Central Plains Water Limited
Annual Report
For the year ended 30 June 2020

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Chairman's review

Year in Review

The 2019/2020 irrigation season represents the first full irrigation season across the entire Scheme with Shareholders able to access water from 1st September 2019. For the majority of Shareholders, the 2019/2020 year with access to irrigation and a good growing season, the outcome was very positive.

The year has been marked by a number of notable events:

- The refinance of the company debt
- An interruption in supply due to flooding in December, and
- The management of the COVID-19 pandemic response

In early 2019, following the completion of the construction phase of the Scheme, the Board deemed it appropriate to enter into negotiations for the refinancing of the various loans held by Central Plains Water Limited (CPWL). Whilst the refinance was not necessary until 2021, the debt structure precluded the implementation of the equalisation of water use charges and placed constraints on the management of the Scheme. The early refinance of the various debt arrangements entered into during construction, into a consolidated single debt with the removal of the constraints imposed by the Crown Irrigation Investments Ltd was concluded in March 2020. The new syndicate of lenders comprises ANZ, Westpac, China Construction Bank, Rabobank and the Accident Compensation Corporation. The conclusion of this exercise just prior to the imposition of the COVID 19 related lockdown, was extremely well timed and has secured terms for a period of five years from the bank lenders and fifteen years from ACC. Further refinance for the bank held portion of the loan will not be required until 2025.

Following a period of multiple flood events in the Rakaia River in early to mid-December 2019, the supply of water to Shareholders in Stages 1 and 2 was subject to two suspensions totalling 8 days (between December 3rd and December 5th and December 7th and December 13th). The Board, and CPWL as a whole, acknowledge the impact of this event on Shareholders which occurred at a most inopportune time. A full investigation into the response to the event was undertaken and identified a number of actions that are to be made to mitigate the impacts of a similar occurrence in the future. These changes are in the areas of operation, engineering design and alternative supply. Further study has identified the priority actions which have been completed. The incident highlights the fact that the Scheme has not been designed to deliver water 100% of the time and Shareholders should be aware that suspensions of supply will occur when circumstances are beyond the control of the Scheme operation.

In late March, like the rest of Country, CPWL went into lockdown as a result of the COVID-19 pandemic. Whilst CPWL were successful in securing "essential work" status, all staff and contractors moved to working from home and utilising the established IT capacity to maintain all functions of the business. We are proud to relate that the impact of COVID-19 and the associated restrictions that have been imposed, have not resulted in in any reduction in service to shareholders or limitation to the planned off-season activities.

Financial Performance and Position

The Company is reporting an accounting "Loss for the year" of $(16.1) million. The loss is an increase on the previous year and represents the first full year of the Company having moved into full operations mode. A key driver for the result associated with the first full year of operations is that this year depreciation, interest, overhead and labour that were partly capitalised on the Balance Sheet last year during construction, are now fully borne by the Profit and Loss account.

It is important to note that the Company continues to work within its operating budgets and more critically reports positive cashflows from its operating activities.

The Company undertook a refinancing exercise during the year which has resulted in strong financial arrangements and a longer tenor of a portion of our debt with $90m funded from ACC for a 15-year term. In addition, the new funding arrangements are provided under more favourable terms and conditions than previously. The financial effect of the refinance is that over the next 5 years the company will be paying around $1m less per annum in funding costs compared to the continuation of pre-existing arrangements. This represents a saving of around $25 per share per annum in Water User Charges when compared to the pre-existing arrangements.

The financial position of the company at 30 June 2020 now reflects the completion of the three major construction stages over the last 5-6 years.

Operational Performance

With water being supplied across the entire Scheme, a total of 163 million cubic metres of water was delivered during the season. This comprised 50 million cubic metres of stored water and 110 million cubic metres of run of river. For the fifth season of operations, we again saw a different demand profile for water from previous seasons with temperature, rainfall, wind and river flows continually changing, thus impacting both river flows and on farm requirements. Accurate water ordering needs to remain a high priority for shareholders to both increase efficiency of water use and minimise stored water costs on partial or full restriction days. Order utilisation for the season was high at 93% but this still leaves room for improvement.

At an operational level, our working relationship with

TrustPower is strong and both parties work closely on a weekly basis to ensure that the Scheme's stored water requirements are met by accurately forecasting our demand into Trustpower's Lake Coleridge water release schedule.

Improving our flood protection defences at the Rakaia Intake remain a priority with the first Phase of a two phase, two-year project to construct a river protection stop bank and rock groynes adjacent to our intake assets nearing completion. Preventative maintenance on all scheme assets remains a key focus to maximise the operating life of the Scheme. After five years undertaking our on-site maintenance via a service contract with Downer New Zealand, we have chosen not to extend that contract and to employ all Operations and Maintenance technicians directly. The new team, four of whom worked for CPWL under the Downer Contract commenced work at CPWL on the 7th September.

The operations team continue to focus on developing and improving systems, processes and services that provide better, efficient and more relevant communication, data and training to our Shareholders and water users.

Environmental Sustainability

A key objective of CPWL Scheme is to end the use of ground water for irrigation and replace it with surface water from the Rakaia and Waimakariri Rivers. Since inception we have observed a reduction in ground water take of 50% for CPWL shareholders over the last 4 years with 42 temporary waivers (bore use suspended) applied for on bores, 3 consents surrendered and 2 consents partially surrendered.

To date CPWL has distributed over $449,000 for environmental initiatives through the Environmental Management Fund which is administered by the Central Plains Water Trust. These initiatives have involved planting 48,436 native plants in the catchment area for stream enhancement, mahinga kai and for the creation of a biodiversity corridor (Te Ara Kakariki), to connect the mountains to the ocean. $74,000 has been contributed to the annual costs of opening Te Waihora/Lake Ellesmere and an additional $374,000 is available to Ngai Tahu for distribution.

In addition to supplying more than 40,000ha of farmland, the Scheme has made provision for the supply of raw water to two townships in the Selwyn District. The Scheme remains open to meeting demand such as this in the future should the need arise.

During the past year CPWL has launched a web page for Shareholders to access the last ten days and future three days Potential Evapotranspiration rates to assist with irrigation decisions. Central Plains has also worked closely with Environment Canterbury to develop and commission a Near River Recharge project adjacent to the Selwyn River. The project is designed to augment ground water levels when the catchment is dry. The project is fully funded by Environment Canterbury and the Ministry for the Environment and will utilise water, when available, from the CPWL Scheme.

This season saw 183 Farm Environment Plan Audits completed with 96% achieving an A or B result for Good Management Practice. Despite the conversion of an additional 21,500ha to new irrigation, the nitrogen discharged by CPWL shareholders in the 2019/20 season, based on OverseerFM results, is 10% below the nitrogen discharge during the baseline period of 2009-2013. These gains are attributed to the adoption of better farm management practice.

Outlook

CPWL continues to refine the operation of the Scheme with enhancements being made in the area of digital technology and in bringing operational maintenance in-house. Opportunities for cost savings are routinely examined and where applicable are adopted.

The Board has spent significant time evaluating mechanisms designed to address the equalisation of water use charges across the Scheme. At the time of writing the Board are confident they have developed a model that will address the undertaking given in the Information Memorandum documents and provide the most equitable outcome for all Shareholders. The mechanism will be presented to Shareholders in order that feedback can be received to assist the Board with their finalisation of the correct mechanism.

There are approximately 2500 shares remaining to be sold across the Scheme. Management are actively pursuing any opportunity to secure a sale for these shares which if all sold would realise a reduction in water use charges of approximately 10%.

People and Supporters

This year marks the end of Derek Crombie's involvement in the development, construction and operation of the Scheme. Derek has held Executive and Governance roles with CPWL and it would be fair to say that without his drive and vision we would probably not be here today.

