016,193</u>	<u>1,119,401</u>
Financial liabilities measured at amortised cost		
Accounts Payable	627,709	775,658
GST Payable	146,903	60,328
BNZ Term Loan	<u>75,878,338</u>	<u>78,987,327</u>
	<u>76,652,950</u>	<u>79,823,313</u>
Financial liabilities measured at Fair Value through Profit & Loss		
Interest Rate Swaps	127,030	120,444

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

Financial instruments measured at fair value

The following table presents the Company's financial assets and liabilities measured at fair value in the Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial liabilities. The fair value hierarchy has the following levels:

- 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). The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows using published market swap rates as prepared by Bank of New Zealand.
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Year 2022	Level 1	Level 2	Level 3	Total
Assets:				
Shares in Ashburton Trading Society Limited	-	-	1,440	1,440
Shares in Farmlands Co-Operative Society Limited	-	-	500	500
Interest Rate Swaps	-	1,117,461	-	1,117,461
Liabilities:				
Interest Rate Swaps	-	120,444	-	120,444
Year 2023	Level 1	Level 2	Level 3	Total
Assets:				
Shares in Ashburton Trading Society Limited	-	-	1,440	1,440
Shares in Farmlands Co-Operative Society Limited	-	-	500	500
Interest Rate Swaps	-	2,014,253	-	2,014,253
Liabilities:				
Interest Rate Swaps	-	127,030	-	127,030

Maturity Analysis of Liabilities Repayable as follows:

Year 2022	Less than 1 year	Between 1-5 years	Greater than 5 years
Liabilities:			
GST Payable	60,328	-	-
Payables	775,658	-	-
Swaps *	75,306	-	-
Bank Mortgage *	3,518,405	79,471,080	-
Total	\$4,429,697	\$79,471,080	-
Year 2023	Less than 1 year	Between 1-5 years	Greater than 5 years
Liabilities:			
GST Payable	146,903	-	-
Payables	774,612	-	-
Swaps *	-	-	-
Bank Mortgage *	77,790,472	-	-
Total	\$78,711,987	-	-

* These amounts represent the current principal and interest repayment obligations of the Company based on interest rates and agreements with the Bank of New Zealand in force at reporting date.

22. TRADE & OTHER RECEIVABLES

	2023	2022
Accounts Receivable	1,191,255	990,641
Prepayments	338,643	106,410
Income Tax Receivable	109	-
	\$1,530,007	\$1,097,051

Ashburton Lyndhurst Irrigation Limited
Notes to Financial Statements
For the Year Ended 30 June 2023

23. PROPERTY, PLANT & EQUIPMENT

	Scheme Structures	Buildings	Plant & Equipment	Motor Vehicle	Land	Total
Year Ended 30 June 2022						
Carrying Amount 1 July 2021	116,259,929	385,588	59,502	133,168	3,685,259	120,523,446
Additions	634,720	-	76,607	26,957	-	738,284
Disposals	-	-	-	-	-	-
Depreciation	(3,355,039)	(11,568)	(31,321)	(28,575)	-	(3,426,503)
Carrying Amount 30 June 2022	\$113,539,610	\$374,020	\$104,788	\$131,550	\$3,685,259	\$117,835,227
30 June 2022						
Cost	133,875,209	522,882	534,684	293,778	3,685,259	138,911,812
Accumulated Depreciation	(20,335,599)	(148,862)	(429,896)	(162,228)	-	(21,076,585)
Carrying Amount	\$113,539,610	\$374,020	\$104,788	\$131,550	\$3,685,259	\$117,835,227
	Scheme Structures	Buildings	Plant & Equipment	Motor Vehicle	Land	Total
Year Ended 30 June 2023						
Carrying Amount 1 July 2022	113,539,610	374,020	104,788	131,550	3,685,259	117,835,227
Additions	1,032,702	-	25,515	100,300	1,248,559	2,407,076
Disposals	-	-	(1,118)	(45,952)	-	(47,070)
Depreciation	(3,402,464)	(11,221)	(34,469)	(27,229)	-	(3,475,383)
Carrying Amount 30 June 2023	\$111,169,848	\$362,799	\$94,716	\$158,669	\$4,933,818	\$116,719,850
30 June 2023						
Cost	134,886,798	522,882	423,230	320,390	4,933,818	141,087,118
Accumulated Depreciation	(23,716,949)	(160,083)	(328,514)	(161,722)	-	(24,367,268)
Carrying Amount	\$111,169,849	\$362,799	\$94,716	\$158,668	\$4,933,818	\$116,719,850

All property of the Company is subject to a General Security Agreement in favour of the Bank of New Zealand.

