AMURI IRRIGATION COMPANY

2023


VALLEY

Welcome to our 2023 Annual Report

Our Annual Report provides a valuable opportunity to reflect on the past year. FY23 was marked by some significant achievements worth celebrating.

In particular, we saw the realisation of our efforts to obtain funding from the Ministry of Primary Industries for a project supporting AIC's shareholders to move beyond regulatory minimums and develop a strategy for profitable and sustainable farming for the future.

The three-year Amuri Basin Future Farming project was launched in October 2022 and is aimed at accelerating water quality improvements while fostering stronger connections within our community through its farmer-led, catchment group framework. You can learn more about the project on Page 14 of this report.

AIC remains committed to a long term outlook and the project offers us the opportunity to build on our existing company strategy and explore what can be achieved in the short term by collective action. We look forward to seeing what we can accomplish together in 2024.

Sara Black
Chief Executive Officer

8 OUR STRATEGY
9 OUR YEAR
10 CHAIRMAN'S REPORT
13 OUR BOARD
14 ENVIRONMENTAL RESPONSIBILITIES
18 AIC IN THE COMMUNITY
20 FINANCIAL REPORT
53 BUSINESS DIRECTORY
54 INDEPENDENT AUDITOR'S REPORT

Your Irrigation Company

Amuri Irrigation Company Limited (AIC) is a farmer owned company which owns and operates three irrigation schemes in the Amuri Basin, North Canterbury.

AIC's vision is of thriving agribusinesses and a healthy environment. Our purpose extends beyond water provision; it revolves around leveraging the collective strength of our farmers to responsibly manage and utilise the natural resources of the Hurunui-Waiau for the benefit of farming, family, and the community.

Our role has evolved from water supplier to one where we support our farmers to improve environmental practices and actively explore ways to enhance water quality, all while responsibly stewarding our intergenerational assets.

We currently have 131 shareholders and provide water to 147 farms. Among these, 60% of the land is dairy farming, while the remaining areas are utilised for dairy support, cropping, sheep, beef and arable farming. The day-to-day operations are managed by a dedicated team primarily stationed in our Culverden office.

AIC is dedicated to delivering ongoing value to our shareholders and actively contributing to the prosperity of our community, both now and well into the future.

Our Strategy

OPERATIONAL EXCELLENCE IN OUR CORE BUSINESS

FINANCIAL

- Maintain a competitive water charge that provides sufficient revenue to achieve strategy
- Well managed debt, treasury and bank covenants
- Disciplined financial management to protect assets and control costs
- Long term amortisation periods for capital projects supported by long term consents
- Development of additional revenue streams that complement our core business
- Decisions made for the future prosperity of farming, family and the community

ENVIRONMENTAL

- Educate and support farmers to adopt practices that enhance water quality and optimise resource use
- Outline what best practice looks like and encourage farmers to move towards it
- Environmental management that encourages continual improvement while allowing flexibility for innovation
- Improve water quality though accurate data capture, analysis and action
- Advance understanding of the environmental impact of farming and mitigate the impact through collective solutions

REPUTATIONAL

- Adoption of strategy that creates confidence for continued investment
- Lead the catchment and be trusted by the community and stakeholders
- Communicate our story in an open and transparent way
- Maintain regular cultural engagement with tangata whenua
- Be seen as a agile and quick thinking company that thinks locally and acts decisively

LEVEL OF SERVICE

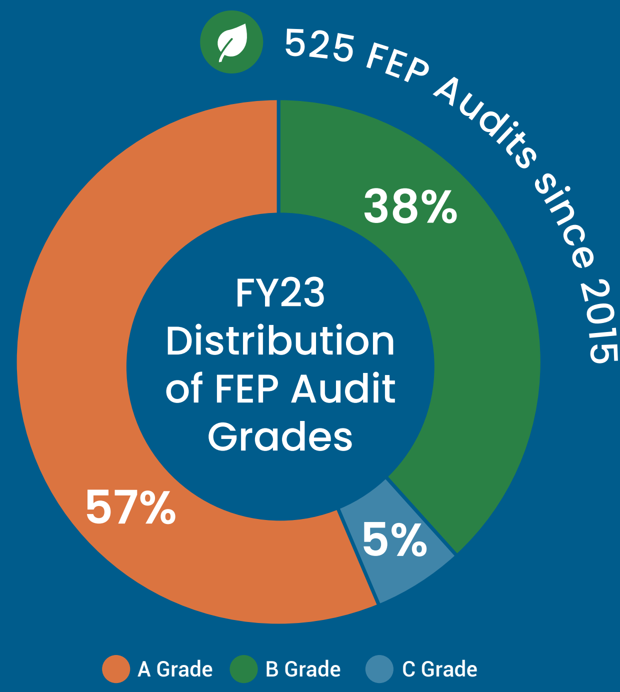
- A well-managed and maintained network that delivers water with minimal interruption and 97% reliability
- Assets managed in accordance with an asset management plan
- Storage solutions developed to provide reliability and certainty for shareholders
- Carefully managed consents; a good relationship with the regulator
- A quality team retained and succession managed
- Smart IT solutions that streamline processes for the AIC team and shareholders

Our Year

$134,824,543
Asset Value

$(2,636,116)
Profit After Tax

$8,048,107
Revenue



89.9Mm3
Water Supplied

213
Environmentally Engaged Farmers

$311/ha
Current Water Charge

497
Asset Inspections

$482,149
Investment in Scientific Research

Spotlight on Safety

A Culture of Continuous Improvement

In August 2022, concrete repairs were carried out inside the Waiau Uwha River Intake tunnels, a confined space. As part of this maintenance work, a flowchart specifically designed for swift and straightforward identification of confined spaces was developed.

When introducing new or updating existing processes and procedures within the Operations team, active participation is encouraged from all team members.

The initial draft undergoes thorough review by members of the team to ensure that the procedure has been carefully examined from various angles. This inclusive approach helps secure everyone's commitment and buy-in to the process.

Chairman's Report

FOR THE YEAR ENDING 31 MAY 2023

David Croft, AIC's Board Chairman since 2016. David's family have been farming in the Amuri Basin for the last sixty years; his children have joined him in the business and share his sense of environmental stewardship over the land they farm on.

Throughout the year, our primary focus has been on delivering a high level of service to our valued shareholders and advancing key infrastructure projects, while offering support to farmers to improve their environmental stewardship.

It is with great pleasure that I present to you the 33rd Annual Report for the year ending 31 May 2023.

Commitment to Health & Safety

In the latter part of 2022, we undertook an extensive review of our Health and Safety Management Plan which included the incorporation of a structured Emergency, Crisis, and Business Recovery Plan. This work provided plenty of opportunities to gauge how the company and its assets are prepared to address future challenges and we are in a stronger position as a result.

I'm also pleased that we've concluded another year without a significant incident or accident, whilst the handful of minor incidents and negligible near misses provided opportunities for learning and improvement for our team.

Financial Result

This year's financial report continues to show a strong financial position with total assets of $134,824,543. Borrowings have decreased by 4.5% this year from $45,797,613 in 31 May 2022 to $43,720,000 as of 31 May 2023 which represents 32% of the total assets figure. Restructuring the facility at the start of the financial year has meant that the surplus cash held as of 31 May 2022 could be used more efficiently to reduce borrowings.

We received another favourable movement of interest rate swaps of $614,680, however this was not as significant as last years $4,072,451. This financial year has seen interest rates skyrocket but AIC's decisive and comprehensive finance policy, together with the new facility, meant that finance costs increased a modest 13% from $1,871,731 last year to $2,121,438 this year. Another significant expense item continues to be the insurance premiums and the Board has balanced rising premium rates with risk.

A decision was made to write off the water consents relating to the Hurunui Scheme which resulted in the financial results showing a net loss of $2,636,116. This decision was not made lightly but reflected the continued inaction of the consent application and subsequent decision to withdraw it.

Securing these consents has protected the Balmoral Intake and the allocations of water and nitrogen may offer opportunities to deliver further value to shareholders in the future.

Operational Excellence

Once again, this year was characterised by a relatively wet and cool La Nina season accompanied by periods of low river flows due to dry conditions on the West Coast. The Balmoral scheme had partial restrictions applied over fourteen days (three days in October and 11 days in January), while the Waiau had nine days of partial restrictions in late January.

Thanks to our quality infrastructure, our team was able to consistently deliver water to shareholders with minimal interruptions and we have continued to develop and implement a detailed Asset Management Plan to protect our infrastructure. One challenging project tackled over the winter was the concrete repairs and relining of the floors in the Waiau Uwha Intake tunnels. With over four decades of exposure to a high abrasion environment it was time to undertake work to ensure they are in good condition for many more years to come. Operations and maintenance of the aging fish screens at the Balmoral and Waiau intakes continues to be a significant operational cost and budgeting their replacement has become more of a focus in the future.

Environmental Sustainability

This year our environmental efforts concentrated on the launch of the Amuri Basin Future Farming project, a three year $2.5M project funded through the Sustainable Food and Fibre Futures fund administered by Ministry of Primary Industries, together with project partners Environment Canterbury and DairyNZ. The project is focused on going beyond regulatory minimums to deliver accelerated water quality improvements. We are working to develop a farmer led strategy to enable farming in the Amuri Basin into the future with a combined focus on the environment, farm profitability and community resilience.

