



## **Financial Accounts**

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For The Year Ended 30 June 2024

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# Ashburton Lyndhurst Irrigation Limited

## Company Directory

<b>Registered Office</b>	144 Tancred Street, Ashburton
<b>Directors</b>	Colin Wesley Glass (Chairperson) Randal David Hanrahan Steven Edzo Broeils Bierema Philip Allan Lowe Suzanne Cheri Duncan (appointed 19-Oct-2023) Andrew James Ronald Grant (resigned 19-Oct-2023)
<b>Bankers</b>	Bank of New Zealand, Christchurch
<b>Accountants</b>	Brophy Knight Limited, Ashburton
<b>Solicitors</b>	Tavendale and Partners Limited, Ashburton
<b>Auditors</b>	BDO Christchurch Audit Limited, Christchurch
<b>Date Of Incorporation</b>	22-September-1989
<b>Capital</b>	1,290,019 Ordinary Shares



## Chairman and Chief Executive’s Report

### For the Year Ended 30 June 2024

At the 2023 Ashburton Lyndhurst Irrigation Limited (ALIL) Annual Meeting, updates were provided to shareholders on several initiatives. These included:

- Changes in water charges
- Land Use and Discharge consent
- Stock water and Storage
- Environmental Law Initiative Court Case
- Board Succession

### 2023/24 Irrigation Season

Peak water use rose in 2023/24 compared with the prior season. Seasonal peaks moved from November and January to the latter half of the season with demand remaining relatively high through March.

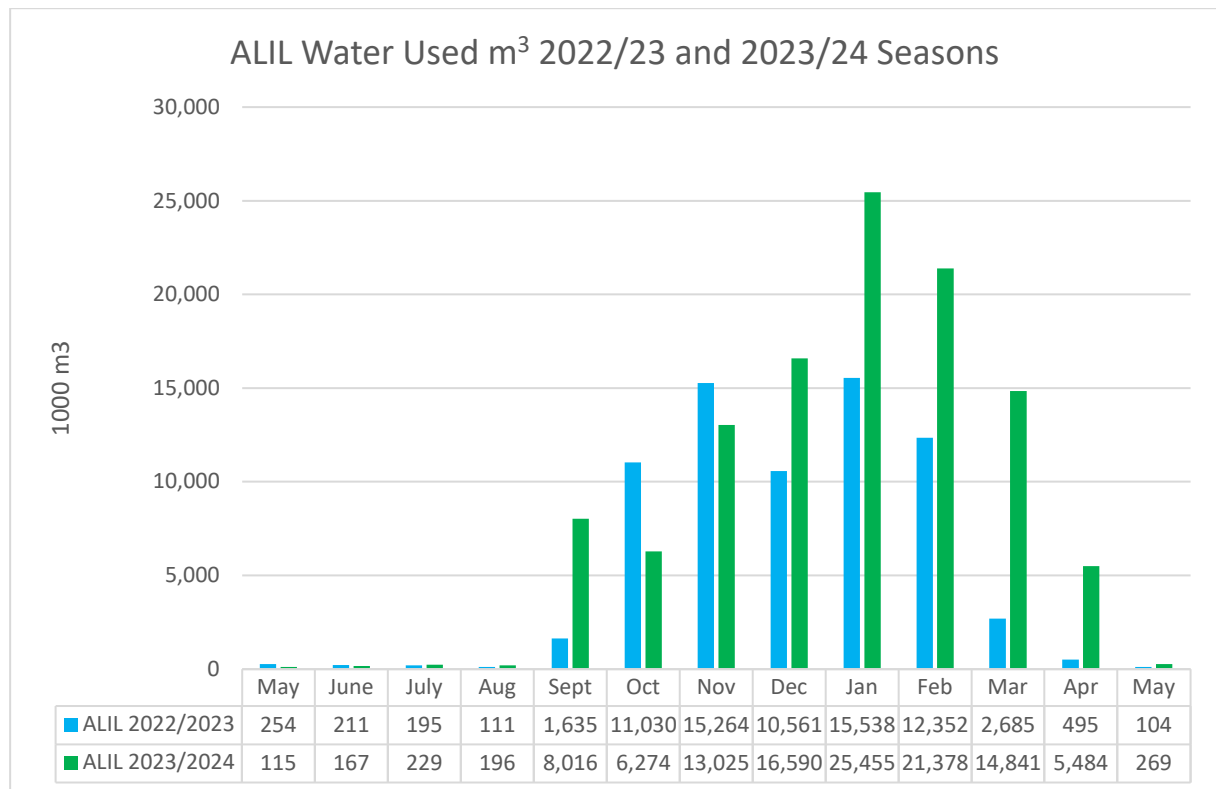


Figure 1: ALIL Supply from RDRML 2022/23 2023/24 Monthly water use (m<sup>3</sup>)

ALIL received 112,039,000 cubic metres of irrigation water, up 58% from 70,970,518 cubic metres in the prior year. Spread over the scheme's irrigated area this equates to 353mm, compared with 245mm in the 2022/23 year and 214 mm in the 2021/22 year.

The efficiency of our piped network and spray application was evident through the season in maintaining our scheme reliability through some very dry periods when the supply from the RDR was under restriction.

There were no days of restriction for the 2023/24 season. The scheme accessed 5.5 days stored water at 500 litres per second via Barrhill Chertsey Irrigation Limited (BCI). This compared with 0 days of restriction and 0 days of BCI water in the 2022/23 season.

## **Water Charges**

Water Charges for the 2024/25 financial year have remained relatively unchanged from the 2023/24 financial year. Stage 2 and Greenline (Stage 1) charges are now both \$7.38 per share. The Greenline will continue to utilise some of the prior years' surpluses.

The Environmental Charges lifted in response to anticipated legal costs in the coming year and are at \$1,000 for the first 50ha and \$10.40 per each additional hectare managed under a Farm Environment Plan (FEP). The fee for Authorised Properties is \$200 per property.

In preparing this year's budget the Company has continued to be mindful of the cost pressure being experienced on-farm and is appreciative of the feedback from shareholders at last year's annual meeting to contain scheme costs.

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

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, and the sale of further water shares, allowing the water charge per share to remain relatively unchanged for 2024/25.

## **Long Term Reliability**

Following the piping of the scheme and further share sales, the scheme's long-term reliability has been re-assessed. A small amount of in-scheme storage is required to maintain reliability in excess of 98%, and this is currently under construction with the Palmer's pond. Additional storage will be required into the future should river allocations, minimum river flows or climate change impact the scheme's supply or demand.

The Palmer's pond will provide additional in-scheme storage of 315,000m<sup>3</sup> on McKendrys Road to ensure shareholders reliability is maintained to optimise water use. This project is due to be completed in late December 2024.

The purchase of land and consents at Klondyke from RDRML has been completed. 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 2½ years the Board has made three offers of shares; the first to its existing shareholders and the second and third to shareholders and farmers within our wider scheme area. We have sold 21,254 shares, raising capital of \$4.1M. An application for ALIL shared water to be delivered outside the current scheme area is currently under consideration. Water sales will assist with funding storage construction costs and provide further water charge income.

