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FERNRIDGE WATER SUPPLY ASSOCIATION (INC)

FINANCIAL STATEMENTS

31 MARCH 2006

FERNRIDGE WATER SUPPLY ASSOCIATION (INC)
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FOR THE YEAR ENDED 31 MARCH 2006

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FERNRIDGE WATER SUPPLY ASSOCIATION (INC)
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2006

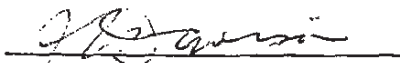
2005		2006	2006
\$	INCOME	\$	\$
2,890.00	Interest		5,885.13
19,718.00	Rates/Administration Charge		20,094.34
384.00	Swimming Pool Filling/Tank Filling		-
1,575.00	Unit Sale		-
	Sundry		35.56
<u>24,567.00</u>			<u>26,015.03</u>
	EXPENDITURE		
6.00	Bank Charges & Interest	5.35	
2,762.00	Power	3,699.27	
2,519.00	Water Treatment & Filters	3,903.84	
944.00	Repairs & Maintenance	10,685.97	
1,057.00	Supervision/Collection Fees - W.R.C.	897.78	
351.00	Office Expenses	215.04	
650.00	Audit Fee	950.00	
	Legal Fees	-	
	General	1,035.01	
1,473.00	Insurance	1,472.80	
1,000.00	Honorarium		
806.00	Water Sampling	2,659.85	
	Unit Purchase	1,425.01	
623.00	Income Tax Expense	1,612.05	
<u>12,191.00</u>			<u>28,561.97</u>
<u>12,376.00</u>	EXCESS EXPENDITURE OVER INCOME		<u>(2,546.94)</u>
	TAXABLE ADJUSTMENTS		
9,486.00	Net Income/(Deficit) generated between members		(8,432.07)
<u>2,890.00</u>	TAXABLE INCOME (INTEREST)		<u>5,885.13</u>

These Financial Statements should be read in conjunction with the accompanying notes, Accounting Policies and Audit Report.

FERNRIDGE WATER SUPPLY ASSOCIATION (INC)
BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2006

2005		2006	2006
\$	ASSETS	\$	\$
182966	Cost	183,478.26	
512	Additions	-	
<u>183478</u>			183,478.26
146599	Accumulated Depreciation		<u>156,690.58</u>
<u>36879</u>			26,787.68
938	BNZ Current Account	4,700.62	
115	BNZ Call Account	44.85	
794	GST Clearing Account	1,132.44	
74121	BNZ Term Deposit	69,153.74	
1778	Accounts Receivable	-	
21	Tax Refund Owing		
<u>77767</u>			<u>75,031.65</u>
114646	TOTAL ASSETS		101,819.33
	LIABILITIES		
12	Income Tax Payable (2006)	464.55	
<u>342</u>	Accounts Payable	<u>300.29</u>	
354	TOTAL LIABILITIES		<u>764.84</u>
<u>114292</u>	NET ASSETS		<u>101,054.49</u>
	REPRESENTED BY:		
	Accumulated Funds		
49517	Opening Balance	61,893.30	
12376	Current Period Surplus/(Deficit)	(2,546.94)	
0	Adjustment to 2005 GST	(610.58)	
<u>0</u>	2004 Tax Written Off	<u>11.53</u>	
61893			58,747.31
	MEMBER CONTRIBUTION		
198917	Opening Balance	198,997.76	
81	plus Income Tax Payable		
<u>198998</u>		<u>198,997.76</u>	
146599	less Accumulated Depreciation	<u>156,690.58</u>	
<u>52398</u>			<u>42,307.18</u>
<u>114292</u>	TOTAL FUNDS		<u>101,054.49</u>

Chairman



Treasurer



These Financial Statements should be read in conjunction with the accompanying Notes, Accounting Policies and Audit Report

FERNRIDGE WATER SUPPLY ASSOCIATION (INC)
OPERATING BUDGET - COMPARISON WITH ACTUAL
FOR THE YEAR ENDED 31 MARCH 2006

	BUDGET	ACTUAL
	\$	\$
INCOME		
Interest	2,600.00	5,885.13
Rates/Administration Charge	19,750.00	20,094.34
Swimming Pool Filling/Tank Filling	205.00	-
Unit Sale	-	-
Sundry	-	35.56
	<u>22,555.00</u>	<u>26,015.03</u>
 EXPENDITURE		
Bank Charges & Interest	40.00	5.35
Power	3,500.00	3,699.27
Water Treatment & Filters	3,500.00	3,903.84
Repairs & Maintenance	4,000.00	10,685.97
Supervision/Collection Fees - W.R.C.	1,000.00	897.78
Office Expenses	450.00	215.04
Audit Fee	700.00	950.00
Legal Fees	1,000.00	-
General	100.00	1,035.01
Insurance	1,500.00	1,472.80
Honorarium	1,000.00	-
Water Sampling	1,500.00	2,659.85
Unit Purchase	-	1,425.01
Income Tax Expense	500.00	1,612.05
	<u>18,790.00</u>	<u>28,561.97</u>
 EXCESS INCOME OVER EXPENDITURE	3,765.00	(2,546.94)
 plus MEMBER CONTRIBUTIONS FROM UNIT SALES		<u>-</u>
SURPLUS/(DEFICIT)	3,765.00	(2,546.94)

FERNRIDGE WATER SUPPLY ASSOCIATION (INC)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

1. STATEMENT OF ACCOUNTING POLICIES:

REPORTING ENTITY

The reporting entity is the FERNRIDGE WATER SUPPLY ASSOCIATION (INC).

