



Summary Financial Statements

For the Year Ended 30 June 2023

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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

1,289,212 Ordinary Shares

Solicitors

Tavendale and Partners Limited, Ashburton

Bankers

Bank of New Zealand, Christchurch

Auditors

BDO Christchurch Audit Limited, Christchurch



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.

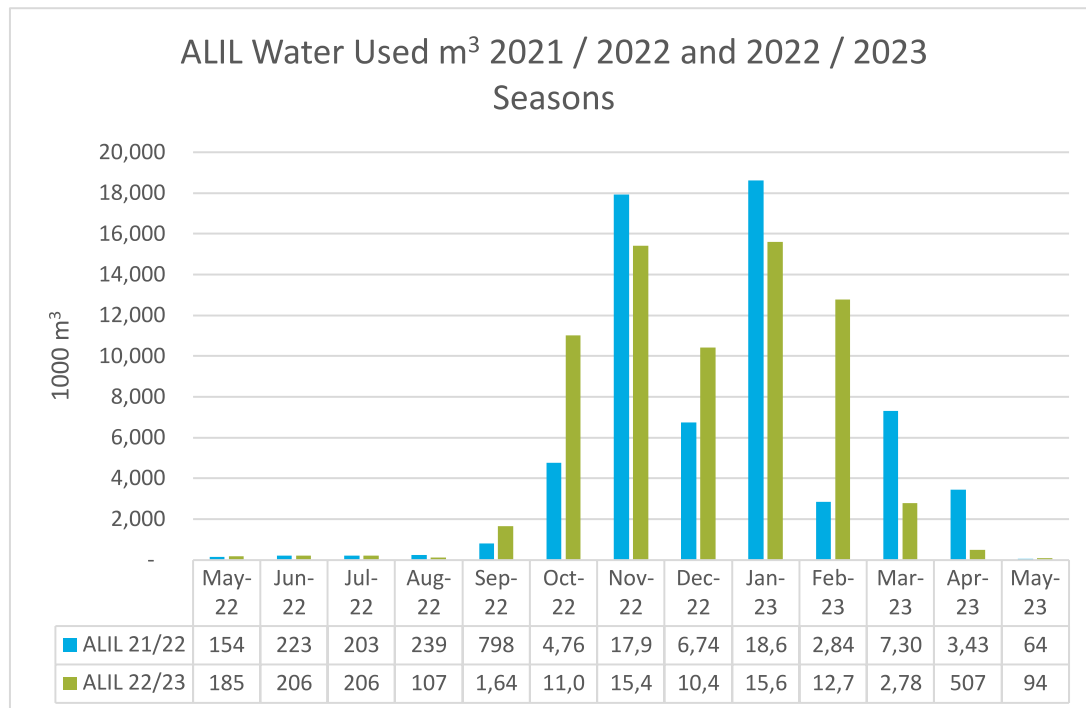


Figure 1: ALIL Supply from RDRML 2021/22 2022/23 Monthly water use (m³)

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

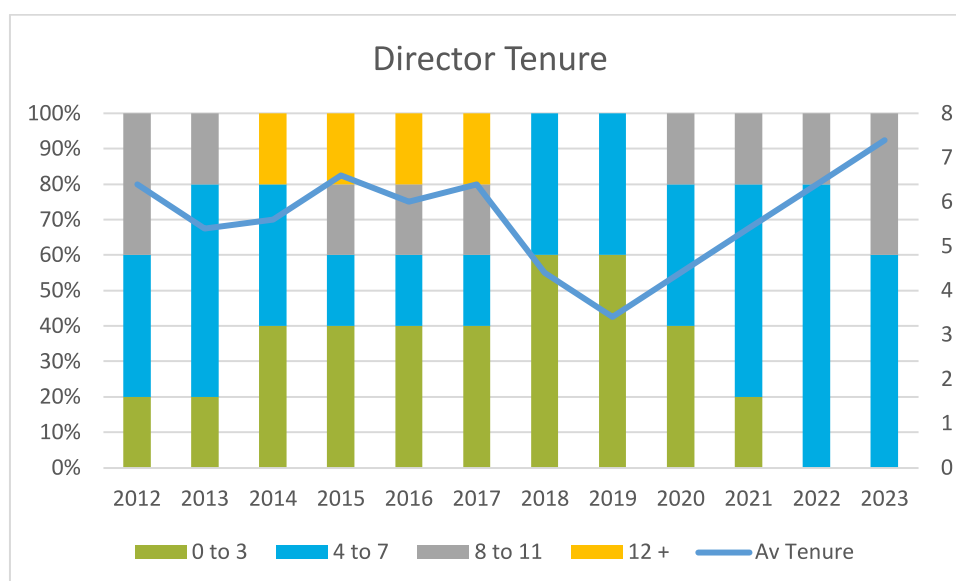
The judicial review brought by ELI against the Canterbury Regional Council (ECan) in relation to ALIL's Discharge Consent was heard in the High Court on 23rd and 24th May 2023.