Also retiring this year is Wille Palmer who has been a member of the Central Plains Board for the past 15 years. Through this time Willie has overseen the growth of the project from a concept through to a Scheme delivering water to over 40,000ha. Willie's broad understating of both Shareholder perspectives and the legal framework in which we have to operate has been invaluable to the Board as a whole.

On behalf of the Shareholders I would like to extend our appreciation to both Derek and Willie and wish them well in their next endeavours.

This year also marks the start of an initiative designed to assist Shareholders who seek governance roles with CPWL or other organisations. Shareholders, eligible to stand as Directors of CPWL, were invited to make application for a place on the initial 2 year Aspiring Directors Development Programme Of the 12 applications received, four candidates were selected who are now engaged in various training courses and group exercises designed to develop and enhance their governance skills. The Programme will be reviewed as it progresses, the results helping to decide whether a second Programme will be run in two years.

I would also like to thank the Board and staff for their contribution to ensuring that another successful season has been delivered. Earlier this year we completed the successful refinance of our debt which has placed CPWL in a very good position for the next five years and has introduced a long term lender in the form of ACC and I am grateful for the ongoing support from all these lenders.

Shareholder Support

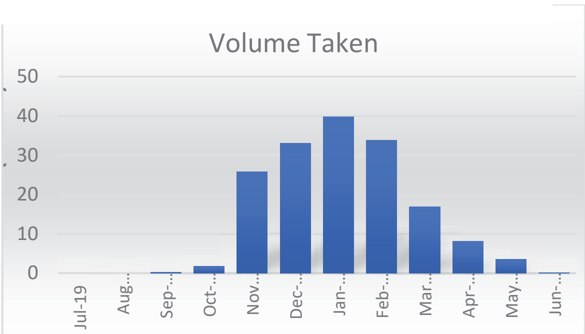
Thank you to all our Shareholders for their continued support throughout the year and belief in the Scheme.

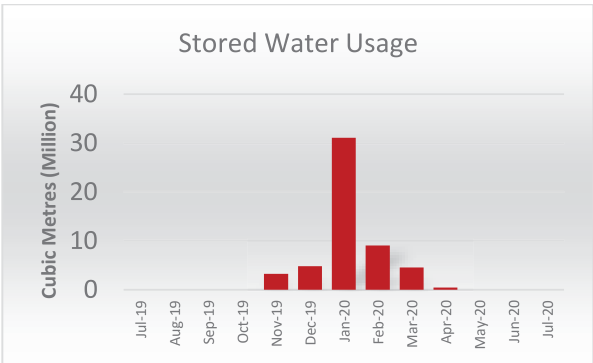
Geoff Stevenson
Chair

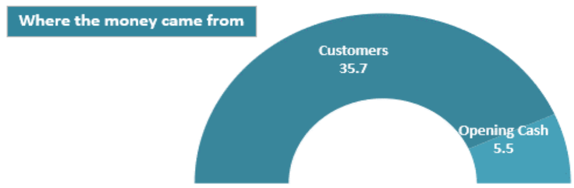
At a glance

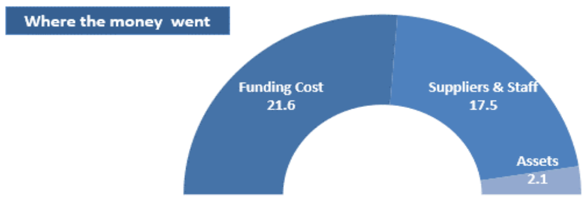
Management View Profit and Loss ($M)

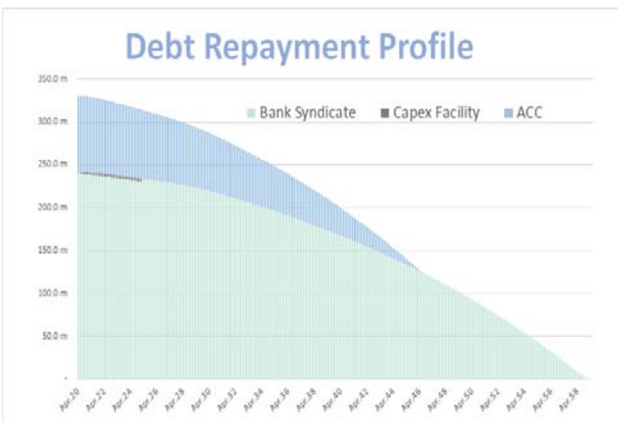
Revenue			
	Water Use Charge		31.00
Expenses			
	Interest Paid	17.60	
	Depreciation	13.10	
	Refinance	4.90	
	Electricity	2.80	
	OH & Payroll	2.70	
	Insurance & Rates	1.30	
	Maintenance	1.26	
	Consents	0.70	
	Board Costs	0.35	44.71
Profit / - Loss			-13.71

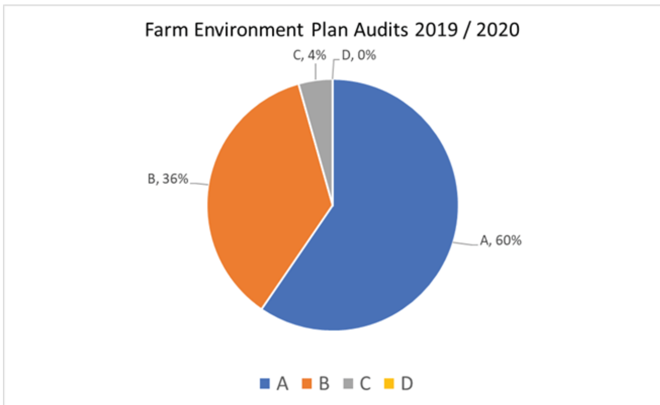












Directors' report

The Board of Directors have pleasure in presenting the annual report of Central Plains Water Limited, incorporating the financial statements and the auditors' report, for the year ended 30 June 2020.

Results

The Company reported a profit for the year.

	This Year	Last Year
Net surplus (deficit) for the year	**(19,988,315)**	(4,766,177)
Retained earnings (accumulated losses) as at 1 July	**(64,311,063)**	(59,544,886)
Retained earnings (accumulated losses) as at 30 June 2020	**(84,299,378)**	(64,311,063)

Cash flow hedge

The Company has recognised a "cash flow hedge reserve" of $(51,096,160) reflecting the revaluation of unrealised losses on interest rate hedges. The Company was required under the terms of its bank loans to fix 90-105% of interest rate risk for at least the ensuing five year period. The Company is required to maintain the hedged position to minimise interest rate risk for the shareholders. The actual losses or gains realised will depend on movements in interest rates over the term of the interest rate hedges.

State of Affairs

The Board of Directors are of the opinion that the state of affairs of the Company is satisfactory.

Dividend

No dividend was paid during the year.

Auditors

KPMG have indicated their willingness to continue in office in accordance with section 200 of the Companies Act 1993.

The Board of Directors of Central Plains Water Limited authorised these financial statements presented on pages 7 to 37 for issue on 14th October 2020

For and on behalf of the Board.