## **Stock Water**

As part of the new Long Term Plan, Ashburton District Council (ADC) is planning to exit its stock water service by 30 June 2027. ALIL are continuing to work with ADC on the transition of stock water to the irrigation schemes.

This year ALIL is delivering stock water to 59 shareholders (69 offtakes), covering 8,393 hectares of farmland. This stock water is sourced from ADC's water entitlement in RDRML that has previously been transferred to ALIL.

## **Land Use and Discharge Consent (LUC) and Environmental Law Initiative (ELI) Judicial Review**

In 2022 ELI brought a judicial review against the Canterbury Regional Council (ECan) in relation to ALIL's Discharge Consent. The case was heard in the High Court on 23<sup>rd</sup> and 24<sup>th</sup> May 2023 and a decision was delivered on 20 March 2024.

The High Court found in favour of ECan on their notification decision and in favour of ELI in relation to the consideration of the coastal policies and the application of section 107 in the Resource Management Act regarding the grant of a discharge consent.

Since the High Court decision in March, ALIL has been operating under continuance utilising its previous discharge consent. This allows ALIL to manage the nutrient load for land within its command area while ECan reconsiders the decision on resource consent CRC185469 it reached in June 2020.

The scheme complied with all conditions under this consent in the December 2023 report.

A total of 37 Farm Environment Plan (FEP) audits were completed for ALIL shareholders in the 2023/24 season and all completed within the compliance monitoring deadlines. Audit results included:

- 11% achieving Advanced Mitigation,
- 83% achieving an 'A', and
- 6% receiving a 'B'.

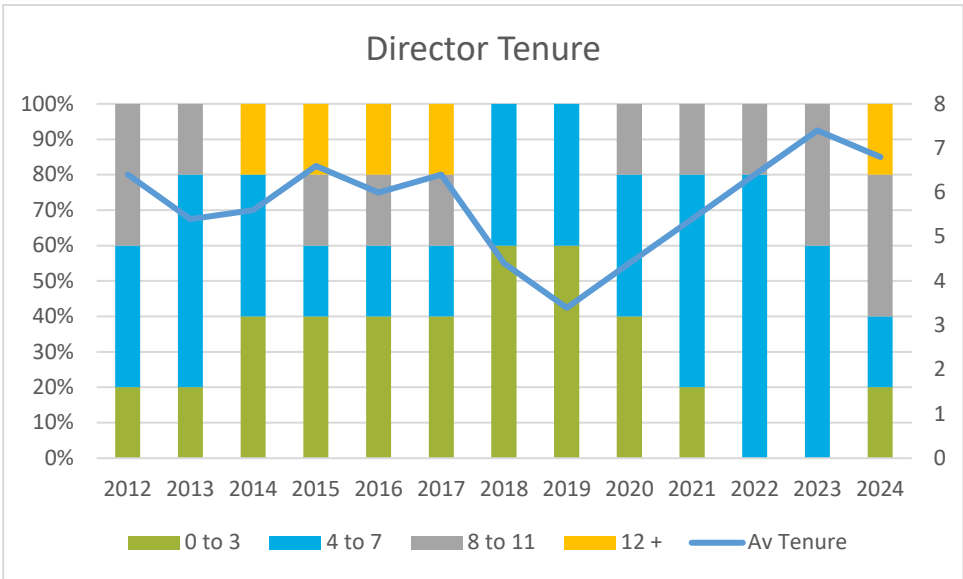
It was pleasing to see the increase in properties audited to Advanced Mitigation and the reduction in B grade audits. The low grades were issued due to irrigation management, sediment risk to waterbodies, and on-farm ponding of water in gateways.

Of the land area under ALIL Discharge Consent, 10% is now graded at A+ (Advanced Mitigation) and 84% is at an A, combined these make up 94% of the scheme area, compared with 95% A grade 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 of water quality.

**Directors and Staff**

The Board is in a period of succession. Sue Duncan joined the Board at the 2023 Annual Meeting and is making a valuable contribution to the Governance of the Scheme. There is a vacancy this year with the retirement of Randal Hanrahan, and there will be a further vacancy in 2025 as Colin Glass has indicated he will not be seeking re-election at next year’s Annual Meeting.



Our thanks to Ali van Polanen for her contribution as the Board Observer [now Associate Director] in 2023, and we welcomed Johnny Rowe who actively brings his finance skills to Board Meetings. The Associate Director role will be advertised again for 2025 following the 2024 Annual Meeting.

Our thanks to all Directors for their continued engagement and support over the past year. Our special thanks to Randal Hanrahan for eight years of service, including roles on the finance and stock water committees and as a Director on FEP Dashboard Limited.

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 2024

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 2024

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 19th July 2023, Colin W Glass declared an interest as CEO of Dairy Holdings Limited in discussions on the turbine generation project.

On the 30th August 2023, Colin W Glass declared an interest in relation to the expression of interest received from Alford Park Limited, a Dairy Holdings subsidiary, as part of the 2023 share offer.

On the 30th August 2023, Philip A Lowe declared an interest in relation to the expression of interest received on the Greenline as part of the 2023 share offer.

On the 22nd November 2023, Suzanne C Duncan declared an interest in signing of a Deed of Indemnity with the Company.

On the 11th March 2024, Colin W Glass declared an interest in discussions regarding scheme expansion.

On the 8th April 2024, Colin W Glass declared an interest in relation to the expression of interest and share application from Alford Park Limited.

On the 5th June 2024, Colin W Glass declared an interest in relation to discussions around the share application from Alford Park Limited.

On the 5th June 2024, Philip A Lowe declared an interest in relation to discussions around the FAVA application from Spreadeagle Holdings Limited.

On the 5th June 2024, Suzanne C Duncan declared an interest in an update to the Water Supply Agreement with Browns Farm Limited to correct the property map for the correct location of the pipeline.

*\* Refer to Note 32 for transactions with related parties*

# Ashburton Lyndhurst Irrigation Limited

## Annual Report

### For The Year Ended 30 June 2024

As at 30 June 2024 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
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
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
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
Philip A Lowe	
Phidon Farm Limited	Director & Shareholder
Philip Lowe Family Trust	Trustee
Spreadeagle Holdings Limited	Director & Shareholder
Spring River Farms Partnership Limited	Director & Shareholder
Spring River Holdings Limited	Director & Shareholder
Suzanne C Duncan	
Pinefields Limited	Director & Shareholder
Fairton Dairy Limited	Director & Shareholder
Willowfields Limited	Director & Shareholder
R H & S C Duncan	Partner
R & S Duncan Family Trust	Trustee



# Ashburton Lyndhurst Irrigation Limited

## Annual Report

### For The Year Ended 30 June 2024

#### 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

During the year no share transactions involving a director occurred.