24. INTANGIBLE ASSETS

	Resource Consents	Easement Costs	Total
Year Ended 30 June 2022			
Carrying Amount 1 July 2021	501,204	11,048	512,252
Additions	95,465	-	95,465
Amortisation	(55,249)	(3,276)	(58,525)
Carrying Amount 30 June 2022	541,420	7,772	549,192
30 June 2022			
Cost	596,669	98,375	695,044
Accumulated Amortisation	(55,249)	(90,603)	(145,852)
Carrying Amount	541,420	7,772	549,192

Ashburton Lyndhurst Irrigation Limited
Notes to Financial Statements
For the Year Ended 30 June 2023

Year Ended 30 June 2023

Carrying Amount 1 July 2022

Amortisation

Carrying Amount 30 June 2023

30 June 2023

Cost

Accumulated Amortisation

Carrying Amount

Resource Consents	Easement Costs	Total
541,420	7,772	549,192
(56,827)	(3,276)	(60,103)
484,593	4,496	489,089
596,669	98,375	695,044
(112,076)	(93,879)	(205,955)
484,593	4,496	489,089

25. RIGHT TO USE ASSETS & LEASE LIABILITIES

Right To Use Assets

Carrying Amount 1 July

Additions

Amortisation

Carrying Amount 30 June

2023 **2022**

-	-
304,976	-
(19,213)	-
\$285,763	-

Lease Liability

Carrying Amount 1 July

Additions

Lease Repayments

Carrying Amount 30 June

-	-
304,976	-
(12,309)	-
\$292,667	-

Current Portion Lease Liability

Non-Current Portion Lease Liability

11,251	-
281,416	-
\$292,667	-

The Company leases office space that was previously rented by Irrigo Centre Limited, along with MHV Water Limited, Barrhill Chertsey Irrigation Limited and Acton Farmers Irrigation Co-Operative Limited.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate. At inception of the lease agreement, this rate was 7.56%.

26. BANK OVERDRAFT

The Company does not have an overdraft facility with the Bank of New Zealand.

The default interest rate charged on the overdraft facility is at the Bank's standard unarranged overdraft rate. At 30 June 2023 this was 22.15% p.a. (2022: 20.20% p.a.).

27. TRADE & OTHER PAYABLES

Accounts Payables

Contract Liability

Note

28

2023 **2022**

494,714	622,751
132,995	152,907
\$627,709	\$775,658

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

28. CONTRACT LIABILITY

This Current Liability consists of several arrangements with shareholders:

	Pump Power	New Connections	Stock Water Offtakes	Total
Year Ended 30 June 2022				
Balance 1 July 2021	44,166	22,667	66,376	133,209
Contribution Received	-	36,564	-	36,564
Returned as Income	(6,309)	(3,165)	(7,392)	(16,866)
Carrying Amount 30 June 2022	37,857	56,066	58,984	152,907
Year Ended 30 June 2023				
Balance 1 July 2022	37,857	56,066	58,984	152,907
Returned as Income	(6,310)	(6,212)	(7,390)	(19,912)
Carrying Amount 30 June 2023	31,547	49,854	51,594	132,995

(1). Pump Power

This represents a receipt from a shareholder towards expected future operating costs incurred by the Company in order to deliver pressurised water to the shareholder's farm. The Company retains ownership of the pumping equipment and the receipts will be spread over 10 years from when water was first delivered.

The balance reflects the amount repayable to the shareholder at the point when the pump is no longer required to deliver pressurised water to the farmer.

(2). New Connections

This represents receipts from two shareholders in the 2020 financial year towards costs incurred by the Company to install secondary offtakes to the shareholder's farms. Further contributions were received from two additional shareholders for costs incurred by the company to connect secondary offtakes to shareholder's farms during the current financial year.

In both situations the Company retains ownership of all infrastructure to the farmer's gate and the receipts will be spread over 10 years from when water was first delivered.

(3). Stock Water Offtakes

This represents receipts from shareholders towards costs incurred by the Company to install stock water offtakes to the shareholder's farms along the scheme. The Company retains ownership of all infrastructure to the farmer's gate and the receipts will be spread over 10 years from when the offtakes were installed.

29. TERM LIABILITIES

Previously ALIL entered into a loan agreement with the Bank of New Zealand (BNZ) to provide additional funding for the construction of stage 2 of the piping scheme.