G K Stevenson
Chairperson

14th October 2020

G S Miller
Director

14th October 2020

Statement of comprehensive income

For the year ended 30 June 2020

	Notes	2020 $	2019 $
Operating income		**35,776,691**	34,903,054
Interest and other income		**16,650**	21,179
Total income		**35,793,341**	34,924,233
Other gains (losses) - net		**(3,750)**	-
Operating expenses		**(10,747,895)**	(10,474,429)
Depreciation and amortisation expense		**(13,261,945)**	(9,636,709)
Doubtful debts expense		**-**	-
Directors expenses		**(350,491)**	(439,996)
Audit expenses		**(27,683)**	(25,875)
Other administration expenses		**(3,468,634)**	(1,227,790)
Finance costs	1	**(24,040,960)**	(15,126,013)
Total expenses		**(51,897,608)**	(36,930,812)
Profit / (Loss) before income tax		**(16,108,017)**	(2,006,579)
Income tax benefit (expense)	2	**(3,880,298)**	(2,759,598)
Profit / (Loss) for the period		**(19,988,315)**	(4,766,177)
Other comprehensive income:			
Changes in fair value of cash flow hedges	15	**(9,733,925)**	(15,957,819)
Income tax benefit on fair value of cash flow hedges		**2,725,499**	4,468,189
Other comprehensive income for the year, net of tax		**(7,008,426)**	(11,489,630)
Total comprehensive income for the year		**(26,996,741)**	(16,255,807)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2020

Consolidated	Notes	**Share Capital $**	**Other reserves $**	**Retained earnings $**	**Total equity $**
Balance as at 1 July 2018		91,752,748	(13,849,170)	(59,544,886)	18,358,692
Comprehensive income					
Loss for the year		-	-	(4,766,177)	(4,766,177)
Other comprehensive income for the year	15(a)	-	(11,489,630)	-	(11,489,630)
Proceed from Stage 2 construction shares issued	14(d)	302,500	-	-	302,500
Proceed from Sheffield construction shares issued	14(e)	60,000	-	-	60,000
Land acquisition reserve	15(b)	-	94,393	-	94,393
Balance as at 30 June 2019		92,115,248	(25,244,407)	(64,311,063)	2,559,778
Balance as at 1 July 2019		92,115,248	(25,244,407)	(64,311,063)	2,559,778
Comprehensive income					
Profit for the year		-	-	(19,988,315)	(19,988,315)
Other comprehensive income for the year	15(a)	-	(7,008,426)	-	(7,008,426)
Proceed from Stage 2 construction shares issued	14(d)	81,400	-	-	81,400
Proceed from Sheffield construction shares issued	14(e)	95,700	-	-	95,700
Land acquisition reserve	15(b)	-	-	-	-
Balance as at 30 June 2020		92,292,348	(32,252,833)	(84,299,378)	(24,259,863)

		2020	2019
Number of shares on issue:			
Ordinary shares	14	**799,398**	799,398
Stage 1 construction shares	14	**18,291**	18,291
Pre-construction shares	14	**29,178**	29,030
Stage 2 construction shares	14	**17,140**	17,103
Sheffield construction shares	14	**4,165**	4,136

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents		**3,952,641**	8,223,155
Trade and other receivables	5	**510,457**	1,358,664
Other current assets	10	**4,502,918**	5,525,072
Total current assets		**8,966,016**	15,106,891
Non-current assets			
Property, plant and equipment	12	**344,514,399**	355,473,711
Intangible assets	13	**1,201,116**	1,291,710
Deferred tax assets	7	**-**	857,189
Other investments		**200**	200
Right-of-use assets	11	**394,635**	-
Total non-current assets		**346,110,350**	357,622,810
Total assets		**355,076,366**	372,729,701
LIABILITIES			
Current liabilities			
Trade and other payables	6	**1,821,739**	1,936,473
Interest bearing liabilities	8	**3,008,001**	3,215,503
Derivative financial instruments	9	**6,412,268**	818,366
Total current liabilities		**11,242,008**	5,970,342
Non-current liabilities			
Interest bearing liabilities	8	**322,710,433**	326,089,893
Derivative financial instruments	9	**44,683,892**	38,109,688
Deferred Tax Liability	7	**297,610**	-
Lease liability	11	**402,285**	-
Total non-current liabilities		**368,094,220**	364,199,581
Total liabilities		**379,336,228**	370,169,923
Net assets		**(24,259,862)**	2,559,778

Statement of financial position (continued)

		2020	2019
		$	$
EQUITY			
Contributed equity	14	**92,292,348**	92,115,248
Reserves	15	**(35,252,833)**	(25,244,407)
Retained earnings		**(84,299,377)**	(64,311,063)
Total equity		**(24,259,863)**	2,559,778

G K Stevenson
Chairperson

14th October 2020

G S Miller
Director

14th October 2020

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Interest received		**3,590**	18,082
Receipts from customers		**35,762,994**	34,820,496
Payments to suppliers		**(17,521,811)**	(17,327,915)
Net cash inflow / (outflow) from operating activities	3	**18,244,773**	17,510,663
Cash flows from investing activities			
Purchases of property, plant and equipment		**(55,165)**	(511,562)
Proceeds from sale of property, plant and equipment		**-**	53,896
Closure of specific purpose bank accounts		**1,022,155**	-
Capital work in progress		**(2,072,030)**	(17,410,348)
Net cash inflow / (outflow) from investing activities		**(1,105,040)**	(17,868,014)
Cash flows from financing activities			
Proceeds from issuance of construction shares		**452,433**	996,167
Proceeds from bank borrowings		**60,739,040**	20,575,147
Repayment of bank borrowings		**(60,914,002)**	(1,341,911)
Lease funding repaid		**(80,942)**	-
Interest paid		**(21,606,776)**	(15,126,013)
Net cash inflow / (outflow) from financing activities		**(21,410,247)**	5,103,390
Net increase (decrease) in cash and cash equivalents		**(4,270,514)**	4,746,039
Cash and cash equivalents at the beginning of the financial year		**8,223,155**	3,477,116
Cash and cash equivalents at end of year		**3,952,641**	8,223,155

1 Finance expenses

Note disclosure

	2020 $	2019 $
Finance costs		
Bank syndicate loan	**8,077,990**	8,096,158
Accident Compensation Corporation loan	**1,028,938**	-
Interest rate swaps	**9,568,664**	6,304,594
Crown Irrigation Investments Limited	**1,345,477**	725,261
Swap close out cost	**4,000,000**	-
Finance lease liability	**19,891**	-
Capitalised interest	**-**	4,827,423
Total finance costs	**24,040,960**	19,953,436

2 Income tax

Accounting policy

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Note disclosure

	2020 $	2019 $
(a) Income tax expense		
Current tax	**-**	-
Deferred tax	**(3,880,298)**	(2,759,598)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(16,108,017)**	(2,006,579)
Income tax @ 28%	**(4,510,256)**	(561,842)
Tax effects of:		
• Expenses not-deductible/(capitalised amounts deductible) for tax purposes	**(3,799,973)**	(3,209,032)
• Prior year expenses not-deductible/(capitalised amounts deductible) for tax purposes	**12,429**	14,205
• Tax losses for which no deferred income tax asset is recognised	**8,297,800**	3,756,669
Current Tax	**-**	-
Deductible/taxable temporary differences for which a deferred tax liability was recognised	**(3,880,298)**	(2,759,598)

2 Income tax (continued)

	2020 $	2019 $
(c) Unrecognised tax balances		
Losses brought forward	**71,509,950**	58,063,277
Adjustments recognised in the current year in relation to the current tax of prior years	**(44,398)**	(20,733)
Net tax deficit for the year	**29,679,389**	13,467,406
Unrecognised deferred tax balances	**101,144,950**	71,509,950

(d) Tax (charge)/credit relating to components of other comprehensive income

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Before tax $	**Tax (expense) / benefit** $	**After tax** $
Consolidated			
30 June 2020			
Current tax	**-**	**-**	**-**
Deferred tax (note 7)	**(9,733,925)**	**2,725,499**	**(7,008,426)**
Other comprehensive income	**(9,733,925)**	**2,725,499**	**(7,008,426)**
30 June 2019			
Current tax	**-**	**-**	**-**
Deferred tax (note 7)	**(15,957,819)**	**4,468,189**	**(11,489,630)**
Other comprehensive income	**(15,957,819)**	**4,468,189**	**(11,489,630)**

3 Reconciliation of profit after income tax to net cash inflow from operating activities

Note disclosure

	2020 $	2019 $
Profit for the year	**(19,988,314)**	(4,766,177)
Depreciation and amortisation	**13,261,994**	9,636,709
Deferred tax Expense	**3,880,298**	2,759,598
Loss on disposal of fixed assets	**3,750**	82,241
Gain on disposal of fixed assets	**-**	(500)
Interest paid	**21,606,776**	15,126,013
Prepaid Loan Establishment fee	**(2,951,805)**	-
Derivative Financial Instrument movement taken to P+L	**2,434,183**	-
Change in operating assets and liabilities		
(Increase) decrease in trade debtors and prepayments	**112,678**	(97,964)
Increase (decrease) in trade creditors	**(114,736)**	(5,229,257)
Net cash inflow from operating activities	**18,244,773**	17,510,663

4 Imputation credits

Note disclosure

	2020 **$**	2019 $
Imputation credit account	**4,054**	-
Imputation credit account		
Balance at beginning of year	**4,054**	4,054
Balance at end of year	**4,054**	4,054

5 Current assets - Trade and other receivables

Accounting policy

Trade receivables are amounts due from customers for water licensing or grant income incurred in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss component of the statement of comprehensive income within 'other administration expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in the profit and loss component of the statement of comprehensive income.