The financial statements are prepared in accordance with the reporting requirements of the Financial Reporting Act 1993.

This entity qualifies for the differential reporting exemptions as set out by the New Zealand Institute of Chartered Accountants as it is not publicly accountable and is not a large organisation.

This entity has taken advantage of all differential reporting exemptions except that Goods and Services Tax is accounted for on an exclusive basis.

The accounting policies adopted in the preparation of these financial statements are as follows:

GENERAL ACCOUNTING POLICIES:

The measurement base adopted is that of historical cost (except as otherwise noted below). Reliance is placed on the fact that the venture is a going concern.

Accrual accounting is used to match expenses and revenues.

PARTICULAR ACCOUNTING POLICIES:

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

Valuation of Assets - Scheme Expenditure

All direct expenses incurred on the water supply system to date have been recorded at cost. Depreciation has been charged against this expenditure in the Balance Sheet and claimed at 5.5% (see Note 2).

Goods and Services Tax

All income, deductible expenses and fixed assets are shown GST exclusive. Debtors and creditors, when applicable, are shown GST inclusive.

Income Tax

Income tax payable has been accounted for using the taxes payable method. Income tax is calculated on the profit disclosed in the Statement of Income & Expenditure after allowing for the \$1,000 exemption (see Note 3) less permanent differences. The entity does not have any timing differences.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in Accounting policies. All policies have been applied on bases consistent with those used in previous years.

FERNRIDGE WATER SUPPLY ASSOCIATION (INC)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

2. COST OF SYSTEM AND DEPRECIATION:

Depreciation has been claimed on a straight line rate of 5.5%. Since 1989 this amounts to \$ 156,690.58

	\$
Total Capital Cost of System	183,478.26
less Depreciation	156,690.58
Net Depreciated Value	26,787.68

3. TAXATION:

	\$
Taxable Income - Interest	5,885.13
less Exemption	<u>1,000.00</u>
	4,885.13
 Tax Expense (33%)	 1,612.05
less RWT Paid	1,147.50
 Tax Payable	 <u><u>464.55</u></u>

4. COMMITMENT TO BUY BACK WATER UNIT:

There were no units of water available for sale to members.

Audit Report

To the Readers of the financial report of the Fernridge Water Supply Association Inc.

We have audited the financial report on pages 1 to 6. The financial report provides information about the past financial performance of the Association and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on page 5 and 6.

The Management Committees Responsibilities

The Management Committee is responsible for the preparation of a financial report which fairly reflects the financial position of the Association as at 31 March 2006 and of the results of operations for the year ended 31 March 2006.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial report presented by the Management Committee and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Management Committee in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Associations circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

We have had an involvement in the compilation of the Associations accounts. Other than this we have no financial relationship or interests in the Association.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion the financial report on pages 1 to 6 fairly reflects the results of its operations for the year ended 31 March 2006.

Our audit was completed on 16 May 2006 and our qualified opinion is expressed as at that date.

Markhams MRS Wairarapa

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FERNRIDGE WATER SUPPLY ASSOCIATION (INC)
Proposed Operating Budget for the Year Ended 31st March 2007

	2005/2006 Budget \$	2005/2006 Actual \$	2006/2007 Budget \$
INCOME			
Rates/valve and labour receipts	19,750.00	20,094.00	21,300.00
Water Units	0.00	0.00	0.00
Sundry	0.00	36.00	50.00
Swimming & tank filling	205.00	0.00	205.00
Bank Interest (Gross)	2,600.00	5,885.00	5,320.00
Total Income	22,555.00	26,015.00	26,875.00
Expenditure			
Water Units	0.00	1,425.00	0.00
Repairs	4,000.00	10,686.00	9,500.00
Audit Fees	700.00	950.00	950.00
Sundry	100.00	35.00	50.00
Honorarium	1,000.00	1,000.00	1,000.00
Insurance	1,500.00	1,473.00	1,500.00
Admin & Office	450.00	215.00	400.00
Power	3,500.00	3,699.00	3,700.00
Filter U/V	1,982.00	1,617.00	2,000.00
Water Testing	1,500.00	2,660.00	2,880.00
Water Treatment (Caustic)	1,518.00	2,287.00	2,300.00
Legal Fees	1,000.00	0.00	500.00
Rates Collection WRC	1,000.00	898.00	1,000.00
Bank Fees	40.00	5.00	20.00
Tax on Investments	500.00	1,612.00	1,425.00
Total Operating Expenses	18,790.00	28,562.00	27,225.00
EXCESS INCOME over expenses	3,765.00	-2,547.00	-350.00
REPAYMENT to capital fund	3,700.00	0	0
SURPLUS/(DEFICIT)	65.00	-2,547.00	-350.00