On the 8th August 2022 ALIL entered into updated loan agreements with the BNZ for the facilities relating to the construction of stage 2 of the piping scheme. These facilities have a maturity date for bank review purposes of 31 October 2023. The loans have an extended repayment profile over the remaining 34 year term of the facility at a 6% p.a. interest rate amortisation profile.

Under these facilities, ALIL has \$7,925,793 of undrawn funds available at reporting date.

There are two covenants attached to the BNZ facilities.

1) Debt servicing coverage ratio (EBITDA / Principal & Interest) to be greater than 1.0x at all times. The ratio is to be measured annually on a 12-month basis on the last day of each financial year.

2) Debt to Tangible Assets of less than 80% at all times. The ratio will be tested annually on the last day of each financial year.

The loans are covered by registered first mortgages of the Company's properties at 266 Springfield Road, Dip Road, Franks Road, Cnr Dromore Methven Road & Braemar Lauriston Road, Cnr Cairnbrae & McKendry's Road, a negative pledge over remaining land assets, a general security agreement, an Assignment of Deed, being the irrigation supply agreement, between the Company and RDRML and a specific charge over 30,000 shares issued by RDRML.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

30. TOTAL EQUITY

	2023	2022
Share Capital	42,771,043	39,431,672
Retained Earnings	1,003,081	985,636
Total Equity	<u>\$43,774,124</u>	<u>\$40,417,308</u>

(a) Share Capital

2022

	Number of Shares	Share Value
Opening Ordinary Shares	1,272,486	39,431,672
Closing Ordinary Shares	<u>1,272,486</u>	<u>\$39,431,672</u>

2023

	Number of Shares	Share Value
Opening Ordinary Shares	1,272,486	39,431,672
Ordinary shares issued	16,726	3,339,371
Closing Ordinary Shares	<u>1,289,212</u>	<u>\$42,771,043</u>

Share capital has a par value of \$1 per share. All shares have been fully paid (2022: All shares have been fully paid).

The Company's capital is managed with the objective of issuing new shares to irrigate additional land within its scheme boundaries through water being available through its own efficiencies or that of RDRML. The Company's primary source of working capital funding is through an annual water charge to cover the Company's operational expenditure. The Company is able to pay dividends but its primary focus is to deliver reliable water in the most cost effective manner to its shareholders. There are currently no bank covenants restricting borrowings, other than a requirement to meet certain debt servicing ratios set by the bank. All bank and internal capital management objectives have been met. This has not changed since last year.

Subject to Board approval shareholders are able to sell their shares, typically through a tender process to either existing shareholders not fully contracted or new shareholders within the Scheme area. The Company facilitates this process.

Share Issue:

On the 30th June 2022 the Company issued an Information Memorandum to existing shareholders in the scheme of a further issue of 44,500 shares in the company at an issue price of \$200 per share. The offer closed on the 29th July 2022 with applications from 21 shareholders for 16,326 shares. Share call income was received on the 19th August 2022 and 15,326 shares were issued on the 6th September 2022.

The remaining 1,000 shares were issued to the shareholder on the 19th January 2023 after the acceptance of a FAVA application.

A further 400 shares were applied for from another shareholder, and accepted by the Board in April 2023. Shares were issued on the 18th May 2023.

(b) Retained Earnings

	2023	2022
Balance at beginning of the period	985,636	(3,267,035)
Profit for the year	17,445	4,252,671
Balance at end of the period	<u>\$1,003,081</u>	<u>\$985,636</u>

31. CAPITAL COMMITMENTS

There are no capital commitments at reporting date (2022: None).

32. CONTINGENCIES & PROVISIONS

The Company is a named second respondent in a High Court judicial review proceeding (Environmental Law Initiative v Canterbury Regional Council & Anor). This proceeding does not have direct financial implications (although possible costs will be a live issue following any judgement).

There are no other contingencies or provisions owed by the Company. (2022: None).

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

33. ASSOCIATE COMPANY & JOINT VENTURE

The Company holds 4,000 ordinary shares (20%) in Irrigo Centre Limited as detailed in Note 15. ICL is an associate where ALIL can exercise significant influence but not control over it. ALIL applies the Equity method when accounting for its interest in ICL.

ICL was put into liquidation on the 23rd January 2023. The Liquidator's report filed on the 27th January 2023 advises that the company is solvent and will remain so for the period of the liquidation.