Note disclosure

	2020 **$**	2019 $
Net trade receivables		
Trade receivables	**596,124**	569,802
Provision for doubtful receivables	**(139,000)**	-
	457,124	569,802
Prepayments	**-**	460,195
Trade and other receivables	**457,124**	1,029,997
Share instalments receivable	**53,333**	328,667
Total receivables	**510,457**	1,358,664

(a) Share instalments receivable

This amount has arisen from transactions outside the usual operating activities of the Company. The balance relates to Stage 2 construction shares payable.

(b) Prepayments

This amount comprises loan fees for the extension and alignment of the banking facility maturity. These amounts are amortised over the term of the agreement or expected life of the facility.

6 Current liabilities - Trade and other payables

Accounting policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non current liabilities.

Trade payables are stated at cost.

Note disclosure

	2020 **$**	2019 $
Trade payables	**1,367,209**	748,322
Accrued expenses	**454,530**	811,900
Net GST payable	**-**	376,251
	1,821,739	1,936,473

7 Non-current assets - Deferred tax assets (liabilities)

Note disclosure

Movement in Deferred Tax Balance:

At 30 June 2020 a deferred tax liability of $13,992,964 (2019:$10,042,666) was recognised relating to the temporary differences on property, plant & equipment ‘Scheme Infrastructure’.

	Opening Balance $	**Recognised in P&L $**	**Recognised in Other Comprehensive Income $**	**Closing Balance $**
Deferred Tax 30 June 2020				
Derivatives	**10,899,855**	**-**	**2,725,499**	**13,625,354**
Property Plant and Equipment	**(10,042,666)**	**(3,880,298)**	**-**	**(13.922.964)**
Deferred Tax Asset (Liability)	**857,189**	**(3,880,298)**	**2,725,499**	**(2,97,610)**
Deferred Tax 30 June 2019				
Derivatives	6,431,666	-	4,468,189	10,899,855
Property Plant and Equipment	(7,283,068)	(2,759,598)	-	(10,042,666)
Deferred Tax Asset (Liability)	(851,402)	(2,759,598)	4,468,189	857,189

8 Interest bearing liabilities

Accounting policy

Interest bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss component of the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre payment for liquidity services and amortised over the period of the facility to which it relates.

Note disclosure

	2020 **$**	2019 $
Secured		
Bank loans	**1,800,001**	3,215,503
Accident Compensation Corporation loan	**1,800,000**	-
Total secured current interest bearing borrowings	**3,600,001**	3,215,503
Less unamortised loan establishment fees	**(592,000)**	-
Total current interest bearing borrowings	**3,008,001**	3,215,503
Secured		
Bank loans	**237,764,683**	267,110,639
Accident Compensation Corporation loan	**87,765,751**	-
Crown Irrigation Investments Limited	**-**	58,979,254
Total secured non-current interest bearing borrowings	**325,530,434**	326,089,893
Less unamortised loan establishment fees	**(2,820,001)**	-
Total non-current interest bearing borrowings	**322,710,433**	326,089,893
Total interest bearing liabilities	**329,130,435**	329,305,396
Less unamortised loan establishment fees	**(3,412,000)**	-
Total interest bearing liabilities per balance sheet	**325,718,435**	329,305,396

As at 30 June 2020, interest rates (including margins) on the company's borrowings averaged 5.37% (2019: 5.29%). Daily commitment fees are also payable on the undrawn construction facilities.

(a) Bank borrowings

The Company has total borrowings of $239,564,684 provided by a Term Loan Facility from ANZ, Westpac, Rabobank & China Construction Banks (2019: $270,326,142). Bank borrowings are secured over the assets of the company. The Term Loan matures on 2 April 2025.

The Company has the following undrawn borrowing facilities:

	2020 **$**	2019 $
Capex facility:		
Scheme	**5,000,000**	8,000,000

8 Interest bearing liabilities (continued)

(b) Accident Compensation Corporation

The company has total borrowings of $89,565,751 provided by a term loan from Accident Compensation Corporation (ACC). ACC borrowings are secured over the assets of the company. The term loan matures on 2 April 2035.

9 Derivative financial instruments

Accounting policy

The Company enters into derivative financial instruments to manage its exposure to interest rate risk, using interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a highly probable forecast transaction (cash flow hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed below.Movements on the hedging reserve in other comprehensive income are shown in note 15. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss component of the statement of comprehensive income.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the loan payment that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit and loss component of the statement of comprehensive income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss component of the statement of comprehensive income.

Note disclosure

	2020 **$**	2019 $
Current liabilities		
Interest rate swaps - cash flow hedges (note 2(k) & note 6(a)(i))	**6,412,268**	818,366
Non-current liabilities		
Interest rate swaps - cash flow hedges (note 2(k) & note 6(a)(i))	**44,683,893**	38,109,688
Total derivative financial instrument liabilities	**51,096,161**	38,928,054

9 Derivative financial instruments (continued)

(a) Instruments used by the Company

Derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

(i) Interest rate swaps

At 30 June 2020, the fixed interest rates vary from 3.45% to 4.85% (2019: 2.30% to 5.51%), and the main floating rate is the New Zealand 90 Day Bank Bill Rate or 90 Day BKBM. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 30 June 2020 will be released to the income statement within finance cost as each interest rate swap matures.

10 Other current assets

Note disclosure

	2020 **$**	2019 $
Contingency reserve account	**4,502,918**	4,502,799
Dry shares provision	**-**	1,022,273
	4,502,918	5,525,072

The cash deposits have an interest rate of 0.05% (2019: 0.10%).

The Contingency reserve account is required under the Funding Agreement to fund operational expenses if unforeseen circumstances occur which means the Company cannot make revenue.

The Dry Shares Provision was provided under the Funding Agreement to fund capital expenditure incurred to connect additional customers in Stage 1 and Sheffield schemes.

11 Leases

Accounting policy

(i) Measurement Basis

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incenti7ves receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

11 Leases (continued)

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

(ii) Accounting policies applied until 30 June 2019

Until 30 June 2019, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the profit and loss component of the statement of comprehensive income on a straight-line basis over the period of the lease.

(iii) Accounting policies applied from 1 July 2019

The group has changed its accounting policy for leases, and has adopted NZ IFRS 16.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

The weighted average Lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 5.4%.

Note disclosure

(a) Amounts recognised in the Statement of financial position

The Statement of financial position shows the following amounts relating to leases:

Right-of-use assets net book value		
Lease of 14a Nga Mihi Road	**394,636**	-
Lease liabilities		
Current	**90,495**	-
Non-current	**311,791**	-
	402,286	-

In the previous year, the Company only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under NZ IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Company's borrowings.

(a) Amounts recognised in the Statement of comprehensive income

The Statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	**88,592**	-
Interest expense (included in finance cost)	**19,891**	-
Expense relating to short-term leases (included in operating expenses)	**-**	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in operating expenses)	**-**	-
Expense relating to variable lease payments not included in lease liabilities (included in operating expenses)	**-**	-
	108,483	-

The depreciation charge relating to right-of-use assets is included within the depreciation and amortisation expense line in the statement of comprehensive income.