At 30 June 2024 the Directors held interests in the following shares:	2024	2023
<b>Colin W Glass</b>		
Jaline Farm Limited (Dairy Holdings Limited Subsidiary company)	6,697	6,697
Ketson Holdings Limited (Dairy Holdings Limited Subsidiary company)	6,635	6,635
Tamlaght Farm Limited	6,520	6,520
Westward Ho Farming Company Limited	4,500	4,500
Westward Ho Limited	4,500	4,500
	<u>28,852</u>	<u>28,852</u>
<b>Randal D Hanrahan</b>		
Merope Holdings Limited	12,674	12,674
	<u>12,674</u>	<u>12,674</u>
<b>Steven E B Bierema</b>		
Somerton Station Farm Limited	8,908	8,908
	<u>8,908</u>	<u>8,908</u>
<b>Philip A Lowe</b>		
Spreadeagle Holdings Limited	4,800	4,800
Spring River Holdings Limited	8,873	8,873
	<u>13,673</u>	<u>13,673</u>
<b>Suzanne C Duncan</b>		
Fairton Dairy Limited	6,922	6,922
Pinefields Limited	7,912	7,912
	<u>14,834</u>	<u>14,834</u>
<b>Andrew J R Grant</b>		
Craigellachie Dairy Farms Limited	12,428	12,428
Craigellachie Farm Mitcham Limited	9,258	9,258
	<u>21,686</u>	<u>21,686</u>

# Ashburton Lyndhurst Irrigation Limited

## Annual Report

### For The Year Ended 30 June 2024

#### Remuneration and other benefits

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

	<b>2024</b>	<b>2023</b>
Colin W Glass (Chairman)	29,521	28,000
Randal D Hanrahan	15,492	14,000
Steven E B Bierema	15,979	14,000
Philip A Lowe	15,317	16,051
Suzanne C Duncan	10,756	-
Andrew J R Grant	4,560	14,937
	<b>\$91,625</b>	<b>\$86,988</b>

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 2024 are specified in the following bands:

Band	Number of Staff
\$100,000 - \$110,000	2
\$120,000 - \$130,000	1
\$220,000 - \$230,000	1

#### Audit Fees

Audit fees of \$23,000 were paid to BDO Christchurch Audit Limited in respect of the audit for the year (2023: \$23,000).

For and on behalf of the Board



..... **Chairman**

18/09/2024

..... **Date**



..... **Director**

18/09/2024

..... **Date**

**Ashburton Lyndhurst Irrigation Limited**  
**Statement Of Comprehensive Income**  
**For The Year Ended 30 June 2024**

	Note	2024	2023
		\$	\$
<b>Income</b>			
Water Charges	4	9,485,069	9,472,114
Rentals Received	5	35,638	30,038
Interest Received		287	933
Other Income	6	229,051	123,426
Environmental Management Charges		292,926	308,697
Total Gross Income		10,042,971	9,935,208
<b>Less Expenses As Detailed:</b>			
Administration & Operating Expenses	7	3,056,698	2,487,763
Interest		20,837	19,991
Piping Stage 1 Interest Expenses	10 & 11	272,172	245,421
Piping Stage 2 Interest Expenses	10 & 12	3,340,766	3,090,559
Ponds & Telemetry Interest Expenses	10	1,446,205	948,039
Share of R.D.R. Costs	13	493,900	459,437
Turbine Interest Expenses	10	-	3,247
Depreciation & Amortisation		3,586,498	3,565,680
Total ALIL Operating Expenses		12,217,076	10,820,137
		(2,174,105)	(884,929)
Plus: Fair Value Movement of Interest Rate Swaps	10	(962,681)	890,206
<b>Operating Loss</b>		(3,136,786)	5,277
Share Of Associates Profit	30	(16,848)	14,159
Loss on Disposal of Associate		-	(3,130)
<b>Profit/(Loss) Before Income Tax</b>		(3,153,634)	16,306
Taxation Benefit	15	(279,502)	(1,139)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		\$(2,874,132)	\$17,445
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS</b>		\$(2,874,132)	\$17,445

**Ashburton Lyndhurst Irrigation Limited**  
**Statement Of Movements In Equity**  
**For The Year Ended 30 June 2024**

	Note	Share Capital \$	2023 Retained Earnings \$	Total \$
<b>Equity At 1 July 2022</b>		39,431,672	985,637	40,417,309
Total Comprehensive Income		-	17,445	17,445
<b>Transactions with Owners:</b>				
Share Capital Issued	<b>26(a)</b>	3,339,371	-	3,339,371
<b>Equity At 30 June 2023</b>		<u>\$42,771,043</u>	<u>\$1,003,082</u>	<u>\$43,774,125</u>

	Note	Share Capital \$	2024 Retained Earnings / (Accumulated Losses) \$	Total \$
<b>Equity At 1 July 2023</b>		42,771,043	1,003,082	43,774,125
Total Comprehensive Loss		-	(2,874,132)	(2,874,132)
<b>Transactions with Owners:</b>				
Share Capital Issued	<b>26(a)</b>	159,840	-	159,840
<b>Equity At 30 June 2024</b>		<u>\$42,930,883</u>	<u>\$(1,871,050)</u>	<u>\$41,059,833</u>

**Ashburton Lyndhurst Irrigation Limited**  
**Statement Of Financial Position**  
**As At 30 June 2024**

	Note	2024		2023
		\$	\$	\$
<b>Current Assets</b>				
Cash And Cash Equivalents	18		78,326	86,426
Trade And Other Receivables	19		1,248,570	1,530,007
Loan Swap Asset	18		1,131,299	2,014,253
Related Party Advance				
FEP Dashboard Limited	14 & 30		4,448	17,939
Mid Canterbury Water Storage Limited	30		7,212	-
Total Current Assets				3,648,625
<b>Non-Current Assets</b>				
Investments In:				
Ashburton Trading Society Limited	18	1,440		1,440
Farmlands Co-operative Society Limited	18	500		500
FEP Dashboard Limited	14 & 30	4,179		-
Mid Canterbury Water Storage Limited	30	4,573,973		-
RDR Management Limited	13	30,000		30,000
			4,610,092	31,940
Property, Plant, Equipment & Intangible Assets				
Property, Plant And Equipment	20	113,534,405		116,719,849
Intangible Assets	21	444,823		489,089
Right Of Use Assets	22	290,692		285,763
			114,269,920	117,494,701
Total Non-Current Assets				117,526,641
<b>Total Assets</b>				<b>\$121,175,266</b>
				<b>\$121,349,867</b>

**Ashburton Lyndhurst Irrigation Limited**  
**Statement Of Financial Position**  
**As At 30 June 2024**

	Note		2024		2023
		\$	\$	\$	\$
<b>Current Liabilities</b>					
Trade And Other Payables	23		536,715		627,709
GST Payable			74,690		146,903
Employee Entitlements			37,260		48,992
Lease Liability	22		13,088		11,251
Loans	18		79,130,273		75,878,338
Swap Liabilities	18		206,757		127,030
Total Current Liabilities				79,998,784	76,840,223
<b>Non-Current Liabilities</b>					
Lease Liability	22		291,251		281,416
Deferred Tax Liability	16		-		279,502
Total Non-Current Liabilities				291,251	560,918
<b>Equity</b>					
Share Capital			42,930,882		42,771,043
Retained Earnings / (Accumulated Losses)			(1,871,050)		1,003,082
Total Equity	26			41,059,832	43,774,125
<b>Total Shareholders' Funds And Liabilities</b>				<b>\$121,349,867</b>	<b>\$121,175,266</b>