The Company also holds 24,323 "B" shares in RDR Irrigation Limited (RDRI) as detailed in Note 16. RDRI is an associate where ALIL can exercise significant influence but not control over it. ALIL applies the Equity method when accounting for its interest in RDRI. RDRI is a non-active company and does not currently trade or own any assets.

The Company holds 50 ordinary shares in FEP Dashboard Limited as detailed in Note 17. FEPD is a joint venture where ALIL has joint control of the entity along with MHV Water Limited. ALIL applies the Equity method when accounting for its interest in FEPD.

Results of Associates

Reporting Date

	FEPD		ICL	
	31 March		23 Jan	30 June
	2023	2022	2023	2022
Revenue	45,825	25,300	488	2,114,692
Operating Profit before tax	28,677	8,701	(898)	(47,537)
Taxation	-	-	-	-
Total Operating Surplus / (Loss)	\$28,677	\$8,701	\$(898)	\$(47,537)

No dividends were received from FEPD, ICL, or RDRI during the years ended June 2022 or 2023.

FEPD, ICL and RDRI are private companies, therefore no quoted prices are available for their shares.

A reconciliation of the above summarised financial information to the carrying amount of the investment is summarised below:

2022	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Total Net Assets	% Held	Carrying Amount
ICL	205,231	23,218	(191,577)	-	36,872	20.00%	7,375
FEPD *	39,507	11,623	(79,795)	-	(28,665)	50.00%	-
							\$7,375
2023	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Total Net Assets	% Held	Carrying Amount
FEPD *	13,583	17,737	(31,319)	-	1	50.00%	-
							-

* Share of Net Assets is stated at \$Nil because ALIL's share investment cannot drop below \$0.

Loans to associates and joint ventures

	2023	2022
Advance to ICL	-	15,000
Advance to FEPD	17,939	24,951
	\$17,939	\$39,951

The loan to FEPD is non-interest bearing, unsecured and is repayable on demand.

34. KEY MANAGEMENT PERSONNEL

Key management personnel include the directors of the Company and the General Manager. During the year remuneration has been paid to these personnel as follows:

	2023	2022
Salaries & directors fees	\$288,821	\$282,476

During the year the directors were paid directors fees as detailed in the Annual Report. The amounts owing to directors at 30 June 2023 is \$22,938 (2022: \$22,376).

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2023

35. TRANSACTIONS WITH RELATED PARTIES

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 representative with Philip A Lowe as his alternate. Refer to note 14 for more detail.

The Company is a shareholder in Irrigo Centre Limited. Philip A Lowe is the Company's director representative. Refer to note 15 for more detail.

Colin W Glass and Philip A Lowe are the Company's representatives on the RDR Irrigation Limited board. Refer to note 16 for further details.

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. Refer to note 17 for more detail.

Committees

The Company has created committees, with positions filled by both board members and independent individuals.

Current committees and their members are:

Finance Committee:

Andrew J R Grant (Chair), Steven E B Bierema, Randal D Hanrahan

Stock Water Committee:

Philip A Lowe (Chair), Randal D Hanrahan, George R Lilley (Independent)

36. EVENTS SUBSEQUENT TO BALANCE DATE

i) On the 16th August 2023, the Company entered into updated facility documents with the BNZ extending the expiry dates of the facilities to 31 October 2024. All other terms have remained the same.

ii) On the 30th June 2023, the Company issued an Information Memorandum to existing shareholder in the scheme detailing a further issue of 40,000 shares in the Company. The shares would be issued at a price of \$200 per share, raising up to \$8 million, to assist with the funding of in-scheme storage ponds and reducing debt.

The offer closed on the 21st July 2023, with applications submitted for 768 shares. The Board has accepted the applications and payment has been received from all applicants. The balance of the unallocated shares are able to be issued at the sole discretion of the Board.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ASHBURTON LYNDHURST IRRIGATION LIMITED**

Opinion

We have audited the financial statements of Ashburton Lyndhurst Irrigation Limited ("the Company"), which comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive income, statement of movements in equity and cashflow statement 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 2023, 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") and International Financial Reporting Standards ("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.

There were no Key Audit Matters to be communicated as a result of our audit.

Other Matter

The financial statements of the Company for the year ended 30 June 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on the 14th September 2022.

Other Information

The directors are responsible for the other information. The other information comprises the Company Directory, Chairman and General Manager's Report and Annual 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 IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

This description forms part of our auditor's report.

Who we Report to

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

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



BDO Christchurch
Christchurch
New Zealand
14 September 2023