Our Farm Environment Plan auditing programme has continued to show strong environmental results as we work with our shareholders to drive environmental improvement and navigate regulation. As time goes on, good management practice is no longer the target but something we need to reach beyond.

Balmoral Storage Pond

The Balmoral storage pond remains AIC's primary method of meeting community expectation of increased flows in the Hurunui River. It also preserves a high level of reliability for Balmoral shareholders while meeting the company's regulatory obligations.

During the year, engagement began with adjacent landowners and the community. Significant work has been undertaken to refine and review the assessments of environmental effects in preparation of lodging the consent applications in the next financial year. Much of this work has centred around assessing our current fish screen at Balmoral and informing the concept design for its replacement which is being considered as part of the storage project.

Hydropower Generation

Work has continued to advance consent applications for renewable energy generation over winter months. Progress was impacted by a recent judicial decision and NIWA have been engaged to review this work. We have also explored smaller hydropower opportunities.

Leadership Transition

At the end of May, the Board accepted the resignation of our CEO, Andrew Barton. Over the past decade, Andrew has played a pivotal role in propelling AIC into a prominent position in the irrigation industry. His guidance has been instrumental in overseeing the $83M upgrade to the pipe network, spearheading the development of a strategic water storage opportunity and positioning AIC to navigate future regulatory processes.

The Board would like to express its appreciation to Andrew for his dedication to the Company and warmly welcome Sara Black as she steps into the role. Andrew's ongoing commitment to AIC, combined with the role continuity and strong regional connections Sara brings, place us in the very best position to prosper into the future.

The 2022 Annual Shareholders Meeting saw two Directors, Emlyn Francis and Mike Satterthwaite retire. Both Directors served on the Environmental Subcommittee and brought skills to the board table that added value to the strategy and discussions. Adam Williamson joined the Board, adding a valuable new perspective.

The Board has continued to review AIC's strategy to make sure it is fit for the changing environment we now live in. The Board-approved Future Farming project will be in full swing as you read this. We hope you make the most of this opportunity.

We know that government regulation will be causing many you to look at adopting change on-farm and we thank you for this. The value of being inside our Environmental Collective should not be lost on anyone.

Thank you

On behalf of the Board, I extend my gratitude to our shareholders, our team, and trusted advisors for your unwavering support.

David Croft
Board Chairman

Our Board

AIC IS RUN BY AN ELECTED BOARD OF DIRECTORS MADE UP OF FIVE FARMER SHAREHOLDERS AND ONE INDEPENDENT DIRECTOR. WE VALUE OUR DIRECTORS FOR PROVIDING A MEANINGFUL LINK TO DAY-TO-DAY FARMING IN THE AMURI BASIN.

David Croft
Chairman

James McCone
Deputy Chair

Chris Laurie
Independent

Nicky Anderson

George Gould

Adam Williamson

Environmental Responsibilities

Amuri Basin Future Farming Project

98% of our farmers believe improving on-farm practices is important*

95% want to farm to a high standard, to protect the future of the farming industry*

91% consider the environmental impact of all their on-farm decisions*

In June 2022, the Ministry of Primary Industries (MPI) confirmed funding through its Sustainable Food and Fibre Futures fund to support 'Amuri Basin Future Farming', a $2.5 million project led by AIC with support from Environment Canterbury and DairyNZ.

This three-year partnership programme is geared to accelerate irrigated farmers move towards a future of sustainable farming and build on AIC's existing strategy to farm beyond regulatory minimums. It has a combined focus on the environment (freshwater, climate and biodiversity), farm profitability and community resilience.

The core approach of the project involves the formation of small, farmer-led groups dedicated to enhancing farming practices within their catchment areas. It will also develop tools to help farmers to identify and understand environmental risks on their properties to ensure the right environmental intervention is applied, both on-farm and at a wider catchment level. This includes a risk-based land and water management system that combines on-farm and catchment mitigations, such as riparian corridor restoration, sediment control, wetland enhancement/construction, managed aquifer and stream recharge.

An additional focus for the project will be to develop a mechanism which seeks to financially incentivise sustainable land use. The pilot will assess the feasibility of imposing proportional charges on farms based on their on-farm nutrient loss—an innovative approach to promote and financially reward environmentally responsible farming practices.

"We want to improve water quality and leave this place better for the next generation. Together with technical experts, we're developing action plans and solutions to tackle the Basin's environmental challenges. We might be one farm in the Basin, but we're all connected."

- James McCone, Chair, Project Governance Group

*Results from Farmer Survey One, April 2023

The AIC Environmental Collective currently holds 176 Farm Environment Plans covering over 85,000ha of farmed land in the Amuri, Hawarden and Hanmer Springs area.

42 audits were completed between May 2022 and April 2023, including 11 winter audits.

Due to a successful trial in 2021/2022, audit follow-up for timebound actions is now a standard part of our process, providing additional assistance and increasing auditor confidence. This is reflected in the number of B grade farms moving to A grade this season. Post-audit reviews allowed several farms to provide further information, lifting their final grade.

C grade farms have already received additional support and monitoring and improved outcomes are anticipated in the next auditing season. Last season's C grade farm was re-audited and we were very pleased to award a well-deserved B grade. The team continues to support them in their improvements.

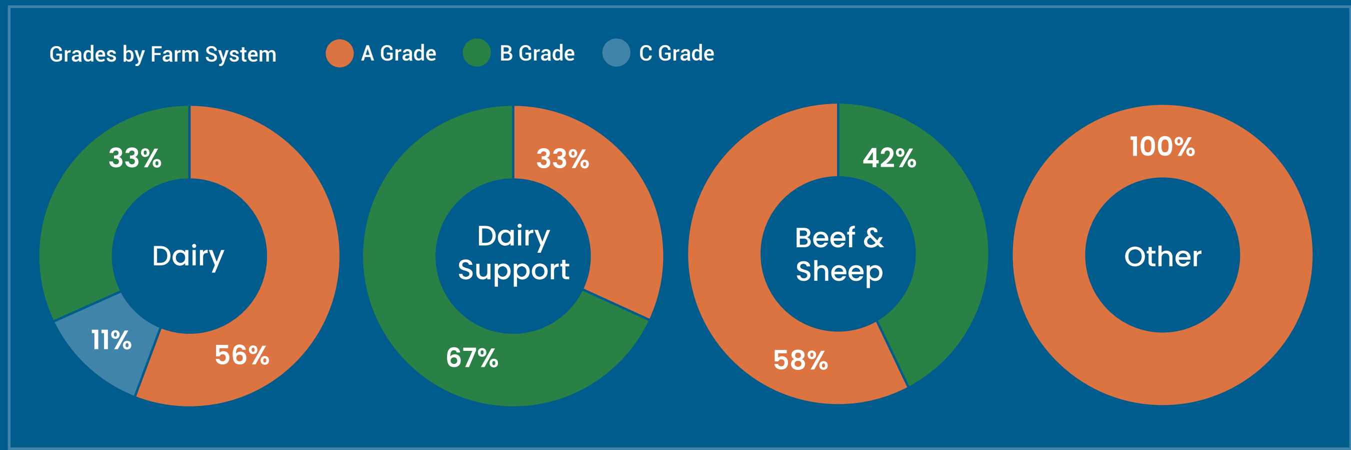
We aim to repeat the success of this season in 2024 continuing to follow through on time-bound audit actions while emphasising the importance of irrigation efficiency.

57% A Grade

38% B Grade

5% C Grade

Total Audits	Beef & Sheep	Dairy	Dairy Support	Other
42	19	18	3	2



"For all of us to sustain our social licence, we must deal with the issues in front of us and demonstrate that we are making a difference - not only in terms of nitrogen, but to the Basin's biodiversity. We need to be ahead of the game."

DR KEN HUGHEY

EMERITUS PROFESSOR OF ENVIRONMENTAL MANAGEMENT, LINCOLN UNIVERSITY

MEMBER OF AMURI BASIN FUTURE FARMING PROJECT TECHNICAL WORKING GROUP

AIC in the Community

Our commitment to being involved in and supporting our community remains unwavering.

Grants provided by AIC's Community Fund made a difference for 24 groups or individuals during the year. The Fund aims to award grants as widely as possible, resulting in such diverse recipients as the Amuri Rams Goldie Oldies, the Waiau Volunteer Fire Brigade, Marc Kelly's Golf Coaching, children's music group Rhythm and Rhymes and the Amuri Basin Young Farmers.

We're particularly proud to be backing the Basin's young achievers, including Bob Thompson, who recently represented Amuri at the New Zealand Secondary School Swimming Championships; Sean Moriarty, who is a member of the New Zealand Junior Smallbore Rifle Team with an eye on the Commonwealth Games; and Tamzyn Murdoch, who will be attending the Children's General Assembly in Denmark later in 2023.

We continue to provide pressurised water at no cost to five community organisations, ensuring our local organisations have access to exceptional grounds.

In 2022, the AIC team decided to break from their traditional Christmas party, instead opting to take part in the Hanmer Springs Christmas Parade's float competition. Alongside their families, they spent an afternoon transforming an AIC ute and trailer into a 'Jurassic Christmas' themed festive spectacle. Their hard work and creativity paid off, as the judges awarded AIC the 'Best Float' trophy.