For and on behalf of the Board of Directors:

Chairman  \_\_\_\_\_

Dated 18/09/2024 \_\_\_\_\_

Director  \_\_\_\_\_

Dated 18/09/2024 \_\_\_\_\_

**Ashburton Lyndhurst Irrigation Limited**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2024**

	Note	2024		2023
		\$	\$	\$
<b>Cash Flows From Operating Activities</b>				
Cash receipts from Customers		9,831,005		9,723,380
Cash paid to Suppliers		(2,503,417)		(2,278,745)
Cash paid to Employees		(798,362)		(729,896)
Cash generated from operations			6,529,226	6,714,739
GST		(15,977)		47,056
Interest Paid		(5,035,668)		(4,308,219)
Income Tax		29		(109)
			(5,051,616)	(4,261,272)
<b>Net Cash Inflow From Operating Activities</b>			1,477,610	2,453,467
<b>Cash Flows From Investment Activities</b>				
Cash Receipts from Associates		13,491		45,415
Cash Investments in Associates & Joint Ventures		(4,602,212)		(5,000)
Cash Received for Property, Plant, Equipment & Intangibles		55,198		70,823
Cash Paid for Property, Plant, Equipment & Intangibles		(350,155)		(2,685,859)
Interest Received		287		933
<b>Net Cash Inflow/(Outflow) From Investing Activities</b>			(4,883,391)	(2,573,688)
<b>Cash Flows From Financing Activities</b>				
Cash Receipts from Loan Proceeds		5,187,500		1,804,712
Cash Receipts from Share Capital	26(a)	159,840		3,339,371
Principal Paid on Lease Liabilities		(14,094)		(12,309)
Repayment of Loans		(1,935,565)		(4,913,701)
<b>Net Cash Inflow/(Outflow) From Financing Activities</b>			3,397,681	218,073
Net Increase/(Decrease) in Cash			(8,100)	97,852
Opening Cash Equivalents			86,426	(11,426)
<b>Closing Cash Equivalents</b>			\$78,326	\$86,426

**Ashburton Lyndhurst Irrigation Limited**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2024**

	2024		2023
	\$	\$	\$
<b>Reconciliation With Reporting Trading Profit</b>			
Profit/(Loss) For Year		(2,874,132)	17,445
<b>Non Cash Items</b>			
Depreciation & Amortisation	3,586,498		3,554,699
Depreciation Recovery Income	(40,995)		(5,592)
Profit from Associates	16,848		(11,030)
Fair Value Movement of Interest Rate Swaps	962,681		(890,206)
Movements in Deferred Tax	(279,502)		(1,139)
		4,245,530	2,646,732
<b>Movement in net Current Assets / Liabilities</b>			
Increase in Accounts Payable	(31,586)		169,831
Increase in Accounts Receivable	287,028		(406,643)
Increase in Income Tax	29		(109)
Prepayment	(132,995)		(19,912)
GST	(15,977)		47,056
		106,499	(209,777)
<b>Items Classified as investing activities:</b>			
Interest Received	(287)		(933)
		(287)	(933)
<b>Net Cash Inflow/(Outflow) From Operating Activities</b>			
		\$1,477,610	\$2,453,467



# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### 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 18th September 2024.

##### (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

Note N investments in associates

##### (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 2023 was made.

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### (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.

### 3. MATERIAL 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 1 year 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 2024

#### 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.

The Company applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period to the period end. The historical loss rates are then adjusted for current and forward-looking information factors that affect the Company's customers over the expected lives of the receivables.

##### (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 2024

#### 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 10).

#### 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 is 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 2024

#### **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 & joint ventures**

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

Joint ventures are those entities over which the Company has joint control and has rights to the net assets of the entity.

Investments in associates and joint ventures 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.

Management has applied judgement in determining the classification of the Joint Arrangement over MCWSL with reference to NZ IFRS 11. The joint arrangement has been classified as a joint venture with consideration to a number of factors. Refer to Note 30 for more details regarding this.

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### 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 2024.

##### Disclosure of Fees for Audit Services

###### Effective for annual reporting periods on or after 1 January 2024

Alters FRS 44 by requiring entities to provide consistent disclosures of fees paid to its audit or review firm for different types of services, broken down into specific categories. The Company will apply the amendments to this standard from 1 July 2024. The Company does not anticipate any material impact on the financial statements by implementing this standard.

##### Disclosure of Non-current Liabilities with Covenants

###### Effective for annual reporting periods on or after 1 January 2024

Alters NZ IAS 1 to clarify how covenants which an entity must comply with within twelve months of reporting date affect the classification of a liability. The Company will apply the amendments to this standard from 1 July 2024. The Company does not anticipate any material impact on the financial statements by implementing this standard.

##### Supplier Finance Arrangements

###### Effective for annual reporting period on or after 1 January 2024

Alters NZ IAS 7 and NZ IFRS 7 by introducing disclosures to enhance transparency of an entity's finance arrangements and their effects on its liabilities, cash flows and exposure to liquidity risk. The Company will apply the amendments to these standards from 1 July 2024. The Company does not anticipate any material impact on the financial statements by implementing this standard.

##### Presentation and Disclosure in Financial Statements

###### Effective for annual reporting period on or after 1 January 2027

NZ IFRS 18 replaces NZ IAS 1 and introduces new requirements to improve how information is communicated in the financial statements, in particular information in the Statement of Profit or Loss. The Company will apply this new standard from 1 July 2027. The Company is still considering the impact on the financial statements of implementing this standard.

#### 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 whether the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

4. WATER CHARGES	2024	2023
Main Scheme Charges	5,064,367	4,439,019
Piping Scheme Stage 1 "Greenline" Charges	439,936	503,132
Piping Scheme Stage 2 Charges	3,980,766	4,529,963
	\$9,485,069	\$9,472,114
	\$9,485,069	\$9,472,114
5. RENTALS RECEIVED	2024	2023
Springfield Farm Lease	9,600	4,000
Ledgerwoods Road	13,038	13,038
Springfield Road Scheme Operator's Cottage	13,000	13,000
	\$35,638	\$30,038
	\$35,638	\$30,038