The total cash outflow for leases in the year ended 30 June 2020 was $80,942. At date of adoption of IRFS 16 the company had no significant operating leases. Therefore no reconciliation is produced in respect of operating leases.

12 Non-current assets - Property, plant and equipment

Accounting Policy

(i) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss component of the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the diminishing value method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Motor vehicles	10 years
- Office equipment	3-20 years
- Software	4 years
- Plant and equipment	5-15 years
- Water consents	15-33 years
- Scheme infrastructure	8-50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(ii) Construction work in progress

Construction work in progress is stated at historical cost and includes all costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It excludes costs such as administration and other general overhead costs. Capitalisation of construction work in progress commences from the point the Company considers it probable that the project will go ahead. Construction work in progress includes design and project development costs from that point. All design and project development costs prior to the point at which the project becomes probably are expensed.

12 Non-current assets - Property, plant and equipment (continued)

Note disclosure	**Construction work in progress $**	**Freehold land $**	**Office equipment $**	**Motor vehicles $**	**Other plant and equipment $**	**Scheme Infrastructure $**	**Total $**
Cost	164,482,768	277,392	234,038	388,507	122,351	197,905,115	363,410,171
Accumulated depreciation	-	-	(191,202)	(161,737)	(33,420)	(16,158,788)	(16,545,147)
Net book amount	164,482,768	277,392	42,836	226,770	88,931	181,746,327	346,865,024
Year ended 30 June 2019							
Opening net book amount	164,482,768	277,392	42,836	226,770	88,931	181,746,327	346,865,024
Additions	17,663,365	-	32,892	3,059	30,318	751,413	18,481,047
Disposals	-	(277,392)	(304)	(50,087)	-	-	(327,783)
Transfers	(182,146,133)	-	-	-	-	182,146,133	-
Depreciation charge	-	-	(18,742)	(42,969)	(18,317)	(9,464,549)	(9,544,577)
Closing net book amount	-	-	56,682	136,773	100,932	355,179,324	355,473,711
At 30 June 2019							
Cost	-	-	264,844	244,852	152,669	380,802,660	381,465,025
Accumulated depreciation	-	-	(208,162)	(108,079)	(51,737)	(25,623,336)	(25,991,314)
Net book amount	-	-	56,682	136,773	100,932	355,179,324	355,473,711

	Office equipment $	**Motor vehicles $**	**Other plant and equipment $**	**Stage 1 Headrace $**	**Total $**
Year ended 30 June 2020					
Opening net book amount	56,682	136,773	100,932	355,179,324	355,473,711
Additions	13,058	-	42,065	2,072,031	2,127,154
Disposals	(156)	(3,507)	-	-	(3,663)
Depreciation charge	(23,102)	(26,960)	(16,067)	(13,016,674)	(13,082,803)
Closing net book amount	46,482	106,306	126,930	344,234,681	344,514,399
At 30 June 2020					
Cost	276,294	237,713	194,735	382,874,691	383,583,433
Accumulated depreciation	(229,812)	(131,407)	(67,805)	(38,640,010)	(39,069,034)
Net book amount	46,482	106,306	126,930	344,234,681	344,514,399

12 Non-current assets - Property, plant and equipment (continued)

(a) Construction work in progress

During 2020, construction work in progress represented work in progress on the Rakaia River Intake Protection Works Project.

13 Non-current assets - Intangible assets

Note disclosure

	Water consents acquired $	Computer software $	Total $
At 1 July 2018			
Cost	1,540,000	21,312	1,561,312
Accumulated amortisation and impairment	(157,690)	(18,249)	(175,939)
Net book amount	1,382,310	3,063	1,385,373
Year ended 30 June 2019			
Opening net book amount	1,382,310	3,063	1,385,373
Additions	-	(1,530)	(1,530)
Amortisation charge	(90,600)	(1,533)	(92,133)
Net book amount	1,291,710	-	1,291,710
At 30 June 2019			
Cost	1,540,000	-	1,540,000
Accumulated amortisation	(248,290)	-	(248,290)
Net book amount	1,291,710	-	1,291,710
Year ended 30 June 2020			
Opening net book amount	1,291,710	-	1,291,710
Disposals	-	-	-
Amortisation charge	(90,594)	-	(90,594)
Closing net book amount	1,201,116	-	1,201,116
At 30 June 2020			
Cost	1,540,000	-	1,540,000
Accumulated amortisation and impairment	(338,884)	-	(338,884)
Net book amount	1,201,116	-	1,201,116

14 Contributed equity

Accounting policy

Ordinary shares, construction shares and pre construction shares are classified as equity.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect is included in equity attributable to the Company's equity holders.

Note disclosure

	2020 Shares	2019 Shares	**2020 $**	2019 $
(a) Share capital				
Fully paid (no par value)	**799,398**	799,398	**7,991,912**	7,991,912

All ordinary shares share equally in dividends on surplus and on winding up. The ordinary shares hold equal voting rights.

Each ordinary share confers a pro-rata right to take the Scheme's water, estimated on 4 September 2014 to be approximately 500m3 of water per Irrigation Season.

Based on the pro-rata allocation, the Company has previously estimated that the average Shareholder would require 13.13 Ordinary Shares per hectare of their land within the Scheme Area, which would give the Shareholder rights to up to 6,565m3 (656.6mm) of Scheme water per hectare per Irrigation Season, subject to other conditions.

(b) Stage 1 Construction shares

	2020 Shares	2019 Shares	**2020 $**	2019 $
Closing balance of ordinary shares issued	**18,291**	18,291	**32,009,250**	32,009,250

Stage 1 construction shares confer on the holder a right to use Scheme Infrastructure to the extent necessary to apply 0.6 litres of water per second to Stage 1 Land. However, each Shareholder's right to Scheme water is limited by the number of Ordinary Shares they hold (as set out above).

(c) Pre-construction shares

	2020 Shares	2019 Shares	**2020 $**	2019 $
Opening balance	**29,030**	29,030	**5,805,840**	5,805,840
Re allocation of unpaid shares	**149**	-	**-**	-
Closing balance of ordinary shares issued	**29,179**	29,030	**5,805,840**	5,805,840

Pre construction shares confer on the holder a right to participate on a one for one basis, in any subsequent offers by the Company of Stage 2+ Construction Shares.

14 Contributed equity (continued)

(d) Stage 2 Construction shares

	2020 Shares	2019 Shares	**2020 $**	2019 $
Opening balance	**17,103**	16,956	**34,181,838**	33,879,338
Issues of construction shares during the year	**37**	147	**81,400**	302,500
Closing balance of ordinary shares issued	**17,140**	17,103	**34,263,238**	34,181,838

Stage 2 Construction shares confer on the holder a right to use Scheme Infrastructure to the extent necessary to apply 0.52 litres of water per second to Stage 2 Land. However, each Shareholder's right to Scheme water is limited by number of Ordinary Shares they hold (as set out above)

(e) Sheffield Construction shares

	2020 Shares	2019 Shares	**2020 $**	2019 $
Opening balance	**4,136**	4,116	**12,126,408**	12,066,408
Issues of construction shares during the year	**29**	20	**95,700**	60,000
Closing balance of ordinary shares issued	**4,165**	4,136	**12,222,108**	12,126,408

Sheffield Construction shares confer on the holder a right to use Scheme Infrastructure to the extent necessary to apply 0.46 litres of water per second to Sheffield Land. However, each Shareholder's right to Scheme water is limited by number of Ordinary Shares they hold (as set out above)

	2020 $	2019 $
Total contributed equity	**92,292,348**	92,115,248

15 Other reserves

Note disclosure

	2020 $	2019 $
Cash flow hedge reserve	**(35,036,624)**	(28,028,198)
Capital contribution reserves	**280,000**	280,000
Land acquisition reserves	**2,503,791**	2,503,791
	(32,252,833)	(25,244,407)

(a) Cash flow hedge reserve

	2020 $	2019 $
Opening balance	**(28,028,198)**	(16,538,569)
Fair value gains/(losses) in year	**(9,733,925)**	(15,957,819)
Deferred tax	**2,725,499**	4,468,189
Balance 30 June	**(35,036,624)**	(28,028,199)

Nature and purpose of Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge. The amounts are recognised in the profit and loss component of the statement of comprehensive income when the associated hedged transactions affect profit or loss (note 2(k)).