24 groups or individuals assisted by the Community Fund during the past year

2 funding rounds each year, in March and August, awarded the following month

2022 winners -'Best Float' Hanmer Springs Christmas Parade

Twice a year, the AIC Community Fund awards grants of up to $1000 to individuals or groups who are doing great things within and for the Amuri Basin community.

Community Activities · Sporting Groups · Volunteers · Special Interest Clubs · Individuals · Children's Groups

Grants were distributed to the following groups or individuals during the year:

- Amuri A&P Show
- Amuri Basin Young Farmers
- Amuri Collie Club
- Amuri Rams Golden Oldies
- Amuri Rural Mums Group
- Amuri Squash Club
- Amuri Toy Library
- Bob Thompson
- Culverden Amateur Swim Club
- Culverden Playcentre
- Culverden Netball Club
- Hurunui Pony Club
- Hurunui Rugby Club
- Marc Kelly Golf Coaching
- Rhythm & Rhymes Music
- Rotherham Community Pool
- Rotherham School
- Sean Moriarty
- Tamzyn Murdoch
- Waiau Fireworks Committee
- Waiau Mums & Bubs
- Waiau Playcentre
- Waiau Tennis Club
- Waiau Volunteer Fire Brigade

HURUNUI RUGBY CLUB

RHYTHM & RHYMES

SEAN MORIARTY

AMURI COLLIE CLUB

ROTHERHAM COMMUNITY POOL

Financial Statements

FOR THE YEAR ENDED 31 MAY 2023

The Board of Directors present their Annual Report including Financial Statements of the company for the year ended 31 May 2023.

Results for the Year ended 31 May 2023

	2023 $	2022 $
(Loss)/Profit before Income Tax	(2,905,970)	2,008,880
Income Tax Benefit/(Expense)	269,854	(611,196)
Net (Loss)/Profit for the Year	(2,636,116)	1,397,684
Plus Accumulated Losses brought forward	(2,994,277)	(4,391,961)
Leaving Accumulated Losses at 31 May	(5,630,393)	(2,994,277)
Asset Revaluation Reserve	$41,369,955	$41,369,955

It is not proposed to make any transfers to or from reserves.

State of Affairs

The state of the company's affairs as at 31 May was:

	2023 $	2022 $
Assets Totalled	$134,824,543	$139,888,122
These were financed by:		
Liabilities of	59,035,411	61,462,874
Equity of	75,789,132	78,425,248
	$134,824,543	$139,888,122

Directors

The following Directors held office during the year. All directors are ordinary residents of New Zealand.

- D A Croft (Chairman)
- N S Anderson
- E L Francis (Retired 30 November 2022)
- G A C Gould
- C S Laurie
- K J McCone
- M F Satterthwaite (Retired 30 November 2022)
- A J Williamson (Appointed 30 November 2022)

Nature of Business

The business of the company is to supply water for irrigation. The nature of the company's business has not changed during the year under review.

Audit Fees

Audit fees in respect of the 2023 financial year totalling $36,525 have been paid or accrued.

Dividends

The Directors recommend that no dividend be declared for the year ended 31 May 2023.

Directors' Interests

The following interests have been declared by Directors during the year in respect of transactions or proposed transactions with the company:

The Directors have purchased irrigation water from the company during the year as detailed in Note 24 to the Financial Statements.

Donations

The Company has made cash donations during 2023 of $7,951.This is reported in the Statement of Comprehensive Income.

The Company also makes water available to the following shareholders and community groups who are not invoiced a water charge: Amuri A&P Association, Amuri Area School, Amuri Polo Club, Culverden Golf Club and Culverden Rugby Football Club. The value of this uncharged water is $7,775.

Share Dealings

On 28 June 2022, N S Anderson purchased 77 shares from M F Satterthwaite. On 26 July 2022 D A Croft purchased a further 183 shares and K J McCone purchased a further 234 shares.

Directors’ Remuneration and Benefits

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

Directors’ Fees	2023 $	2022 $
D A Croft (Chairman)	28,000	28,000
N S Anderson	15,000	15,000
E L Francis	7,500	15,000
G A C Gould	15,000	15,000
C S Laurie	28,000	30,240
K J McCone	15,000	15,000
M F Satterthwaite	7,500	15,000
A J Williamson	7,500	-
	$123,500	$133,240

Employee Remuneration and Other Benefits

The number of employees and former employees whose remuneration and other benefits were more than $100,000 during the period are as follows:

Remuneration Range	2023	2022
$110,000 - $120,000	-	2
$120,000 - $130,000	1	1
$130,000 - $140,000	1	-
$150,000 - $160,000	1	1
$160,000 - $170,000	1	-
$320,000 - $330,000	-	1
$330,000 - $340,000	1	-
	5	5

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.

FOR AND ON BEHALF OF THE BOARD:

		26 Sept 2023
DIRECTOR	DIRECTOR	DATE

Statement of Comprehensive Income

For the Year Ended 31 May 2023

	Note	31 May 2023 $	31 May 2022 $
Revenue	9	8,048,107	7,611,253
Finance Income	10	1,097	20,525
Other Income		2,946	(184)
Fair Value Movement in Interest Rate Swaps	8	614,680	4,072,451
Gain from the Derecognition of Liability – Rooney Group Limited	21	-	1,023,646
Repairs and Maintenance		(525,722)	(611,855)
Depreciation	3	(3,226,049)	(3,189,797)
Amortisation of Other Intangibles		(6,410)	-
Amortisation of Water Consents	4	(173,962)	(173,961)
Employee Benefits	11	(1,416,594)	(1,227,950)
Impairment of Construction Work in Progress	2, 20	-	(1,223,005)
Impairment of Water Consents	4	(1,968,083)	-
Other Expenses	12	(2,134,542)	(2,420,512)
Finance Costs	13	(2,121,438)	(1,871,731)
(Loss)/Profit before Income Tax		**(2,905,970)**	**2,008,880**
Income Tax Benefit/(Expenses)	19	269,854	(611,196)
(Loss)/Net Profit for the Year Attributable to Shareholders		**(2,636,116)**	**1,397,684**
Other Comprehensive Income		-	-
Total (Losses)/Comprehensive Income Attributable to Shareholders		**$(2,636,116)**	**$1,397,684**

The statement above is to be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report.

BDO WELLINGTON

Statement of Changes in Equity

For the Year Ended 31 May 2023

	Note	Share Capital	Property, Plant and Equipment Revaluation Reserve	Accumulated Losses	Total Equity
		$	$	$	$
Balance at 01 June 2021		**39,607,970**	**41,369,955**	**(4,391,961)**	**76,585,964**
Profit/(Loss) for the year		-	-	1,397,684	1,397,684
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		**-**	**-**	**1,397,684**	**1,397,684**
Issue of Shares	5	441,600	-	-	441,600
Total Transactions with Owners		**441,600**	**-**	**-**	**441,600**
Balance at 31 May 2022		**$40,049,570**	**$41,369,955**	**$(2,994,277)**	**$78,425,248**
Profit/(Loss) for the year		-	-	(2,636,116)	(2,636,116)
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		**-**	**-**	**(2,636,116)**	**(2,636,116)**
Issue of Shares	5	-	-	-	-
Total Transactions with Owners		**-**	**-**	**-**	**-**
Balance at 31 May 2023		**$40,049,570**	**$41,369,955**	**$(5,630,393)**	**$75,789,132**

The statement above is to be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report.

Statement of Financial Position

For the Year Ended 31 May 2023

	Note	31 May 2023 $	31 May 2022 $
Current Assets			
Cash and Cash Equivalents	6	78,104	496,782
Trade and Other Receivables	15	104,900	158,624
Income Tax Receivable	19	325	5,747
Investments in Term Deposits		-	600,000
Interest Rate Swap	8	811,742	328,473
		995,071	**1,589,626**
Non-Current Assets			
Property, Plant & Equipment	3	129,263,841	132,077,440
Intangible Assets		7,575	-
Investments in Shares	16	636	636
Construction Work in Progress	2, 20	1,867,289	1,519,656
Water Consents	4	828,524	2,970,569
Interest Rate Swap	8	1,861,607	1,730,195
		133,829,472	**138,298,496**
Total Assets		**$134,824,543**	**$139,888,122**
Current Liabilities			
Borrowings	7	1,011,114	1,033,313
Trade and Other Payables	17	289,176	368,512
Short Term Employee Benefits	14	89,407	90,066
		1,389,697	**1,491,891**
Non-Current Liabilities			
Deferred Tax	19	14,936,828	15,206,683
Borrowings	7	42,708,886	44,764,300
		57,645,714	**59,970,983**
Total Liabilities		**59,035,411**	**61,462,874**
Shareholders' Equity			
Share Capital	5	40,049,570	40,049,570
Property, Plant and Equipment Revaluation Reserve		41,369,955	41,369,955
Accumulated Losses		(5,630,393)	(2,994,277)
		75,789,132	**78,425,248**
Total Equity and Liabilities		**$134,824,543**	**$139,888,122**

FOR AND ON BEHALF OF THE BOARD:

[signature]	[signature]	26 Sept 2023
DIRECTOR	DIRECTOR	DATE

The statement above is to be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report.