(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 2024

<b>6. MISCELLANEOUS INCOME</b>		<b>2024</b>	<b>2023</b>
	BCI Distribution Charge	62,022	41,661
	Gain on Disposal of Property, Plant and Equipment	40,995	11,147
	Pump Power Contribution Amortisation	-	6,309
	New Connections Contribution Amortisation	-	13,603
	Share Transfer Fee	2,500	4,750
	Shingle Sales	14,993	22,255
	Stock Water Offtakes	75,594	9,000
	Other Sundry Income	32,947	14,701
		<b>\$229,051</b>	<b>\$123,426</b>
<hr/>			
<b>7. ADMINISTRATION &amp; OPERATING EXPENSES</b>		<b>2024</b>	<b>2023</b>
	Accounting	22,300	21,500
	Audit Fees	23,000	23,000
	Communication, Mail & Stationery	22,800	22,994
	Employment Expenses	749,285	720,898
	Defined Contribution Pension Plan	22,554	20,783
	Fringe Benefit Tax	31,639	25,707
	Governance Fees	91,625	98,239
	Insurance & Rates	509,151	450,216
	Irrigation New Zealand Subscription	44,800	44,800
	Operating Expenses	1,411,042	951,411
	Other Subscriptions	13,846	14,773
	Secretarial Expenses	3,555	8,314
	Water Monitoring Costs	43,034	19,002
	Other	68,067	66,126
		<b>\$3,056,698</b>	<b>\$2,487,763</b>
<hr/>			
<b>8. GOVERNANCE FEES</b>		<b>2024</b>	<b>2023</b>
	Directors Fees	91,625	86,989
	Observer Training *	-	10,000
	Non-Director Committee Fees	-	1,250
		<b>\$91,625</b>	<b>\$98,239</b>
<hr/>			

\* The October 2023 Annual Meeting approved total Directors Fees and Training expenses for the 2024 year of \$98,000 (October 2022 Annual Meeting: \$95,000).

In March 2024 the training costs for the Associate Director was requested to be carried forward to the 2025 year. This has been considered and approved by the Board and the remuneration committee has been notified.

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 year.

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

9. OPERATING EXPENSES	2024	2023
Direct Irrigation Costs		
Contracted Stored Water	86,945	81,389
Electricity	482,726	303,976
Repairs & Maintenance	438,020	284,971
	<u>1,007,691</u>	<u>670,336</u>
Other Operating Costs		
Consultancy Expenses	25,287	4,575
Efficiency Costs	50,649	(47,877)
Environmental Management Expenses *	179,157	116,996
Health & Safety Costs	8,804	3,623
Legal Fees	55,704	127,886
Resource Consent Costs	1,595	4,108
Vehicle Expenses	68,216	69,937
Other	13,939	1,827
	<u>403,351</u>	<u>281,075</u>
	<u>\$1,411,042</u>	<u>\$951,411</u>

\* The increase in Environmental Management Expenses is due to expenses incurred in the defence of the Environmental Law Initiative judicial review. Costs incurred for the year total \$51,500.

#### 10. INTEREST EXPENSE

Year Ended 30 June 2023	Turbine Scheme *	Piping Scheme Stage 1 (Greenline)	Piping Scheme Stage 2	Ponds & Telemetry	Total Interest
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
	<u>3,247</u>	<u>245,421</u>	<u>3,090,559</u>	<u>948,039</u>	<u>4,287,266</u>
Net Change in fair value of Interest Rate Swap	(1,340)	(37,905)	(743,952)	(107,009)	(890,206)
	<u>\$1,907</u>	<u>\$207,516</u>	<u>\$2,346,607</u>	<u>\$841,030</u>	<u>\$3,397,060</u>

Year Ended 30 June 2024	Piping Scheme Stage 1 (Greenline)	Piping Scheme Stage 2	Ponds & Telemetry	Total Interest
Bank Table Loan Interest	279,679	4,126,879	1,683,005	6,089,563
Plus Interest Rate Swap Debits Paid	(7,508)	(840,487)	(236,800)	(1,084,795)
Plus Undrawn Loan Facility Fees	-	54,374	-	54,374
	<u>272,171</u>	<u>3,340,766</u>	<u>1,446,205</u>	<u>5,059,142</u>
Net Change in fair value of Interest Rate Swap	22,942	708,994	230,745	962,681
	<u>\$295,113</u>	<u>\$4,049,760</u>	<u>\$1,676,950</u>	<u>\$6,021,823</u>

\* 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 2024

<b>11. STAGE 1 PIPING SCHEME (GREENLINE)</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
Total Scheme Charges Received	<b>4</b>	439,936	503,132
Less:			
Interest	<b>10</b>	272,171	245,421
Principal paid		217,200	224,250
		<u>489,371</u>	<u>469,671</u>
Excess Monies Received over Expenditure		(49,435)	33,461
Opening Position		226,090	192,629
Closing Position		<u>\$176,655</u>	<u>\$226,090</u>

Within the Company's retained earnings (stated at note 26) there is an amount of \$176,655 (2023: \$226,090), which equates to the cumulative reserve for the stage 1 piping scheme. Funds supporting this are held in the Company assets.

<b>12. STAGE 2 PIPING</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
Total Scheme Charges Received	<b>4</b>	3,980,766	4,529,963
Shares Issued		159,840	3,339,371
		<u>4,140,606</u>	<u>7,869,334</u>
Less:			
Interest	<b>10</b>	3,340,766	3,090,559
Principal paid		571,200	596,220
Transfer from Turbine Scheme		-	84,410
		<u>3,911,966</u>	<u>3,771,189</u>
Excess Monies Received over Expenditure		228,640	4,098,145
Opening Position		1,851,832	(2,246,313)
Closing Position		<u>\$2,080,472</u>	<u>\$1,851,832</u>

Within the Company's retained earnings (stated at note 26) there is an amount of \$2,080,472 (2023: \$1,851,832), which equates to the cumulative reserve for the stage 2 piping scheme. Funds supporting this are held in the Company's assets.

<b>13. RANGITATA DIVERSION RACE MANAGEMENT LIMITED (RDRML)</b>	<b>2024</b>	<b>2023</b>
Annual Contribution	493,900	459,437
Total Contributions	<u>\$493,900</u>	<u>\$459,437</u>
Trade Payables Owing	<u>\$55,431</u>	<u>\$50,898</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.

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### 14. FEP DASHBOARD LIMITED

	2024	2023
License Fee	\$15,210	\$22,913
Trade Payables Owing	-	-

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 30 for details of the value of the investment.

#### 15. TAXATION

	2024	2023
<b>Tax Reconciliation</b>		
Profit/(loss) before income tax	(3,153,634)	16,306
Prima Facie income tax at 28%	(883,018)	4,566
Add (subtract) taxation effect of Permanent Differences		
Non-Deductible Expenses	613	506
Non Taxable Income	-	(3,121)
Adjustment for Equity Accounted Investments	4,717	(3,090)
	5,330	(5,705)
Timing Difference		
Tax Losses Not Recognised	451,776	-
Deferred Tax Adjustment re Building Depreciation	146,410	-
	598,186	-
Income Tax Expense	\$(279,502)	\$(1,139)
The income tax expense is represented by	<b>2024</b>	<b>2023</b>
Current Tax	-	-
Deferred Tax	(279,502)	(1,139)
Income Tax Expense for current year	\$(279,502)	\$(1,139)

#### 16. DEFERRED TAX ASSET / (LIABILITY)

	Depreciation	Swaps	Tax Losses	Other	Total
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)
Balance 1 July 2023	(4,584,754)	(528,422)	4,816,682	16,992	(279,502)
Charged to Income	(394,661)	269,550	412,762	(8,149)	279,502
Balance 30 June 2024	\$(4,979,415)	\$(258,872)	\$5,229,444	\$8,843	-

There are income tax losses of \$20,290,071 available to be carried forward (2023: \$17,202,436).