(b) Land acquisition reserve

	2020 $	2019 $
Opening balance	**2,503,791**	2,409,399
Addition	**-**	94,392
Balance 30 June	**2,503,791**	2,503,791

Nature and purpose of Land Acquisition reserve

The land acquisition reserve is used to record capital contributions for land where the cash compensation was lower than the commercial value.

(c) Capital contribution reserve

	2020 $	2019 $
Opening balance	**280,000**	280,000
Addition	**-**	-
Balance 30 June	**280,000**	280,000

Nature and purpose of Capital Contribution reserve

The capital contribution reserve is used to record capital contributions for infrastructure connected to the scheme that is run and operated by the Company but the interested party does not hold the relevant share class.

16 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The preparation of the consolidated financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and assumptions.

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

(i) Going concern

These financial statements have been prepared under the going concern assumption. The Scheme has now been successfully completed and commissioned into full operations for all 3 stages. The Company has water use agreements in place with all construction shareholders that provide the ability to recover the ongoing costs of operations. This enables the Company to have sufficient cash flow to meet loan repayment and liquidity requirements and to operate as a going concern. Bank Lending covenants demand that the debt service cover ratio be maintained at 1 or higher so that there is always sufficient cash to meet operating and financing obligations.. The company has a contingency reserve fund of $4.5m to meet any unexpected costs as well as sufficient insurance cover in place. Cashflow from operations is forecast to be positive.

The Company is reporting a situation of negative equity, whereby the value of Assets does not exceed the value of Liabilities. The significant contributor to this situation is the recurring annual depreciation charge made against the assets as required by applicable Accounting Standards. However, the Board has considered the value of the Organisation's asset base through a process of establishing an estimated depreciated replacement cost. This approach estimates the overall cost to establish and construct the scheme to its current state and condition from scratch. On this basis the Board is satisfied that the Depreciated Replacement Cost value of the Infrastructure results in an Asset value which exceeds Liabilities.

17 Financial risk management

(a) Market risk

(i) Interest rate risk

Banking covenants require the Company to maintain 90 - 105% of its borrowings for the upcoming 5 years of operations in fixed rate instruments. This is achieved partly by entering into fixed rate instruments and partly by borrowing at floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. Beyond year 5, the Group policy is to maintain a declining profile between 0 -95% of its borrowings in fixed rate instruments over a period of up to 15 years.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional par amounts. The Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using hypothetical derivative method.

As at the reporting date, the Company had the following interest rate swap contracts outstanding:

	30 June 2020 Balance $000,s	30 June 2019 Balance $000's
Fixed Rate Instruments		
Interest Bearing Liabilities	**89,566**	58,979
Effect of Interest Rate Swaps	**233,548**	284,000
	323,114	342,979
Variable Rate Instruments		
Interest Bearing Liabilities	**239,565**	270,326
Effect of Interest Rate Swaps	**(233,548)**	(284,000)
Under Hedged / (Over Hedged)	**6,017**	(13,674)
% Under Hedged / (Over Hedged)	**1.8%**	3.9%

The relationship between floating rate debt

and interest rate swaps is detailed below

	Floating Rate Interest Bearing Liabilities $000,s	Swaps $000's	**Floating Rate Interest Bearing Liabilities $000,s**	Swaps $000's
1 Year	**241,012**	234,750	**295,782**	259,000
2 Years	**239,522**	233,487	**297,092**	269,000
3 Years	**237,505**	231,506	**300,720**	309,000
4 Years	**235,532**	229,412	**295,883**	309,000
5 Years	**233,189**	227,204	**293371**	267,000

Exposure of interest rate risk is primarily measured through the analysis of repricing maturities of the company's liabilities at exposure. The above table summarises the maturities of the financial liabilities at exposure at each repricing date. Exposure to interest rate is also measured, managed and monitored through interest rate sensitivity (disclosed on next page).

(ii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial liabilities to interest rate risk.

Consolidated		Interest rate risk			
		-1%		+1%	
30 June 2020	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial liabilities					
Derivatives - cash flow hedges	(51,096)	-	(19,537)	-	17,469
Total increase/ (decrease)	(51,096)	-	(19,537)	-	17,469

Consolidated		Interest rate risk			
		-1%		+1%	
30 June 2019	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial liabilities					
Derivatives - cash flow hedges	(38,928)	-	(18,610)	-	17,313
Total increase/ (decrease)	(38,928)	-	(18,610)	-	17,313

(b) Credit risk

The company does not have any significant concentrations of credit risk. It does not require any collateral or security to support financial instruments as it only deposits with, or loans to, banks and other financial institutions with high credit ratings. It does not expect the non-performance of any obligations at balance date.

17 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the company may encounter difficulty in raising funds at short notice to meet its commitments.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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 the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2020	**Less than 2 months**	**Between 2 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	1,161,766	548,248	-	-	-
Interest bearing liabilities & interest rate swaps	3,536,650	17,765,595	21,377,975	60,805,723	557,880,484
Lease liabilities	18,333	91,667	110,000	229,167	220,000
Total	4,716,749	18,405,510	21,487,975	61,034,890	558,100,484

30 June 2019	**Less than 2 months**	**Between 2 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	1,345,468	226,005	-	-	-
Interest bearing liabilities & interest rate swaps	3,569,221	22,006,759	23,221,219	69,065,444	688,909,524
Lease liabilities	19,819	91,667	110,000	229,167	220,000
Total	4,934,508	22,324,431	23,331,219	69,294,611	689,129,524

17 Financial risk management (continued)

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company’s financial assets and liabilities that are measured at fair value at 30 June 2020 and 30 June 2019. See note 12 for disclosures of the land and buildings that are measured at fair value and

	Level 1 $	Level 2 $	Level 3 $
30 June 2020			
Financial liabilities at fair value through profit or loss			
Derivatives used for hedging			
Interest rate swaps	-	51,096,161	-
Total liabilities	-	51,096,161	-

	Level 1 $	Level 2 $	Level 3 $
30 June 2019			
Financial liabilities at fair value through profit or loss			
Derivatives used for hedging			
Interest rate swaps	-	38,928,053	-
Total liabilities	-	38,928,053	-

(e) Capital risk management

The company's capital includes ordinary share capital, construction capital, pre-construction capital and retained earnings. The company is not subject to any externally imposed capital requirements. There have been no material changes in the company's management of capital during the period.

17 Financial risk management (continued)

(f) Financial instruments by category

Financial assets as per balance sheet	Amortised cost $	Fair Value through OCI $	Total $
At 30 June 2020			
Cash and cash equivalents	3,952,641	-	3,952,641
Trade and other receivables	4,061,458	-	4,061,458
Available for sale financial assets	-	200	200
	8,014,099	200	8,014,299
At 30 June 2019			
Cash and cash equivalents	8,223,155	-	8,223,155
Trade and other receivables	1,305,330	-	1,305,330
Available for sale financial assets	-	200	200
	9,528,485	200	9,528,685

Financial liabilities as per balance sheet	Derivatives used for hedging $	Measured at amortised cost $	Total $
At 30 June 2020			
Trade and other payables	-	1,821,739	1,821,739
Derivative financial instruments	51,096,161	-	51,096,161
Borrowings	-	325,718,435	325,718,435
	51,096,161	327,540,174	378,636,335
At 30 June 2019			
Trade and other payables	-	1,936,476	1,936,476
Derivative financial instruments	38,433,480	-	38,433,480
Borrowings	-	329,305,396	329,305,396
	38,433,480	331,241,872	369,675,352

18 Group entities

The Parent is the only trading entity. For commercial purposes, the Group is equivalent to the Parent with no separate powers.