BDO WELLINGTON

Statement of Cash Flows

For the Year Ended 31 May 2023

	Note	31 May 2023 $	31 May 2022 $
Cash Flows from Operating Activities			
Cash was provided from:			
Receipt from Irrigators		8,098,388	7,830,774
Interest Received		1,097	14,778
Sundry Income		2,946	(184)
Income Tax Refunds		5,422	55
GST Received		2,103	-
		8,109,956	**7,845,423**
Cash was applied to:			
Payments to Suppliers		(2,757,153)	(2,799,100)
Payment to Employees		(1,417,254)	(1,323,301)
Finance Expenses		(2,102,544)	(1,938,149)
GST Paid		-	(18,285)
		(6,276,951)	**(6,078,835)**
Net Cash Inflow from Operating Activities	25	**$1,833,005**	**$1,766,588**
Cash Flows from Investing Activities			
Cash was provided from:			
Investment in Term Deposits		600,000	100,000
		600,000	**100,000**
Cash was applied to:			
Purchase of Plant & Equipment		(774,070)	(453,463)
Investment in Term Deposits		-	(600,000)
		(774,070)	**(1,053,463)**
Net Cash (Outflow) from Investing Activities		**$(174,070)**	**$(953,463)**
Cash Flows from Financing Activities			
Cash was provided from:			
Drawdown of Borrowings		45,940,000	-
Share Upgrades & New Shares Issued		-	441,600
		45,940,000	**441,600**
Cash was applied to:			
Repayment of Borrowings		(48,017,613)	(1,519,534)
		(48,017,613)	**(1,519,534)**
Net Cash (Outflow) from Financing Activities	25	**$(2,077,613)**	**$(1,077,934)**
Opening Cash and Cash Equivalents brought forward		496,782	761,591
Ending Cash and Cash Equivalents carried forward	6	**$78,104**	**$496,782**

The statement above is to be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report.

BDO WELLINGTON

Notes to the Financial Statements

Notes to the Financial Statements

For the Year Ended 31 May 2023

1. Statement of Accounting Policies

1.1. Reporting Entity

The financial statements presented here are for Amuri Irrigation Company Limited. The Company is registered under the Companies Act 1993 and is engaged in the business of supplying water for irrigation.

The Company is a Financial Markets Conduct Act entity. These financial statements comply with the requirements of the Financial Reporting Act 2013 and The Financial Markets Conduct Act 2013 and the Companies Act 2013.

The company is incorporated and domiciled in New Zealand and is a profit-oriented entity. The financial statements were authorised by the Directors on 26 September 2023.

1.2. Basis of Preparation

1.2.1 Statement of Compliance

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") as appropriate, for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

1.2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis, with the exception that land, buildings, structures, improvements and investments and derivatives have been revalued to fair value.

The information is presented in New Zealand dollars, which is the company's functional and presentation currency, and rounded to the nearest dollar.

1.2.3 Use of Estimates and Judgement

In the process of applying the Company's accounting policies and the accounting standards, a number of judgements and estimates have been made. Accordingly, actual outcomes may differ to these estimates.

Information about judgements, estimates and assumptions which are relevant to an understanding of the financial statements are disclosed in the relevant notes as follows:

- Property, Plant, and Equipment (Note 3). The effect of estimation on these financial statements is greatest in the valuation of land, buildings, and structures and improvements. The directors last obtained an independent valuation in 2020, as detailed in Note 3.

Revaluations are carried out with sufficient regularity so that the carrying amount of property plant and equipment approximates fair value. If the directors believe that the carrying amount of property plant and equipment is impaired, they will choose to undertake a revaluation.

The Directors have adopted a revaluation policy of at least once every five years. The Directors believe that there is no evidence of an impairment in the value of Property, Plant and Equipment. There is no evidence of physical damage of the assets and there have not been any adverse effects in technology or environment.

Estimates and underlying assumptions are reviewed on an ongoing basis in regard to the recoverability of receivables, potential impairment of investments, the value of Property Plant and Equipment and the value of derivative financial instruments. There were no changes in the current period.

Adjustments to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Any valuation carries a degree of uncertainty and the value of the assets concerned is significant:

	2023 $	2022 $
Freehold Land	295,000	295,000
Buildings	299,676	304,784
Structures and Improvements	128,408,485	131,343,469
	$129,003,161	$131,943,253

1.3. Goods and Services Tax

Financial information in these financial statements is recorded exclusive of GST with exception of trade receivables and trade payables which are recorded inclusive of GST. GST payable or receivable at the reporting date is included in the appropriate category in the Statement of Financial Position.

1.4. Standards and Interpretations Issued

The Company adopted all mandatory new and amended NZ IFRS Standards and Interpretations and there has been no material impact on the Company's financial statements.

There are no new standards, amendments or interpretations that have been issued and are not yet effective that are expected to have a significant impact on the Company.

BDO WELLINGTON

2. Construction Work in Progress

Construction Work in Progress relates to capital projects that have not yet been completed to a stage where they are able to be utilised by the business. These projects have not been debt funded and as a result, there is no capitalised interest in the totals. The Work in Progress is carried at cost less impairment losses.

At 31 May 2023 and 31 May 2022 Construction Work in Progress relates to Hydropower, Water Storage and Master Planning.

In the prior period, a submission from an interested party in relation to the construction consent applications for the Hurunui Scheme was received in October 2021. Engagement with the party during the period did not address the concerns raised in their submission so the Hurunui Scheme PDS conditional date was allowed to pass.

The company does not consider the end of the share offer to be the end of a Hurunui Scheme and has continued to work to activate the consents. However, the uncertainty of not having secured construction consents means that the Construction work in progress relating to the Hurunui Scheme was fully impaired in the prior period.

This means that it has been removed from the Balance Sheet and expensed through the Statement of Comprehensive Income. It continues to be disclosed in the notes to the financial statements as a contingent asset, see Note 20.

	2023 $	2022 $
Construction Work in Progress		
Opening Balance at Beginning of Period	1,519,656	2,448,450
Hydro Power Project	57,606	37,360
Water Storage Project	290,027	256,851
Impairment	-	(1,223,005)
Closing Balance of Construction Work in Progress	$1,867,289	$1,519,656

3. Property, Plant and Equipment

All property, plant and equipment is stated at cost less accumulated depreciation and impairment except for land, buildings and structures & improvements which are revalued at least every five years to fair value. A revaluation was undertaken as at 31 May 2020. Cost includes expenditure that is directly attributable to the acquisition of the item. Repairs and maintenance are expensed as incurred.

Depreciation is provided for on all property, plant and equipment other than freehold land at depreciation rates calculated to allocate the assets' cost or valuation less estimated residual values, over their estimated useful lives, as follows. These depreciation rates apply to the current and prior period.

Residual values are estimated at nil for all items of property, plant and equipment in respect of which depreciation has been provided.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in profit or loss and is calculated as the difference between the net disposal proceeds and the carrying value of the item.

Freehold land and buildings and structures and improvements are revalued on a cyclical basis, at least every five years. These assets are carried at their revalued amounts, being fair value as determined by an independent valuer, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Structures & Improvements	Between 1% - 8.5% straight Line
Buildings	2% - 4% straight line, 30% diminishing value
Plant & Equipment	8% - 80.4% diminishing value
Motor Vehicles	20 - 30% diminishing value
Quarry Improvements	4% straight line
Computer Equipment	48% - 50% diminishing value
Office Equipment	12% - 13% diminishing value

BDO WELLINGTON

Revaluations are carried out with sufficient regularity to ensure that the carrying amounts do not differ materially from those which would be determined using fair value at reporting date.

Any accumulated depreciation at the date of the revaluation is eliminated against the carrying amount of the asset and the net amount is restated to the revalued amount.

Any revaluation surplus arising on the revaluation of an asset is credited directly to the asset revaluation reserve. However, to the extent that a revaluation surplus reverses a revaluation decrease of the same asset previously recognised in profit and loss the revaluation surplus shall be recognised in profit and loss.

Any revaluation deficit arising on the revaluation of an asset is recognised in profit and loss. However, to the extent that a revaluation deficit reverses a revaluation increase of the same asset previously credited to the asset revaluation reserve the revaluation deficit shall be debited directly to the asset revaluation reserve.

Revalued assets are depreciated over the remaining useful life. On the subsequent sale or retirement of a revalued property the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if required.

The following carrying amounts would have been recognised for revalued assets had they been carried at cost less accumulated depreciation:

	2023 $	2022 $
Freehold Land	315,965	315,965
Structures and Improvements	82,153,109	81,937,433
Buildings	300,829	300,829

Westpac Bank has a general security deed dated 14 December 2016 over all assets, undertakings and uncalled capital provided by the Company.

The Freehold Land and Buildings were revalued as at 31 May 2020 by Maxwell Valuations. The properties at 50 and 52-54 Mountainview Road were inspected by Geoff R Maxwell who is a registered valuer. The properties were inspected and assessed in accordance with NZIFRS 13, 16 and NZIAS 40. In forming their valuation opinion, fair value has been defined as:

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation is considered to be for the highest and best use and is a Level 3 valuation in the fair value hierarchy, which means the fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data.

The valuations gave rise to a decrease in land values by $20,965 and an increase in building values by $29,515.

The Irrigation Structures and Improvements were also independently valued as at 31 May 2020.

NZ IAS 16 Property, Plant and Equipment specifies:

"...after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses".