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. A deferred tax asset has not been recognised in relation to tax losses of \$1,613,486 (2023: Nil).

ALIL is a Co-Operative Company, with a primary focus is on cost recovery rather than generating taxable profits. This operational model transfers value from ALIL to its shareholders.

There are no unrecognised temporary differences (2023: Nil)

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### 17. IMPUTATION CREDIT ACCOUNT

	2024	2023
Opening Balance	8,749	8,640
Resident Withholding Tax Paid	80	109
Income Tax Paid (Refunded) During the Year	(109)	-
Closing Balance	<u>8,720</u>	<u>8,749</u>

#### 18. 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:

		2024	2023
Bank Balance	BNZ - Business First Transact	77,838	86,144
	BNZ - Business First OnCall	488	282
		<u>\$78,326</u>	<u>\$86,426</u>
Receivables		<u>1,234,563</u>	<u>1,191,255</u>

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 \$78,326 (2023: \$86,426) 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

98% of Trade Receivables (2023: 95%) are owed from shareholder farmers within the scheme catchment. Management regularly reviews outstanding amounts to ensure that no impairment is suffered.

None of the receivables have been subject to a significant increase in credit risk since initial recognition, and consequently, no expected credit losses have been recognised.

##### 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.

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

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

	2024	2023
Interest Rate Swaps:		
Derivatives - Stage 1 Piping	(16,074)	6,868
Derivatives - Turbine	-	243
Derivatives - Ponds & Telemetry	205,760	436,506
Derivatives - Stage 2 Piping	734,856	1,443,606
Total derivative financial instruments	<u>\$924,542</u>	<u>\$1,887,223</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 1 Piping	1,500,000	7/06/2024	30/06/2031	4.56%	(16,074)
Ponds & Telemetry	10,000,000	7/06/2024	30/06/2027	4.74%	(34,071)
Stage 2 Piping	2,500,000	30/06/2027	29/06/2029	4.18%	(6,354)
Stage 2 Piping	8,000,000	30/11/2026	30/11/2028	4.45%	(64,158)
Stage 2 Piping	8,000,000	29/10/2027	31/10/2029	4.55%	(64,054)
Stage 2 Piping	10,000,000	29/08/2025	31/08/2027	4.21%	(3,711)
Stage 2 Piping	8,000,000	30/11/2028	30/11/2029	4.43%	(18,335)
Total Interest Rate Swaps Liabilities					<u>(206,757)</u>
Stage 2 Piping	5,000,000	30/07/2021	30/04/2025	2.36%	123,887
Ponds & Telemetry	1,000,000	30/09/2020	30/09/2026	0.31%	95,917
Ponds & Telemetry	1,500,000	30/09/2021	30/09/2024	0.82%	18,400
Stage 2 Piping	10,000,000	30/10/2024	29/10/2027	3.24%	327,008
Ponds & Telemetry	2,000,000	30/09/2024	30/09/2027	3.23%	68,523
Stage 2 Piping	10,000,000	31/10/2022	31/10/2024	3.54%	68,905
Stage 2 Piping	10,000,000	30/11/2022	30/11/2026	3.75%	234,086
Ponds & Telemetry	2,000,000	30/09/2021	30/09/2024	3.52%	10,617
Ponds & Telemetry	3,000,000	30/09/2021	30/09/2025	3.91%	46,375
Stage 2 Piping	10,000,000	31/08/2022	29/08/2025	4.01%	137,581
Total Interest Rate Swaps Assets					<u>1,131,299</u>
					<u>\$924,542</u>

Ponds & Telemetry weighted average swap rate	3.80%
Stage 2 Piping weighted average swap rate	3.89%

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### 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% (2023: +/- 0.25%). 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 2024	196,112	(196,112)	(141,200)	141,200
30 June 2023	25,101	(25,101)	(18,073)	18,073

#### 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.

#### Financial Instruments

	2024	2023
<b>Amortised Cost</b>		
Bank Balances	78,326	86,426
Accounts Receivable	1,234,563	1,191,255
	<u>1,312,889</u>	<u>1,277,681</u>
<b>Financial assets measured at Fair Value through Profit &amp; Loss</b>		
Shares in Ashburton Trading Society Limited	1,440	1,440
Shares in Farmlands Co-Operative Society Limited	500	500
Shares in Rangitata Diversion Race Management Limited	30,000	30,000
Interest Rate Swaps	1,131,299	2,014,253
	<u>1,163,239</u>	<u>2,046,193</u>
<b>Financial liabilities measured at amortised cost</b>		
Accounts Payable	536,715	627,709
GST Payable	74,690	146,903
BNZ Term Loan	79,130,273	75,878,338
	<u>79,741,678</u>	<u>76,652,950</u>
<b>Financial liabilities measured at Fair Value through Profit &amp; Loss</b>		
Interest Rate Swaps	206,757	127,030

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### 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 2023	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Shares in Ashburton Trading Society Limited	-	-	1,440	1,440
Shares in Farmlands Co-Operative Society Limited	-	-	500	500
Shares in Rangitata Diversion Race Management L	-	-	30,000	30,000
Interest Rate Swaps	-	2,014,253	-	2,014,253
<b>Liabilities:</b>				
Interest Rate Swaps	-	127,030	-	127,030
<b>Year 2024</b>				
Year 2024	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Shares in Ashburton Trading Society Limited	-	-	1,440	1,440
Shares in Farmlands Co-Operative Society Limited	-	-	500	500
Shares in Rangitata Diversion Race Management L	-	-	30,000	30,000
Interest Rate Swaps	-	1,131,299	-	1,131,299
<b>Liabilities:</b>				
Interest Rate Swaps	-	206,757	-	206,757

#### Maturity Analysis of Liabilities Repayable as follows:

Year 2023	Less than 1 year	Between 1-5 years	Greater than 5 years
<b>Liabilities:</b>			
GST Payable	146,903	-	-
Payables	774,612	-	-
Swaps *	-	-	-
Bank Mortgage *	77,790,472	-	-
<b>Total</b>	<b>\$78,711,987</b>	<b>-</b>	<b>-</b>
<b>Year 2024</b>			
Year 2024	Less than 1 year	Between 1-5 years	Greater than 5 years
<b>Liabilities:</b>			
GST Payable	74,690	-	-
Payables	611,405	-	-
Swaps *	-	-	-
Bank Mortgage *	81,200,848	-	-
<b>Total</b>	<b>\$81,886,943</b>	<b>-</b>	<b>-</b>

\* 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.