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

Statement Of Comprehensive Income

For The Year Ended 30 June 2023

	Note	2023	2022
		\$	\$
Income			
Water Charges		9,472,114	7,907,047
Environmental Management Charges		308,697	294,384
Other Income		154,397	231,239
Total Gross Revenue		9,935,208	8,432,670
Less Expenses As Detailed:			
Governance Fees		98,239	85,455
Operating Expenses		2,409,515	2,336,754
Piping Stage 1 Interest Expenses		245,421	252,812
Piping Stage 2 Interest Expenses		3,090,559	2,697,861
Ponds & Telemetry Interest Expenses		948,039	669,516
Scheme Charges		459,437	307,245
Turbine Interest Expenses		3,247	11,543
Turbine Scheme Expenses		-	146,099
Depreciation & Amortisation		3,565,680	3,485,028
Total ALIL Operating Expenses		10,820,137	9,992,313
Plus: Fair Value Movement of Interest Rate Swaps		(890,206)	(6,094,117)
Operating Profit		5,277	4,534,474
Plus: Share Of Associates Profit		11,029	(1,162)
Profit / (Loss) Before Income Tax		16,306	4,533,312
Less Taxation Expense		(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			Total
	Share Capital	Retained Earnings	Hedging Reserves	
	\$	\$	\$	
Equity At 1 July 2021	39,431,672	(3,267,034)	-	36,164,637
Net Surplus / (Deficit) For The Period	-	4,252,671	-	4,252,671
Equity At 30 June 2022	<u>\$39,431,672</u>	<u>\$985,637</u>	<u>-</u>	<u>\$40,417,308</u>
	2023			Total
	Share Capital	Retained Earnings	Hedging Reserves	
	\$	\$	\$	
Equity At 1 July 2022	39,431,672	985,637	-	40,417,308
Net Surplus / (Deficit) For The Period	-	17,445	-	17,445
Transactions with Owners:				
Net Share Capital Issued / Surrendered	3,339,371	-	-	3,339,371
Equity At 30 June 2023	<u>\$42,771,043</u>	<u>\$1,003,082</u>	<u>-</u>	<u>\$43,774,125</u>

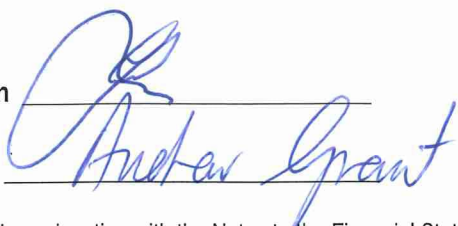
Cash Flow Statement
For The Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Net Cash Inflow From Operating Activities	4	2,453,467	1,849,787
Net Cash Outflow From Investing Activities		(2,573,688)	(532,476)
Net Cash Inflow From Financing Activities		218,073	(1,541,124)
Net Increase/ (Decrease) in Cash		97,852	(223,813)
Opening Cash		(11,426)	212,387
Closing Cash		<u>\$86,426</u>	<u>\$(11,426)</u>

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

	2023		2022
	\$	\$	\$
Current Assets			
Cash And Cash Equivalents	86,426		-
Receivables	1,530,007		1,097,051
Loan Swap Asset	2,014,253		314,459
Related Party Advances	17,939		39,951
Total Current Assets		3,648,625	1,451,461
Non-Current Assets			
Total Other Non-Current Assets	31,940		39,314
Loan Swap Asset	-		803,002
Total Property, Plant, Equipment & Intangibles	117,494,701		118,384,418
		117,526,641	119,226,734
Total Assets		\$121,175,266	\$120,678,195
Current Liabilities			
Bank Overdrafts	-		11,426
Payables	823,604		861,048
Lease Liabilities	11,251		-
Loans & Swap Liabilities	76,005,368		427,235
Total Current Liabilities		76,840,223	1,299,709
Non-Current Liabilities			
Lease Liabilities	281,416		-
Loans & Swap Liabilities	-		78,680,537
Deferred Tax	279,502		280,641
Total Non-Current Liabilities		560,918	78,961,178
Total Shareholder's Equity		43,774,125	40,417,308
Total Shareholders' Funds And Liabilities		\$121,175,266	\$120,678,195