The approaches for assessing Fair Value are outlined in NZ IFRS 13 Fair Value Measurement. Appendix B to NZ IFRS 13 sets out how the standard should be applied to assessing Fair Value. The valuation approaches comprise:

- Market approaches based on where the value is based on comparable sales,
- Cost approaches, which are largely equivalent to Optimised Depreciated Replacement Cost (ODRC) and are appropriate for specialised assets, and
- Income based approaches including present value techniques, i.e. discounted cash flow estimates of what is in effect Enterprise Value.

The Board of Directors have taken advice and reviewed all three approaches. After due consideration they elected to adopt a cost based approach being, in this case, optimised depreciated replacement cost (ODRC).

This is consistent with the Cost Approach definition in NZ IFRS 13 which states:

- *The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).*
- *From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. That is because a market participant buyer would not pay more for an asset than the amount for which it could replace the service capacity of that asset. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external).*

The ODRC methodology has been applied in a number of contexts including valuing public sector assets (e.g. in health and education) as well as determining the value of infrastructure assets such as electricity lines businesses, gas pipelines and aeronautical assets at airports.

Optimised Depreciated Replacement Cost (ODRC) is conceptually the same as depreciated replacement cost (DRC) apart from additional adjustments being made for surplus capacity or obsolescence. In effect the method assesses the up-to-date cost of replicating the service and capacity of the asset being valued before depreciating the value over its remaining economic (as opposed to physical or accounting) life.

When undertaking an ODRC valuation, practitioners ask the hypothetical question "what would a new entrant have to pay to replicate the utility provided by this asset?"

The following parties contributed their expertise to the calculation of the ODRC:

- Walter Lewthwaite of Lewthwaite Consulting Ltd reviewed the scheme in regard to optimisation. Walter is an experienced and qualified water engineer. He has direct experience in the design of numerous New Zealand irrigation schemes. As a result of his review, a number of components of the original open race scheme (such as the labyrinth weirs and distributors) have been removed as they would not need to be replicated if the scheme were replaced.
- Rawlinsons reviewed and updated all the replacement costings. Rawlinsons were the quantity surveyors engaged to certify the accuracy of costs for both AIC and Westpac when the schemes were piped. Replacement cost has been assessed as a factor of original cost, calculated price escalation factors and construction indices. Some items such as pipe, is dependent on foreign exchange rates. The replacement costings utilise current foreign exchange rates as published by the Reserve Bank.
- Peter Seed of Peter Seed Ltd applied appropriate management depreciation rates over the components of the scheme. The useful life of the specific assets range from 12 to 100 years. Peter is an experienced financial modeller and works with a number of infrastructural asset-based businesses.

The 2020 revaluation to Irrigation structures and Improvements resulted in an overall revaluation upwards of $52,888,871.

The effective date of the valuation was 31 May 2020. The Directors believe this valuation, which is at Level 3 in the value hierarchy, is at fair value.

Land, Structures and Improvements and Buildings are revalued to fair value every 5 years and in intervening years they are tested for impairment. If the recoverable amount 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 profit or loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

None of the original scheme has been written off in the current period.

3. Property, Plant and Equipment

	Freehold Land	Structures and Improvements	Buildings	Plant and Equipment	Motor Vehicles	Quarry Improvements	Computer Equipment	Office Furniture	Total
	$	$	$	$	$	$	$	$	$
Balance at 01 June 2020									
Cost or Valuation	295,000	137,520,830	315,000	163,322	230,966	53,846	52,647	6,858	138,638,469
Accumulated Depreciation	-	(3,141,004)	(5,108)	(106,070)	(178,448)	(36,618)	(31,684)	(3,268)	(3,502,200)
Carrying Amount	**$295,000**	**$134,379,826**	**$309,892**	**$57,252**	**$52,518**	**$17,228**	**$20,963**	**$3,590**	**$135,136,269**
Additions	-	109,998	-	27,000	12,522	-	9,732	-	159,252
Disposals	-	-	-	(28,221)	(11)	-	(52)	-	(28,284)
Depreciation	-	(3,146,355)	(5,108)	(4,365)	(16,855)	(1,914)	(14,760)	(440)	(3,189,797)
Carrying Amount at 31 May 2022	$295,000	$131,343,469	$304,784	$51,666	$48,174	$15,314	$15,883	$3,150	$132,077,440
Cost or Valuation	295,000	137,630,828	315,000	103,909	168,773	53,846	57,508	6,858	138,631,722
Accumulated Depreciation	-	(6,287,359)	(10,216)	(52,243)	(120,599)	(38,532)	(41,625)	(3,708)	(6,554,282)
Carrying Amount at 31 May 2022	$295,000	$131,343,469	$304,784	$51,666	$48,174	$15,314	$15,883	$3,150	$132,077,440
Additions	-	215,676	-	100,500	55,118	-	41,156	-	412,450
Depreciation	-	(3,150,660)	(5,108)	(17,353)	(24,354)	(1,914)	(26,274)	(386)	(3,226,049)
Carrying Amount at 31 May 2023	$295,000	$128,408,485	$299,676	$134,813	$78,938	$13,400	$30,765	$2,764	$129,263,841
Cost or Valuation	295,000	137,846,504	315,000	204,409	223,891	53,846	98,664	6,858	139,044,172
Accumulated Depreciation	-	(9,438,019)	(15,324)	(69,596)	(144,953)	(40,446)	(67,899)	(4,094)	(9,780,331)
Carrying Amount at 31 May 2023	$295,000	$128,408,485	$299,676	$134,813	$78,938	$13,400	$30,765	$2,764	$129,263,841

BDO WELLINGTON

4. Intangible Assets (Water Consents)

The Company has intangible assets in the form of the water consents that it owns. The useful lives of the Water Consents are dictated by the conditions of the resource consent. These are then amortised over the remaining period of the consent.

The amortisation period and amortisation method for each water consent is reviewed at each reporting date.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is allowed for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

Water consents are amortised over the remaining life of the consent (between 8 and 29 years). At the time the scheme was purchased from the Government, value was placed on the infrastructure assets rather than the existing water consents.

As such, there was no cost attributed to the original consents. The majority of the water consents were renewed for a term of 35 years, expiring in 2033.

	2023 $	2022 $
Waiau Consent CRC174408 Expires 2033	-	-
Waiau Consent CRC951304 Expires 2033	-	-
Waiau Consent CRC951305 Expires 2033	-	-
Waiau Consent CRC193291 Expires 2029	-	-
Waiau Consent CRC193262 Expires 2033	-	-
Waiau Consent CRC193263 Expires 2033	-	-
Waiareka Downs Consent CRC951296 Expires 2033	-	-
Waiareka Downs Consent CRC951297 Expires 2033	-	-
Waiareka Downs Consent CRC951298 Expires 2033	-	-
Balmoral Consent CRC951326.1 Expires 2033	-	-
Balmoral Consent CRC951327 Expires 2033	-	-
Hurunui Consent CRC142008 Expires 2030	419,203	479,182
Waiau Consent CRC174408 Expires 2033	409,321	450,985
Hurunui Consents Expires 2050 (acquired through business combinations)	-	2,040,402
	$828,524	$2,970,569
Carrying Amount at 01 June	2,970,569	3,144,530
Amortisation	(173,962)	(173,961)
Impairment	(1,968,083)	-
Carrying Amount at 31 May	$828,524	$2,970,569
Water Consents at Cost	3,797,383	3,797,383
Accumulated Amortisation and Impairment	(2,968,859)	(826,814)
Carrying Amount at 31 May	$828,524	$2,970,569

At 31 May 2021 the consents referred to as Hurunui consents (acquired through business combinations) involved 10 water and land related consents, with an expiry date of 2050.

The conditions can be reviewed by Environment Canterbury annually, but any review must be proved by the objector on environmental grounds or a new regional plan.

Prolonged inactivity around securing the Hurunui Scheme Construction Consents and engagement with the one submitter on these applications, suggests that utilising the water consents is not wholly within the control of the Company.

For this reason, the water consents relating to the Hurunui Scheme have been fully impaired during the period. The Company continues to work to activate the consents, as can be demonstrated by the successful extension of the lapse dates for a further three years for those consents considered to be key to the Company.

The Hurunui consent numbers and their current status are as follows:

Issued:

CRC120675, CRC130467, CRC185383

Allowed to lapse as never considered to have value to the Company:

CRC120692, CRC120694, CRC120696, CRC122547, CRC181082

Replaced with CRC205032, which has a status of Issued:

CRC172780

Replaced with CRC210149, which has a status of Issued:

CRC190085

Capital Raising

5.Share Capital

All costs incurred that directly relate to the raising of capital (usually legal fees) are offset with the funds generated from the issue of new capital.

The Company's capital includes share capital and retained earnings. The Company's policy is to maintain a strong capital base to maintain shareholder and creditor confidence and to sustain the future development of the business. The Company recognises the need to maintain a strong balance sheet, with adequate gearing to meet its development needs.

The Company does not have current intentions to pay dividends to its shareholders but delivers a return to shareholders by way of appropriately priced water charges. The Company is not subject to any externally imposed capital requirements.

The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes to the Company's management of capital during the year.

	Numbers	2023 $	Numbers	2022 $
"A" Shares				
Opening Balance	28,206	40,049,570	28,142	39,607,970
New A Shares Issued - Cash	-	-	64	441,600
Capital Raising Costs	-	-	-	-
Closing Balance	28,206	$40,049,570	28,206	$40,049,570

"A" Shares entitle the holder to an allocation of water that relates directly to the number of "A" shares held. Holders of "A" shares are entitled to one vote for every "A" share held.