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### 19. TRADE & OTHER RECEIVABLES

	2024	2023
Accounts Receivable	1,234,563	1,191,255
Prepayments	13,926	338,643
Income Tax Receivable	81	109
	\$1,248,570	\$1,530,007

#### 20. PROPERTY, PLANT & EQUIPMENT

	Scheme Structures	Buildings	Plant & Equipment	Motor Vehicle	Land	Total
<b>Year Ended 30 June 2023</b>						
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
<b>30 June 2023</b>						
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
<b>Year Ended 30 June 2024</b>						
Carrying Amount 1 July 2023	111,169,849	362,799	94,716	158,668	4,933,818	116,719,850
Additions	250,232	-	23,423	126,351	-	400,006
Disposals	(37,051)	-	-	(27,336)	-	(64,387)
Depreciation	(3,430,307)	(10,884)	(28,615)	(51,259)	-	(3,521,065)
Carrying Amount 30 June 2024	\$107,952,723	\$351,915	\$89,524	\$206,424	\$4,933,818	\$113,534,404
<b>30 June 2024</b>						
Cost	135,093,348	522,882	446,653	360,066	4,933,818	141,356,767
Accumulated Depreciation	(27,140,625)	(170,967)	(357,129)	(153,642)	-	(27,822,363)
Carrying Amount	\$107,952,723	\$351,915	\$89,524	\$206,424	\$4,933,818	\$113,534,404

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

#### 21. INTANGIBLE ASSETS

	Resource Consents	Easement Costs	Total
<b>Year Ended 30 June 2023</b>			
Carrying Amount 1 July 2022	541,420	7,772	549,192
Amortisation	(56,827)	(3,276)	(60,103)
Carrying Amount 30 June 2023	484,593	4,496	489,089
<b>30 June 2023</b>			
Cost	596,669	98,375	695,044
Accumulated Amortisation	(112,076)	(93,879)	(205,955)
Carrying Amount	484,593	4,496	489,089

**Ashburton Lyndhurst Irrigation Limited**  
**Notes to Financial Statements**  
**For the Year Ended 30 June 2024**

**Year Ended 30 June 2024**

Carrying Amount 1 July 2023

Amortisation

Carrying Amount 30 June 2024

30 June 2024

Cost

Accumulated Amortisation

Carrying Amount

Resource Consents	Easement Costs	Total
484,593	4,496	489,089
(40,990)	(3,276)	(44,266)
443,603	1,220	444,823
596,669	98,375	695,044
(153,066)	(97,155)	(250,221)
443,603	1,220	444,823

**22. RIGHT OF USE ASSETS & LEASE LIABILITIES**

**Right Of Use Assets**

Carrying Amount 1 July

Additions

Effect of Modification to Lease Terms

Depreciation

Carrying Amount 30 June

**2024**

**2023**

285,763

-

304,976

25,766

-

(20,837)

(19,213)

\$290,692

\$285,763

**Lease Liability**

Carrying Amount 1 July

Additions

Effect of Modification to Lease Terms

Lease Repayments

Carrying Amount 30 June

292,667

-

304,976

25,766

-

(14,094)

(12,309)

\$304,339

\$292,667

Current Portion Lease Liability

13,088

11,251

Non-Current Portion Lease Liability

291,251

281,416

\$304,339

\$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%.

**23. TRADE & OTHER PAYABLES**

Accounts Payables

Contract Liability

**Note**

**24**

**2024**

**2023**

536,715

494,714

-

132,995

\$536,715

\$627,709



# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### 24. CONTRACT LIABILITY

This Current Liability consists of several arrangements with shareholders:

	Pump Power	New Connections	Stock Water Offtakes	Total
<b>Year Ended 30 June 2023</b>				
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
<b>Year Ended 30 June 2024</b>				
Balance 1 July 2023	31,547	49,854	51,594	132,995
Contributions Unwound	(31,547)	(49,854)	(51,594)	(132,995)
Carrying Amount 30 June 2024	-	-	-	-

#### (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.

#### (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 2022 financial year.

In both situations the Company retains ownership of all infrastructure to the farmer's gate.

#### (3). Stock Water Offtakes

This represents receipts from shareholders towards expected future operating costs incurred by the Company in order to deliver pressurised water to the shareholder's farm. 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.

In all cases, on review of the underlying agreements entered into between the Company and the respective farmers it has been determined that there is no obligation on the Company for repayment of funds to the farmers. As such, all liabilities have been unwound to income.

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### 25. 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 16th August 2023 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 2024. The loans have an extended repayment profile over the remaining 33 year term of the facility at a 6% p.a. interest rate amortisation profile.

Under these facilities, ALIL has \$3,714,788 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.

#### 26. TOTAL EQUITY

	2024	2023
Share Capital	42,930,883	42,771,043
Retained Earnings	(1,871,051)	1,003,081
Total Equity	<u>\$41,059,832</u>	<u>\$43,774,124</u>

##### (a) Share Capital

###### 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>

###### 2024

	Number of Shares	Share Value
Opening Ordinary Shares	1,289,212	42,771,043
Ordinary shares issued	807	159,840
Closing Ordinary Shares	<u>1,290,019</u>	<u>\$42,930,883</u>

Share capital has a par value of \$1 per share. All shares have been fully paid (2023: 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.

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### Share Issue:

On the 30th June 2023 the Company issued an Information Memorandum to existing shareholders in the scheme of a further issue of 40,000 shares in the Company at an issue price of \$200 per share. The offer closed on the 21st July 2023 with applications submitted from three shareholders for 768 shares. Share call income was received on the 18th August 2023 and all shares were issued on the 5th September 2023.

On the 15th March 2024 the Company issued an Information Memorandum to existing shareholders in the scheme of a further issue of 40,000 shares in the Company at an issue price of \$160 per share. The offer closed on the 4th April 2024 with applications submitted from five shareholders. One application for 39 shares has been accepted by the Board with share call income received on the 18th April 2024. Shares were issued on the 20th May 2024.

#### (b) Retained Earnings / (Accumulated Losses)

	2024	2023
Balance at beginning of the period	1,003,081	985,636
Profit for the year	(2,874,132)	17,445
Balance at end of the period	<u>\$(1,871,051)</u>	<u>\$1,003,081</u>

#### 27. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Share Capital	Leases	Loans & Borrowings	Interest Rate Swap Liabilities	Interest Rate Swap Assets	Total
<b>Year Ended 30 June 2023</b>						
Amounts at 1 July 2022	39,431,672	-	78,987,327	120,444	(1,117,461)	117,421,982
Net Financing Cash Flows	3,339,371	(12,309)	(3,108,989)	-	-	218,073
New Leases	-	304,976	-	-	-	304,976
Changes in Fair Value	-	-	-	6,586	(896,792)	(890,206)
Carrying Amount 30 June 2023	<u>\$42,771,043</u>	<u>\$292,667</u>	<u>\$75,878,338</u>	<u>\$127,030</u>	<u>\$(2,014,253)</u>	<u>\$117,054,825</u>

	Leases	Loans & Borrowings	Interest Rate Swap Liabilities	Interest Rate Swap Assets	Total	
<b>Year Ended 30 June 2024</b>						
Amount at 1 July 2022	42,771,043	292,667	75,878,338	127,030	(2,014,253)	117,054,825
Net Financing Cash Flows	159,840	(14,094)	3,251,935	-	-	3,397,681
New Leases	-	25,766	-	-	-	25,766
Changes in Fair Value	-	-	-	79,727	882,954	962,681
Carrying Amount 30 June 2024	<u>\$42,930,883</u>	<u>\$304,339</u>	<u>\$79,130,273</u>	<u>\$206,757</u>	<u>\$(1,131,299)</u>	<u>\$121,440,953</u>

#### 28. CAPITAL COMMITMENTS

On the 17th June 2024, the Company signed a fixed-price contract with Ashburton Prestress Concrete Limited for the manufacturing and installation of a pond outlet structure on McKendrys Road.