Chairman



Dated 14-09-23

Director

Dated 14-09-23

To be read in conjunction with the Notes to the Financial Statements and Audit Report

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Ashburton Lyndhurst Irrigation Limited

Notes to the Summary Financial Statements

For the Year Ending 30 June 2023

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 2023. 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 2023.

1. STAGE 1 PIPING SCHEME (GREENLINE)	2023	2022
Total Scheme Charges Received	503,132	522,375
Less:		
Interest	245,421	252,812
Principal paid	224,250	268,560
	<u>469,671</u>	<u>521,372</u>
Excess Monies Received over Expenditure	33,461	1,003
Opening Position	192,629	191,626
Closing Position	<u>\$226,090</u>	<u>\$192,629</u>

Within the Company's retained earnings there is a 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's assets.

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

Within the Company's retained earnings there is an 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 the Summary Financial Statements

For the Year Ending 30 June 2023

3. STAGE 2 PIPING	2023	2022
Total Scheme Charges Received	4,529,963	3,991,024
Shares Issued	3,339,371	-
	<u>7,869,334</u>	<u>3,991,024</u>
Less:		
Interest	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 there is a 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.

4. STATEMENT OF CASH FLOW RECONCILIATION WITH REPORTED PROFIT	2023	2022
Profit/(Loss) For Year	17,445	4,252,671
Non Cash Items	2,646,732	(2,404,678)
Movement in Net Current Assets / Liabilities	(209,777)	2,598
Items Classified as investing activities	(933)	(804)
Net Cash Flow From Operating Activities	<u>\$2,453,467</u>	<u>\$1,849,787</u>

5. CONTINGENCIES & PROVISION

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 provision owed by the Company (2022: None).

6. 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.

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 Philip A Lowe as his alternate. During the year the Company paid \$459,437 (2022: \$307,245) for operational contributions. The operational amount owed at 30 June 2023 was \$50,898 (2022: \$30,478).

The Company is a shareholder in Irrigo Centre Limited. Philip A Lowe is the Company's director representative. During the year the Company paid \$12,614 for fixed assets acquired (2022: \$323,865 for administration and environmental services). The Company also received interest of \$544 and \$4,285 for administration services (2022: \$786 interest received). At 30 June 2023 no amounts were outstanding (2022: \$5,203). The shareholders of Irrigo resolved in May 2022 that the company will be wound up and remaining assets taken over by the shareholders, with liquidation commencing on 23rd January 2023.

Ashburton Lyndhurst Irrigation Limited

Notes to the Summary Financial Statements

For the Year Ending 30 June 2023

Colin W Glass and Philip A Lowe are the Company's representatives on the RDR Irrigation Limited board. During the year the Company paid nothing towards administration costs (2022: \$Nil). Approval has been 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 2023 the Company paid \$22,913 for use of software (2022:\$5,000). At 30 June 2023 the company did not owe any monies (2022: \$Nil).

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

	2023	2022
Colin W Glass (Chairperson)	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
	<u>\$86,988</u>	<u>\$85,455</u>

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 BDO Christchurch Audit Limited, 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 6 to 11, which comprise the summary statement of financial position as at 30 June 2023, and the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and related notes are derived from the audited financial statements of Ashburton Lyndhurst Irrigation Limited (“the Company”) for the year ended 30 June 2023.

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.

Other Matter

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Chairman and General Manager’s Report but does not include the summary financial statements and our auditor’s report thereon.

Our opinion on the summary financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. We have read the other information and, in doing so, considered whether the other information is materially inconsistent with the summary financial statements, or our knowledge obtained in the audit of the summary financial statements or otherwise appears to be materially misstated. We have nothing to report in this regard.

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 2023.

Directors' Responsibilities 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 Responsibilities for the Audit of the Summary Financial Statements

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with 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.

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

A handwritten signature in blue ink that reads 'BDO Christchurch'.

BDO Christchurch
Christchurch
New Zealand
14 September 2023