In 2009 the Company incorporated Te Pirita Irrigation Limited as a wholly owned subsidiary. There were no transactions in Te Pirita Irrigation Limited during the year. Te Pirita Irrigation Limited has been formed to construct, commission and operate the Te Pirita scheme of 6,000 hectares.

In 2014, Band 4 Water Limited was incorporated and Central Plains Water Limited has a 50% shareholding.

19 Contingencies

As at 30 June 2020 the Company had no contingent liabilities or assets (2019: nil).

20 Commitments

Note disclosure

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2020 **$**	2019 $
Up to 1 year	**1,197,810**	1,269,284
	1,197,810	1,269,284

The Company's contractual commitments to construct the irrigation scheme as at 30 June 2020 are estimated to be $1m (2019: $1m).

The above balances have been committed in relation to future expenditure on capital projects. Amounts already spent have been included as construction work in progress

(b) Guarantees

	2020 **$**	2019 $
Bonds issued in favour of consenting authorities.	**3,845,000**	3,845,000

The Company is required to place bank bonds with Selwyn District Council and Environment Canterbury to protect them in the event of non-compliance with resource consents for the construction, operations and termination phase.

The Company holds the following bonds:

- $275,000 for Stage 1 Operations;
- $410,000 for Sheffield Operations;
- $160,000 for Stage 2 Operations;
- $3,000,000 for Stage 2 Construction.

21 Events occurring after the reporting period

(a) No events occurring subsequent to reporting period

22 Related party transactions

(a) Central Plains Water Trust

Central Plains Water Trust is an associate of the Christchurch City Council and Selwyn District Council. The trust provided services and assistance to the company to the value of $131,586 (2019: $163,085). The amount owed by the company at 30 June 2020 was $131,586 (2019: $36,903).

(b) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: D J Catherwood (deceased), J W Donkers, W J Luff, G S Miller, W J Palmer, G K Stevenson, D L Summerfield, W D Crombie and A S Wright.

Mr W J Palmer, a director of the company, is a partner in Buddle Findlay. During the reporting period the company entered into normal commercial transactions with Buddle Findlay. These transactions totalled $181,784 (2019: $289,483). The amount owed by the company at 30 June 2020 was $13,114 (2019: $3,450).

(c) Directors Interests

The following directors of the company had a controlling interest in an entity that the company supplied irrigation to during the financial year to the value below:

	2020 **$**	2019 $
John Donkers		
Burnham Farm Limited	**433,694**	405,404
Chiswick Farm Limited	**268,347**	265,882
Highbury Farm Limited	**259,177**	254,927
Praire Farm Limited	**309,267**	297,308
Willsden Farm Limited	**437,769**	431,233
Geoffrey Stevenson		
Clovernook Farm Limited	**233,944**	224,066
Damon Summerfield		
Summerfield Farming Co Limited	**154,790**	163,922
William Palmer		
Palmer Family Trust	**57,960**	61,470
Doug Catherwood (to October 2019)		
Carlow 1 Limited	**12,383**	40,041
D & J Catherwood	**24,508**	78,381
Stuart Wright (from November 2019)		
Annat Farms Ltd	**145,130**	-

23 Reporting Entity

Central Plains Water Limited is a company registered under the Companies Act 1993. The consolidated financial statements as at and for the year ended 30 June 2020 are for Central Plains Water Limited (the 'Company') and its subsidiaries Te Pirita Irrigation Limited (non-trading) and Band 4 Water Limited (non-trading) (together 'the Group').

Central Plains Water Limited purpose is the establishment and operation of an irrigation scheme.

The Group is an FMC Reporting Entity in terms of the Financial Markets Conduct Act 2013 and the financial statements have been prepared in accordance with the requirements of the Act and the Financial Reporting Act 2013. The Group has prepared consolidated financial statements in accordance with the Financial Markets Conduct Act 2013, and therefore a separate set of financial statements for the company is not required to be prepared in accordance with the Act.

24 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (‘NZ GAAP’). They comply with New Zealand equivalents to International Financial Reporting Standards (‘NZ IFRS’) and other applicable Financial Reporting Standards, as applicable for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (‘IFRS’).

Statutory base

Central Plains Water Limited is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is an issuer for the purposes of the Financial Reporting Act 2013 and its financial statements comply with the Act.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

New standards and interpretations

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have been applied in preparing these financial statements. None of these has a significant effect on the financial statements of the Company, except the following set out below:

- **NZ IFRS 16, 'Leases'** which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The full effect of this standard has been recognised and disclosed in note 11.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 16.

Covid 19

24 Summary of significant accounting policies (continued)

At the outbreak of COVID 19, CPWL sought and was granted status as "essential work" and consequently all functions were able to be carried out throughout the initial lockdown period.
The pre COVID 19 digital capability of CPWL enabled all staff to function from their homes and regular interaction was effected through Microsoft Teams.
Where necessary all field staff worked independently of others and rigorous PPE standards have been applied across the business. Post lockdown, CPWL have taken a conservative approach to returning to full occupancy of the offices to minimise the potential for transmission in the event of a Canterbury outbreak.

CPWL did notice a minor impact on a very limited number of shareholders (less than 1%) who had difficulty in meeting their WUC obligations due to slowdowns in stock processing rates during and immediately post lockdown and the subsequent impact on their cashflows. These impacts were resolved by year end with Shareholders being able to meet their commitments.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company and the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand Dollars ($), which is the Company's presentation currency and rounded to the nearest dollar ($0).

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Interest income
Interest income received is stated inclusive of withholding tax and recorded as earned.

(ii) Water licensing income
Water licensing income is recognised when it is probable the economic benefit will flow to the company.

(e) Goods and Services Tax (GST)

The profit and loss component of the statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

24 Summary of significant accounting policies (continued)

(g) Investments and other financial assets

Classification

The Company classifies its financial assets in the following categories: amortised cost, at fair value through other comprehensive income, and at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(ii) Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

(iii) Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises.

(h) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows.

24 Summary of significant accounting policies (continued)

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

Independent Auditor's Report

To the shareholders of Central Plains Water Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Central Plains Water Limited (the 'company') and its subsidiaries (the 'group') on pages 7 to 37:

i. present fairly in all material respects the Group's financial position as at 30 June 2020 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 30 June 2020;

— the consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the year then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has provided no other services to the group. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $1,800,000 determined with reference to a benchmark of group total assets. We chose the benchmark because, in our view, this is a key measure of the group's financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Derivative liabilities and cash flow hedge reserve ($51m – refer to note 9)	
During the year, the Group refinanced its long-term debt and the associated interest rate derivatives. The Group applies hedge accounting, whereby changes in fair values are recognised within equity. The refinancing represented a significant transaction in the year and created judgement in the treatment of restructured derivatives and subsequent fair value movements.	Our audit procedures included - Agreeing the derivatives outstanding at year end to bank and trade confirmations. - Engaging specialists to reperform the valuation of interest rate swaps at the date of restructuring and as at year end. - Challenging management's treatment of the restructured derivatives at the date of refinancing. - Challenging management's adoption of hedge accounting subsequent to refinancing - Assessing the adequacy of financial statement disclosures in accordance with the requirements of the financial reporting standards. Following the completion of our procedures, the resulting identified adjustments have been reflected in the financial statements.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes the Chairman's review Director's report, and other statutory information. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of 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.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is **Peter Taylor**.