Contractor	Contract Price	Invoice to Date	Retentions Withheld
Ashburton Prestress Concrete	\$327,780	\$-	\$-

There are no other capital commitments at reporting date (2023: None).

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

#### 29. CONTINGENCIES & PROVISIONS

The Company was named as second respondent in a High Court judicial review proceeding (Environmental Law Initiative v Canterbury Regional Council & Anor) in August 2022. Costs have been awarded to ELI. Current estimates have these around \$38,000, which will be shared between Ecan and ALIL.

On the 20th March 2024 the High Court found in favour of ELI on two of the three counts. The Nutrient Discharge Consent was set aside with Ecan having to reconsider ALIL's application on two points. Ecan has advised the Commissioner to proceed with the reconsideration of the application. Ecan and ALIL have appealed the High Court's decision to the Court of Appeal. This appeal has been set down to be heard in late 2025.

The company has acted as guarantor for an external loan arrangement for Mid Canterbury Water Storage Limited (MCWSL). The maximum exposure the company has is \$3.835 million (2023: nil). MCWSL has provided security interest over its property in respect of this loan.

There are no other contingencies or provisions owed by the Company. (2023: None).

#### 30. ASSOCIATE COMPANY & JOINT VENTURE

The Company holds 50 ordinary shares (50%) in FEP Dashboard Limited as detailed in Note 14. 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. The Company holds 50 ordinary shares (50%) in Mid Canterbury Water Storage Limited (MCWSL). MCWSL 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 MCWSL.

MCWSL is a separate incorporated company owned by ALIL and MHV Water Limited. MCWSL was incorporated to own the land and various consents to build and operate a water storage facility at Klondyke. The contractual arrangement provides ALIL with only the rights to the net assets of MCWSL, with the rights to the assets and obligations for liabilities of the joint venture resting primarily with MCWSL.

*Results of Associates*  
*Reporting Date*

	FEPD 31 March		MCWSL 31 May	
	2024	2023	2024	2023
Revenue	30,420	45,825	166,956	-
Operating Profit before tax	11,606	28,677	(42,054)	-
Taxation	(3,250)	-	-	-
Total Operating Surplus / (Loss)	<u>\$8,356</u>	<u>\$28,677</u>	<u>\$(42,054)</u>	<u>-</u>

No dividends were received from FEPD or MCWSL during the years ended June 2023 or 2024.

FEPD and MCWSL 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:*

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%	<u>-</u>
							<u>-</u>
2024	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Total Net Assets	% Held	Carrying Amount
FEPD	9,073	14,769	(6,602)	(8,882)	8,358	50.00%	4,179
MCWSL	148,007	16,801,412	(131,473)	(7,670,000)	9,147,946	50.00%	<u>4,573,973</u>
							<u>\$4,578,152</u>

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

# Ashburton Lyndhurst Irrigation Limited

## Notes to Financial Statements

### For the Year Ended 30 June 2024

Loans to associates and joint ventures	<b>2024</b>	<b>2023</b>
Advance to FEPD	4,448	17,939
Advance to MCWSL	7,212	-
	<u>\$11,660</u>	<u>\$17,939</u>

The loans to FEPD & MCWSL are non-interest bearing, unsecured and are repayable on demand.

#### 31. KEY MANAGEMENT PERSONNEL

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

	<b>2024</b>	<b>2023</b>
Salaries & directors fees	\$317,591	\$288,821

During the year the directors were paid directors fees as detailed in the Annual Report. The amounts owing to directors at 30 June 2024 is \$24,372 (2023: \$22,938).

#### 32. TRANSACTIONS WITH RELATED PARTIES

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

The Company is a shareholder in Rangitata Diversion Race Management Limited. Philip A Lowe was the Company's representative with Suzanne C Duncan as his alternate. Refer to note 13 for more detail.

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 notes 14 & 30 for more detail.

The Company is a shareholder in Mid Canterbury Water Storage Limited. Colin W Glass and Steven E B Bierema are the Company's director representatives. Refer to note 30 for more detail.

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

Current committees and their board member representatives are:

**Finance Committee:**

Randal D Hanrahan (Chair) & Suzanne C Duncan.

**Stock Water Committee:**

Steven E B Bierema (Chair) & Randal D Hanrahan

**Storage & Scheme Growth Committee:**

Philip A Lowe (Chair) & Steven E B Bierema

#### 33. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to Balance Date the Company has entered into a settlement agreement with R J Hall to settle the dispute relating to the inlet and outlet structures at the Greenline silt pond.

R J Hall have agreed to pay compensation to the Company for the underperforming structures and ALIL's legal fees incurred.

**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 2024, and the statement of comprehensive income, statement of movements in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (“ISAs (NZ)”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Recognition of Mid Canterbury Water Storage Limited**

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The investment in Mid Canterbury Water Storage Limited has been assessed by management to be a joint venture arrangement.</p> <p>The Company uses the equity method to account for its interest in Mid Canterbury Water Storage Limited. The carrying amount of the investment at year end is \$4,573,973.</p> <p>Due to the nature and complexity of contractual agreements, and the company’s role in the joint arrangement, the assessment of control involves judgements around several significant factors. In accordance with NZ IFRS 11 there is a requirement to assess control with regards to the rights to assets and obligations for liabilities of the arrangements, and the rights to substantially all the economic benefits of the assets of the arrangement.</p> <p>As disclosed in Note 30 to the financial statements, the carrying amount of the joint venture is stated at cost in the statement of financial position and adjusted thereafter to recognise the company’s share of profit or loss and other comprehensive income of the joint venture.</p>	<p>We have performed, amongst other audit procedures, the following test work:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the nature of the arrangement including discussions with management;</li> <li>• Assessed the appropriateness of managements accounting for interests in associates and joint ventures;</li> <li>• Verified the classification and treatment of investments in associates;</li> <li>• Performed an assessment of the nature of the arrangement in consideration of NZ IFRS 11;</li> <li>• Verified the valuation of the joint venture with reference to cost and adjustments made in recognition of Ashburton Lyndhurst Irrigation Limited’s share in the deficit of Mid Canterbury Water Storage Limited</li> </ul>

**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 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 Audit Limited*

BDO Christchurch Audit Limited  
Christchurch  
New Zealand  
18 September 2024