Shares have no par value.

Fees associated with the share issues during the period amounted to NIL. All shares have equal entitlement to dividends and any surplus on winding up. No Shares have a par value and no shares have been reserved for issue under options or contracts.

Bank Arrangements

6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. All balances are available on demand.

	2023 $	2022 $
Cash with Westpac available on demand	81,963	501,449
Westpac – Credit Cards	(3,859)	(4,667)
Total Cash and Cash Equivalents	$78,104	$496,782

7. Borrowings

Interest bearing borrowings are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest rate method. The borrowing facility relates to the construction project that was undertaken in the 2017 and 2018 years to pipe the schemes. It was converted to a fixed long term loan facility on 31 May 2018. The facility is secured by way of a general security agreement over all assets (including all water consents) owned by the Company.

On 28 April 2022 the Company accepted an offer from Westpac to reorganise its borrowing facilities into two Multi Option Credit Line Facilities.

Facility A had a limit of $27,500,000 and was due to expire on 30 September 2023. Facility B had a limit of $22,000,000 and was due to expire on 30 September 2024.

On 1 August 2022 the first drawdown from this facility was made and the outstandings under the old facility were paid in full, after which the old facility was immediately cancelled. On 1 August 2022, the overdraft facility was reduced from $2,000,000 to $200,000. On 6 April 2023, the Company accepted an offer from Westpac to extend both facilities by 12 months to 30 September 2024 and 30 September 2025.

Interest rates on the Westpac facility are based on bank bill rates plus a margin. Swaps are used by the Company to reduce the risk of interest costs fluctuating because of interest rate changes, see Note 8 for details.

	2023 $	2022 $
Westpac Facility - Current Portion	1,011,114	1,033,313
Westpac Facility – Non-Current Portion	42,708,886	44,764,300
	$43,720,000	$45,797,613
Westpac Facility Unused	4,747,000	2,000,000
Total Westpac Facility	$48,467,000	$47,797,613

8. Interest Rate Swaps

To manage interest rate risk the Company uses interest rate swaps. Swaps are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition the swaps are stated at fair value, the resulting gain or loss on re-measurement is recognised in profit or loss immediately.

The swaps are considered to be level 2 in the fair value hierarchy, which means the fair value measurements are those derived inputs other than quoted prices included within a level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices). They are directly observable as the value of the interest rate swaps are provided by Westpac on a market basis.

The Company had six interest rate swap agreements with Westpac during the period. Interest rate swaps are a form of derivative financial instrument. In accordance with its treasury policy, the Company does not hold interest rate swaps for trading purposes. The fair value of these swap agreements at reporting date is an asset of $2,673,348 (2022: asset of $2,058,668). Details of the agreements are:

$8,700,000 at 3.5% expired on 28 February 2023
$8,600,000 at 3.57% expiring on 28 August 2025
$7,100,000 at 2.27% expiring on 28 June 2027
$6,400,000 at 2.77% expiring on 28 June 2028
$8,900,000 at 2.68% expiring on 28 February 2029
$8,700,000 at 2.43% expiring on 28 February 2026

BDO WELLINGTON

Trading Operations

9. Operating Revenue

Revenue Recognition

The majority of company revenue is derived from supplying irrigation water to shareholder customers. The transaction is governed by a water supply agreement between the Company and the customer. The water supply agreement is a continuous supply document binding the Company to supply irrigation water to the customer's irrigation offtake during the irrigation season. Irrigation charges are billed quarterly in advance with payment due on the 20th of the month following.

The irrigation charges are dictated by the number of shares owned by the customer, the location of the farm, and the level of pressure which the water is delivered at. The Company has the ability to cease water delivery if the irrigation charges remain unpaid.

The supply of irrigation water is integral to the successful operation of the customer's farming operation. Therefore, there is a very limited risk of customers defaulting on payment.

Farm plan income and collective membership fees relate to the environmental monitoring and reporting obligations of the Company and its customer shareholders. The Company assists members with their farm environment plan requirements and charges an appropriate fee.

The customer is obliged to meet the environment plan reporting requirements as stipulated within the water supply agreement. Non-payment or non-compliance can result in the supply of irrigation water being ceased.

All revenue is recognised on an over time basis. This is because the customer simultaneously receives and consumes all of the economic benefits and because the provision of water supply and farm plan income and collective membership fees has no alternative use to the company and the contracts in place give rise to an enforceable right to payment.

All revenue is derived from fixed price contracts and therefore the amount of revenue earned from each contract is determined by reference to those contracts with limited judgement required.

All customers are located within a single geographic location. The disaggregation of revenue type is disclosed in the table below.

Offsetting Income and Expenses

Income and expenses are not offset unless required or permitted by an accounting standard. Items of income and expenses are offset when offsetting reflects the substance of the transaction or other event.

In addition, gains or losses arising from a group of similar transactions are reported on a net basis unless items of gains or losses are material, in which case they are reported separately.

Operating revenue comprises of:

	2023 $	2022 $
Irrigation Charges	7,985,072	7,552,733
Collective Membership Fees	63,035	58,520
	$8,048,107	$7,611,253

10. Finance Income

Interest on short term bank deposits is recognised in profit or loss as it accrues using the effective interest rate method.

	2023 $	2022 $
Interest Received - Westpac Bank	1,094	1,170
Interest Received - IRD	3	-
Interest Received - PDS Share Applicant Fees Held on Deposit	-	19,355
Finance Income	$1,097	$20,525

BDO WELLINGTON

11. Employee Benefits

	2023 $	2022 $
Accident Compensation Levy	7,156	7,612
KiwiSaver Employer Contribution	37,263	30,800
Wages	1,337,600	1,153,591
Staff Training & Welfare	25,095	22,386
Recruitment Costs	9,480	13,561
	$1,416,594	$1,227,950

12. Other Expenses

Other Expenses include:

12.1 Independent Auditor's Remuneration

	2023 $	2022 $
BDO Wellington - Audit of Annual Financial Statements	36,525	33,661
	$36,525	$33,661

12.2 Directors' Fees

	2023 $	2022 $
Directors Fees	123,500	133,292
	$123,500	$133,292

12.3 Loss on Disposal of Assets

	2023 $	2022 $
Loss on Disposal of Assets	-	28,284
	-	$28,284

12.4 Other Expenses

	2023 $	2022 $
Accountancy & Financial Fees	37,719	32,558
Administration	18,965	16,190
Asset Management	7,193	8,639
Audited Self-Management	87,567	93,069
Booster Pumping Costs	663,420	708,414
Computer Expenses	21,650	20,956
Directors Expenses	4,837	11,531
Donations	7,951	6,770
Enhancement Package	11,328	222,824
Entertainment	329	392
Fringe Benefit Tax	23,893	13,160
Hydrology Advice	5,850	880
Health and Safety	4,892	15,288
Hurunui Equity Raising Costs	-	43,507
Hurunui Scheme Costs	12,750	95,296
Insurance	353,777	313,783
Legal Fees	18,401	28,798
Motor Vehicle Expenses	64,645	53,506
Nutrient Benchmarking	55,329	47,592
Nutrient Management	44,101	26,419
Office Expenses	21,412	19,291
Power	5,926	4,346
Rates	60,164	53,073
Rent	17,500	10,492
Resource Consents	24,725	100,856
Regional Plan Review	143,637	88,964
Subscriptions	48,139	48,515
Telephone	6,688	6,514
Travelling - Local	2,819	1,366
Valuation Fees	7,975	-
Water Monitoring	190,935	132,286
	$1,974,517	**$2,225,275**
Total Other Expenses	**$2,134,542**	**$2,420,512**

BDO WELLINGTON

13. Finance Costs

	2023 $	2022 $
Bank Charges	478	12,587
Interest on Borrowings	2,120,959	1,859,144
	$2,121,438	$1,871,731

14. Short Term Employees Benefits

Allowance is made for benefits accruing to employees at balance date in respect of salaries and wages and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

It is anticipated that the salaries and wages will be paid and leave accrued will be utilised within the next 12 months. As such, the value of the liability has not been discounted and is recorded at its full value.

	2023 $	2022 $
Employee Entitlements	$89,407	$90,066

15. Trade and Other Receivables

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position (refer Note 6 for cash and cash equivalents). Trade receivables are amounts due from customers for products sold and services provided. Trade receivables are recognised initially at their transaction price and subsequently measured at the amount expected to be collected.

Estimates are used in determining the level of receivables that may not be collected. The Company recognises a provision for impairment on trade receivables if there is a concern if something will not be collected.

None of the accounts receivable as at reporting date are considered to be impaired (2022: $nil). No collateral is held by the Company as security for accounts receivable. Payment is due on the 20th of the month following invoice.

Receivables are considered fully collectable as the supply of water for irrigation is an essential service for local farmers in the North Canterbury region. Any unpaid water charges may be charged interest at a rate of 14.08% per the water supply agreements. Customers who fail to pay outstanding amounts risk having their water turned off until the amount is paid in full.

	2023 $	2022 $
Non-Financial Instruments		
GST Receivable	32,931	35,034
Prepayments	1,624	2,964
Financial Instruments		
Trade Receivables	70,345	120,626
	$104,900	$158,624
Aging of Trade Receivables		
Not Yet Due	27,656	52,956
Overdue 1-30 days	36,904	67,670
Overdue more than 90 days	5,785	-
	$70,345	$120,626

Notes to the Financial Statements

For the Year Ended 31 May 2023

16. Investments in Shares

The fair value is the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date.