For and on behalf of

KPMG

KPMG
Christchurch

23 October 2020

Statutory information

Shares on Issue

As at 30 June 2020 we had 799,398 ordinary shares issued to 398 holders, 18,291 stage 1 construction shares issued to 88 holders, 29,179 pre-construction shares issued to 218 holders, 17,140 stage 2 construction shares issued to 124 holders & 4,165 Sheffield construction shares issued to 31 holders.

Top 10 Ordinary Shareholders

Rank & Name	Units at 30 June 2020	% of Units
1. Purata Farming Limited	**41,380**	5.18
2. Canterbury Grasslands Limited	**25,424**	3.18
3. WJ Thomas & AA Thomas	**22,565**	2.82
4. Fonterra Co-Operative Group Limited	**9,640**	1.21
5. J & A Gray Family	**8,901**	1.11
6. G D Gillanders & Sons Limited	**8,800**	1.10
7. Tui Company Limited	**8,734**	1.09
8. Burnham Farm Limited	**8,659**	1.08
9. Plains Farming NZ Limited	**8,190**	1.02
10. WrightCo Limited	**7,950**	0.99
Total Top 10 Shareholders	**150,243**	18.78
Total Remaining Shareholders	**649,155**	81.21

Directors Remuneration

The total remuneration and other benefits to Directors (and past Directors) for services for the year ended 30 June 2020 was:

G K Stevenson (Chairman)	**72,000**
D J Catherwood (Ceased 30 September 2019)	**9,000**
W J Palmer	**36,000**
J W Donkers	**36,000**
D L Summerfield	**36,000**
W Luff	**36,000**
G Miller	**36,000**
D Crombie	**36,000**
A Wright (Apppointed 31 October 2019)	**24,000**
	321,000

Statutory information (continued)

Directors' interests

The following general disclosures of interests have been given by directors' of the company pursuant to Section 140(2) of the Companies Act 1993.

Geoffrey Stevenson

Addington Pastures Limited

Clovernook Farm Limited

Clover Park Bloodstock Limited

Te Pirita IrrigationLimited

John Donkers

Burnham Farm Limited

Camden Dairy Farms Limited

Camden Group Services Limited

Chiswick Farm Limited

Dairy Farm Management Services Limited

Dunsandel Groundwater Users Association Incorporated

Free Range Pastures Limited

Highbury Farm Limited

INZ Accreditation Limited

J D Consulting Limited

Prairie Farm Limited

Wigram Brewing Company Limited

Willsden Farm Limited

Woolomee Dairies Limited

Woolomee Farm Limited

Craigmore Dairy ll GP Limited

Craigmore Farming GP Limited

Derek Crombie

Crombie Projects Limited – Managing Director

CPWL - Director

Tait Contel Charitable Trust - Chairman Trustee

GlenIslay Developments Ltd - Director

Pendreigh Properties Ltd - Director

Matukituki Charitable Trust Inc - Chairman Trustee

William Luff

Harewood Gravels Company Limited

Isaac Construction Limited (and its subsidiaries)

Issac Conservation and Wildlife Trust

J Ballantyne and Company Limited

Luff Trading Limited

Overseer Limited

The Christchurch Symphony Orchestra Trust

The Lighthouse Vision Trust

Grant Miller

Burwood Resource Recovery Park Limited

Porahui Farms Limited

St Laurence Trust

Selwyn District Council Councillor

Tiromoana Station Limited

Transwaste Canterbury Limited

Statutory information (continued)

Damon Summerfield

Sheffield Water Limited

Summerfield Farming Co Limited

Stuart Wright

Annat Farms Limited

Otarama Investments Limited

Ravensdown Limited

Potatoes New Zealand

William Palmer

Budfin Nominees Limited

Otarama Investments 2011 Limited

Palmer Family Trust

Montreal Trustees 2015 Limited

Montreal Trustees 2016 Limited

Montreal Trustees 2017 Limited

Montreal Trustees 2018 Limited

Directors' shareholding in Central Plains Water

The Directors' respective ordinary shareholdings in Central Plains Water as at 30 June 2020 is as follows:

	# Held
John Donkers	
• Burnham Farm Limited (director and shareholder)	**8,659**
• Chiswick Farm Limited (director and shareholder)	**3,258**
• Highbury Farm Limited (director and shareholder)	**3,360**
• Prairie Farm Limited (director and shareholder)	**3,920**
• Willsden Farm Limited (director)	**5,866**
William Palmer – beneficiary and trustee of Palmer Family Trust	**1,200**
Geoffrey Stevenson	
• Clovernook Farm Limited (director and shareholder)	**3,264**
• Addington Pastures Limited (director and shareholder)	**1,164**
Damon Summerfield – director and shareholder of Summerfield Farming Co Limited	**2,774**
Stuart Wright – Annat Farms Limited (director and shareholder)	**5,600**

Specific disclosures

There are no specific disclosures of interest which have been given by directors of the company pursuant to Section 140(1) of the Companies Act 1993.

Subsidiary company directors

The following Companies were subsidiaries of Central Plains Water Limited as at 30 June 2020:

Te Pirita Irrigation Limited
Directors: Colin Glass, Geoffrey Stevenson,

Band 4 Water Limited
Directors: Geoffrey Stevenson and Zachary Ward

Employee remuneration

During the year ended 30 June 2020 the following employees and former employees received individual remuneration over $100,000;

Remuneration range	Number of employees
$100,000 - $110,000	**2**
$130,001 - $140,000	**1**
$140,001 - $150,000	**1**
$190,001 - $200,000	**2**
$280,001 - $290,000	**1**

Statutory information (continued)

Donations

There were no donations during the 2020 financial year.

Directors’ liability insurance

In accordance with section 162 of the Companies Act 1993 we indemnify and insure Directors’ against liability to other parties that may arise from their position. This is through the Company and the Directors’ entering into Deeds of Access, Insurance and Indemnity. This cover does not apply to any liabilities arising from criminal or reckless acts by our Directors.

Currency

Within this Annual Report, all amounts are in New Zealand dollars unless otherwise specified.

Credit rating

CPWL does not have a credit rating.

Annual shareholder meeting

CPWL’s annual shareholder meeting is expected to be held on Thursdayfc 31 October 2019 in Darfield. We will confirm the details of the time and place by notice to all our shareholders nearer to the date.

Annual report

CPWL’s Annual Report is available on our website at www.cpwl.co.nz/reports-and-publications/annual-reports/ and will be emailed out to shareholders if requested. We prefer to communicate with our shareholders promptly by email, but any shareholder who does request a hard copy of our Annual Report will be sent one in the regular post.

Statutory information (continued)

Directory

Office

PO Box 9424

Tower Junction

Christchurch 8149

Unit A, 14 Nga Mahi Road

Sockburn

Christchurch 8042

Telephone: +64 3 982 4267

Facsimile: +64 3 281 8557

Email: admin@cpwl.co.nz

Registered office

Unit A, 14 Nga Mahi Road

Sockburn

Christchurch, 8042

Board of directors

G K Stevenson (Chair of the Board)

W J Palmer

J W Donkers

D L Summerfield

W J Luff – Independent Director

G S Miller – Independent Director

W D Crombie – Independent Director

A S Wright

Senior management

Mark Pizey – General Manager

Mark McKenzie – General Manager Operations

Mark Vermeeren – Chief Financial Officer

Fiona Crombie – Environmental Manager

Robyn Fitchett – Legal Advisor

Auditor

KPMG

Level 5, 79 Cashel Street

Christchurch 8013

Lawyers

Buddle FIndlay

83 Victoria Street

Christchurch 8013

Bankers

ANZ Bank New Zealand Limited

Westpac Banking Corporation

China Construction Bank

Rabobank

Accident Compensation Corporation

Share registrar

Link Market Services Limited

138 Tancreds Street

Ashburton 7740

Other information

Please visit us at our website www.cpwl.co.nz