They are carried in the statement of financial position at fair value with changes in profit or loss in the finance income or expense line.

Financial assets recognised at fair value through profit and loss include the equity investment in Farmlands Co-operative Society Limited. The investment is considered to be level 3 in the fair value hierarchy.

	2023 $	2022 $
Shares		
Farmlands - Share Capital	636	636
Total Non-Current Investments	$636	$636

17. Trade and Other Payables

Payables are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest rate method.

All trade payables are on standard terms and are paid on the 20th of the month following invoice unless otherwise specified.

	2023 $	2022 $
Trade Payables	204,405	297,745
Accrued Expenses	-	8,265
Accrued Auditors' Remuneration	36,525	29,400
Directors Fees Payable	24,333	28,083
Accrued Interest	23,913	5,019
	$289,176	$368,512

18. Financial Instruments

Financial instruments are transacted on a commercial basis to derive an interest/cost with terms and conditions having due regard to the nature of the transaction and the risks involved. The Company holds the following financial instruments, classified as either Financial Assets/Liabilities at Amortised Cost or Financial Assets/Liabilities at Fair Value through Profit or Loss (FVP&L):

	Financial Assets (Liabilities) at Amortised Cost	Financial Assets (Liabilities) at FVP&L Level 2	Financial Assets (Liabilities) at FVP&L Level 3	Total
	$	$	$	$
31 May 2023				
Assets				
Cash and Cash Equivalents	78,104	-	-	78,104
Trade Receivables	70,345	-	-	70,345
Investments in Shares	-	-	636	636
Financial Derivatives (Interest Rate Swaps)	-	2,673,348	-	2,673,348
	$148,449	$2,673,348	$636	$2,822,433
Liabilities				
Trade and Other Payables	240,930	-	-	240,930
Borrowings	43,720,000	-	-	43,720,000
	$43,960,930	$-	$-	$43,960,930
31 May 2022				
Assets				
Cash and Cash Equivalents	496,782	-	-	496,782
Investments in Term Deposits	600,000	-	-	600,000
Trade Receivables	120,626	-	-	120,626
Investment in Shares	-	-	636	636
Financial Derivatives (Interest Rate Swaps)	-	2,058,668	-	2,058,668
	$1,217,408	$2,058,668	$636	$3,276,712
Liabilities				
Trade and Other Payables	335,410	-	-	335,410
Borrowings	45,797,613	-	-	45,797,613
	$46,133,023	$-	$-	$46,133,023

18.1 Fair Value Estimations

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

18.2 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 counter party. Financial instruments which potentially subject the company to credit risk principally consist of bank balances and trade receivables.

The company manages its exposure to credit risk to minimise losses from bad debts. Credit evaluations are performed on all customers requiring credit and generally the company does not require collateral.

The credit quality of the company's trading bank Westpac Bank is continuously monitored and non-performance by that counter party is not anticipated. Westpac Bank has a Standard and Poor's credit rating of AA-.

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

	2023 $	2022 $
Cash and Cash Equivalents	78,104	496,782
Trade Receivables	70,345	120,626

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

18.3 Concentrations of Credit Risk

The company is not exposed to any significant concentrations of credit risk beyond the fact that its receivables are concentrated within a relatively small geographic area and belong to a single industry type.

The company's sales revenue is widely dispersed over a large number of customers.

The largest customer accounted for 5.8% of total sales revenue during the year under review (2022: 5.7%) and 0.0% of trade receivables at reporting date (2022: 0.0%).

For the recoverability of trade receivables, refer to Note 15.

18.4 Liquidity Risk

Liquidity risk represents the company's ability to meet its financial obligations on time. Management manages its liquidity risk by monitoring short term and medium term cash flows. The company generally generates sufficient cash flows from its operating activities to make timely payments.

The table overleaf analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of cash flows. The amount disclosed in the table are contractual undiscounted cash flows.

18. Financial Instruments

	Carrying Amount	Contractual Cash Flows	< than 1 Year	Between 1-2 Years	Between 2-5 Years	Over 5 Years
	$	$	$	$	$	$
31 May 2023						
Assets						
Cash and Cash Equivalents	78,104	78,104	78,104	-	-	-
Trade and Other Receivables	70,345	70,345	70,345	-	-	-
Financial Derivatives (Interest Rate Swaps)	2,673,348	2,673,348	811,742	811,742	941,725	108,139
	$2,821,797	$2,821,797	$960,191	$811,742	$941,725	$108,139
Liabilities						
Trade and Other Payables	289,176	289,176	289,176	-	-	-
Borrowings	43,720,000	47,790,665	3,389,235	28,179,844	16,221,586	-
	$44,009,176	$48,079,841	$3,678,411	$28,179,844	$16,221,586	$-
31 May 2022						
Assets						
Cash and Cash Equivalents	496,782	496,782	496,782	-	-	-
Term Deposits	600,000	600,000	600,000	-	-	-
Trade and Other Receivables	120,626	120,626	120,626	-	-	-
Financial Derivatives (Interest Rate Swaps)	2,058,668	2,058,668	328,473	425,514	1,059,247	245,434
	$3,276,076	$3,276,076	$1,545,881	$425,514	$1,059,247	$245,434
Liabilities						
Trade and Other Payables	368,512	368,512	368,512	-	-	-
Borrowings	45,797,613	49,335,661	3,235,451	28,679,709	17,420,501	-
	$46,166,125	$49,704,173	$3,603,963	$28,679,709	$17,420,501	$-

BDO WELLINGTON

18.5 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has a very small exposure to currency risk.

18.6 Interest Rate Risk

Interest rate risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on borrowings vary between 3.82% and 6.92%.

In 2023 a 300 basis point increase in the interest rate would have increased expenses by $151,764. In 2022, a 150 basis point increase in the interest rate would have increased expenses by $102,681.

In 2023 a 300 basis point decrease in the interest rate would have reduced expenses by $151,764. In 2022, a 150 basis point decrease in the interest rate would have reduced expenses by $102,861.

The policy of the company is to economically hedge its interest rate risk through the use of interest rate swaps.

19. Taxation and Deferred Tax

Taxation charged against profits is based on the estimated tax payable for the current period.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In principle, deferred tax liabilities are recognised from taxable temporary timing differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary difference 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. If it were not for these assumptions, the calculated liability would be significantly lower.

When there is uncertainty concerning the Company's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Company:

a) Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
b) Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
c) If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority. The company intends to settle its current tax assets and liabilities on a net basis.

BDO WELLINGTON

19.1 Income Tax Expense

	2023 $	2022 $
(Loss)/Profit before Income Tax	**$(2,905,970)**	**$2,008,880**
Prima facie Income Tax @ 28%	(813,672)	562,486
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Amortisation and Impairment of Water Consents	571,313	48,710
- Non-Deductible Entertainment	584	-
Adjustments for current tax of prior periods	(28,079)	-
Income Tax (Benefit)/Expense	**$(269,854)**	**$611,196**
The Income Tax (Benefit)/Expense is represented by:		
Current Tax	-	-
Deferred Tax	269,854	611,196
Income Tax (Benefit)/Expense	**(269,854)**	**$611,196**
Income Tax Recognised in Other Comprehensive Income	**$-**	**$-**

19.2 Reconciliation of Current Tax Payable

	2023 $	2022 $
Opening Balance Tax Account	(5,747)	(55)
Plus		
Refund Received	5,728	55
Less		
Resident Withholding Tax Paid	306	5,747
Taxation (Refundable)/Payable	**$(325)**	**($5,747)**

19.3 Reconciliation of Tax Losses

	2023 $	2022 $
(Loss)/Profit before Income Tax	(2,905,970)	2,008,880
Add Back:		
Fair Value of Swaps	(614,680)	(4,072,451)
Amortisation and Impairment of Water Consents	2,041,341	173,961
Non-Deductible Entertainment	2,084	-
Difference in Depreciation Basis	(1,877,702)	(1,954,542)
Movement in Non-Deductible Holiday Pay Accruals	14	303
Tax Losses Brought Forward	(14,949,538)	(11,105,689)
Adjustments for Current Tax of Prior Periods	(24,688)	-
Tax Losses to be Carried Forward to Future Years	**$(18,329,139)**	**$(14,949,538)**

BDO WELLINGTON

19.4 Deferred Tax Assets/(Liability)

	Opening Balance $	Charged to Income $	Closing Balance $
Balance at 31 May 2023			
Property Plant and Equipment	(18,842,106)	(503,952)	(19,346,058)
Property Plant and Equipment	10,646	14	10,660
Water Consents and Other Intangibles	-	525	525
Non-Deductible Provisions	15,333	(910)	14,423
Unused Tax Losses	4,185,871	946,287	5,132,159
Interest Rate Swap	(576,427)	(172,110)	(748,537)
	$(15,206,683)	$269,854	$(14,936,828)
Balance at 31 May 2022			
Property Plant and Equipment	(18,294,833)	(547,273)	(18,842,106)
Property Plant and Equipment	10,646	-	10,646
Non-Deductible Provisions	15,248	85	15,333
Unused Tax Losses	3,109,593	1,076,278	4,185,871
Interest Rate Swap	563,859	(1,140,286)	(576,427)
	$(14,595,487)	$(611,196)	$(15,206,683)

19.5 Imputation Credit Account

At 31 May 2023 the balance in the company's Imputation Credit Account (representing the maximum amount of tax credits available to be attached to future dividends paid by the company) amounted to $258,763.

The movements in the company's ICA for the year were:

	2023 $	2022 $
Opening Balance 1 June	264,166	258,474
Plus Resident Withholding Tax Paid	325	5,747
	$264,491	$264,221
Less Refund Received	(5,728)	(55)
Closing Balance 31 May	$258,763	$264,166

BDO WELLINGTON

Other Notes

20. Contingent Asset

The Company has impaired all the costs associated with the Hurunui Scheme from Construction Work in Progress. See Note 2 for more details. The Company continues to work on a Hurunui Scheme. However, the asset has not been recognised as Construction Work in Progress at 31 May 2023 or 31 May 2022 as attaining the construction consents requires agreement from the interest party and this is not wholly within the control of the Company.

	2023 $	2022 $
Contingent Assets		
Balance incurred in previous periods	1,321,641	1,223,005
Costs incurred during the period	-	95,296
	$1,321,641	$1,321,641

21. Contingent Liability

A liability of $1,023,646 was recognised in a prior period. This relates to a possible liability of Hurunui Water Project Ltd (HWP) that due to the amalgamation with AIC became the responsibility of AIC.

Once a final construction design of the Hurunui scheme is confirmed, an assessment can be made as to whether any of this liability is repayable. Although the liability can be measured with sufficient reliability, legal advice suggests that an outflow of resources is not probable.

The uncertainty surrounding the construction consents and the subsequent impairment of the Construction Work in Progress suggests that there is not sufficient evidence to support an outflow of resources and the liability has been written off in the prior period.

	2023 $	2022 $
Contingent Liabilities		
Rooney Group Limited Contingent Liability	1,023,646	1,023,646
	$1,023,646	$1,023,646

22. Commitments

At 31 May 2023, the Company had no capital commitments (2022: $79,560).

23. Subsequent Events

The construction consent applications for the Hurunui Scheme were on hold until 30 June 2023. Prolonged inactivity with the one submitter on these consents meant there was little value in carrying on with land access.

Without land access, pursuing the construction consent applications was not deemed to hold value. At the end of July 2023, the construction consents were withdrawn and official confirmation was received on 1 August 2023.

24. Related Party Transactions

Any transactions between the Company and related parties have been in the ordinary course of the Company's business trading on normal commercial terms. Transactions include Directors' remuneration and water sales.

24.1 Shareholders

Shareholders are related parties of the Company and all shareholders pay water charges to the company.

24.2 Key Management Personnel

The compensation of the Directors and executives, being the key management personnel of the Company, is set out below. There are no termination, or other long term benefits.

	2023 $	2022 $
Salaries and Short-Term Employee Benefits	542,403	498,724
Kiwisaver Contribution	12,114	10,214
	$554,517	$508,938

24.3 Transactions with Entities Controlled by Directors

The Company entered into various transactions with entities controlled by Directors. The value of these transactions are summarised below:

	2023 $	2022 $
Water Sales During the Year		
D A Croft (Chairman)	184,023	182,699
N S Anderson	257,551	243,252
E L Francis (Resigned 30 November 2022)	142,813	134,574
G A C Gould	68,420	64,460
K J McCone	161,098	134,634
M F Satterthwaite (Resigned 30 November 2022)	66,209	64,471
A J Williamson (Appointed 30 November 2022)	50,257	47,406
	$930,371	$871,496
Amounts Receivable as at Year End	$4,130	$8,586

	2023 $	2022 $
Other Purchases During the Year		
D A Croft (Chairman)	-	661
	$-	$661

Directors' fees have been disclosed separately under the Annual Report and the Directors' fees payable as at 31 May 2023 are disclosed in Note 18.

24.4 Directors Relevant Interest in Equity Securities at at 31 May

	2023	2022
D Croft (Chairman)	541	451
N Anderson	649	572
E L Francis (Resigned 30 November 2022)	761	761
G A C Gould	220	220
K J McCone	518	284
M F Satterthwaite (Resigned 30 November 2022)	150	227
A J Williamson (Appointed 30 November 2022)	160	160
C S Laurie	-	-
	2,999	2,675

25. Reconciliation of Net Profit to Cashflow from Operating Activities

	2023 $	2022 $
(Loss)/Profit before Tax Expense	**(2,905,970)**	**2,008,880**
Add Non-Cash Items		
Depreciation	3,226,049	3,189,797
Loss on Disposal of Assets	-	28,284
Amortisation of Other Intangibles	6,410	-
Fair Value Movement in Interest Rate Swap	(614,680)	(4,072,451)
Amortisation and Impairment of Water Consents	2,142,045	173,961
Gain from the derecognition of Liability: Rooney Group Limited	-	(1,023,646)
Impairment of Construction Work in Progress	-	1,223,005
	$1,853,854	$1,527,830
Add/(Less) Movements in other Working Capital Items		
Decrease/(Increase) in Accounts Receivable	50,281	260,064
Decrease/(Increase) in Prepayments	1,340	-
Decrease/(Increase) in Accrued Interest	-	(66,418)
Increase/(Decrease) in Trade & Other Payables	(79,336)	33,481
Increase/(Decrease) in GST Refund	2,103	(18,285)
Decrease/(Increase) in Taxation Provision	5,422	(5,692)
Increase/(Decrease) in Employee Entitlements	(659)	35,608
	$(20,849)	$238,758
Net Cash (Used in)/Provided from Operating Activities	$1,833,005	$1,766,588

BDO WELLINGTON

26. Reconciliation of Movements in Liabilities to Cashflows Arising from Financing Activities

	Borrowings $	Share Capital $	Total $
Opening Balance 01 June 2021	47,317,149	39,607,970	86,925,119
Repayment of Bank Borrowings	(1,077,936)	-	(1,077,936)
Share Proceeds	(441,600)	441,600	-
Closing Balance 31 May 2022	$45,797,613	$40,049,570	$85,847,183
Repayment of Bank Borrowings	(2,077,613)	-	(2,077,613)
Closing Balance 31 May 2023	$43,720,000	$40,049,570	$83,769,570

Business Directory

COMPANY NUMBER

CH 446906

DATE OF INCORPORATION

5 APRIL 1990

NATURE OF BUSINESS

SUPPLY WATER FOR IRRIGATION

DIRECTORS

D A CROFT, CHAIRMAN
N S ANDERSON
E L FRANCIS[1]
G A C GOULD
C S LAURIE
K J MCCONE
M F SATTERTHWAITE[2]
A J WILLIAMSON[3]

1 (RETIRED 30 NOVEMBER 2022)
2 (RETIRED 30 NOVEMBER 2022)
3 (APPOINTED 30 NOVEMBER 2022)

REGISTERED OFFICE AND SHARE REGISTER

50 MOUNTAINVIEW ROAD
CULVERDEN 7392

BANKERS

WESTPAC BANK
THE TERRACE, LEVEL 4
81 CASHEL STREET
CHRISTCHURCH 8140

INDEPENDENT AUDITORS

BDO WELLINGTON AUDIT LIMITED
CHARTERED ACCOUNTANT HOUSE
50 CUSTOMHOUSE QUAY
WELLINGTON 6143

SOLICITORS

ANDERSON LLOYD
LEVEL 3, 70 GLOUCESTER ST
CHRISTCHURCH 8013

ACCOUNTANTS

MACKAY BAILEY LTD
109 BLENHEIM ROAD
CHRISTCHURCH 8041

CONTACT US

☎ 03 315 8984   @ ADMIN@AMURIIRRIGATION.CO.NZ

Independent Auditor's Report

BDO Wellington Audit Limited

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AMURI IRRIGATION COMPANY LIMITED

Opinion

We have audited the financial statements of Amuri Irrigation Company Limited ("the Company"), which comprise the statement of financial position as at 31 May 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 May 2023, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

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.

Key audit matter	*How the matter was addressed in our audit*
Impairment of Intangible Assets The Company purchased all of the shares in the Hurunui Water Project in the year ended 31 May 2019. As part of this purchase, the Company acquired resource consents with the intention to develop a new scheme 'Hurunui Scheme'.	Our procedures included, but were not limited to, the following: • We challenged the key assumptions made by Management and the Directors, being alternative uses of the consents given that at this point in time, they are not able to be used as initially purchased to develop the Hurunui Scheme. • We audited the disclosures in accordance with NZ IFRS.

Continued uncertainty around securing the Hurunui Scheme Construction Consents and engagement with the interested party suggests that utilising the water consents is not wholly within the control of the Company. For this reason, the water consents relating to the Hurunui Scheme have been fully impaired during the period. The Company's impairment charge represented $1.97 million for the year ending 31 May 2023. The Company's accounting policies in respect of impairment are in included in the accounting policies and disclosures are included in note 4 to the financial statements.	

Other Information

The directors are responsible for the other information. The other information comprises the Our Strategy Report Our Year Report, Chairman's Report, Our Board, Environmental Responsibilities, AIC in the Community and the Business Directory, 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 Mark Bewley.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED
Wellington
New Zealand
26 September 2023

WWW.AMURIIRRIGATION.NZ
WWW.AICPROJECTS.NZ