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FERNRIDGE WATER SUPPLY ASSOCIATION (INC)

FINANCIAL STATEMENTS

31 MARCH 2007

NPC# 13
13 JUN 2007

Audit Report

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

We have audited the financial report on pages 2 to 6. The financial report provides information about the past financial performance of the Association and its financial position as at 31 March 2007. 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 2007 and of the results of operations for the year ended 31 March 2007.

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 2 to 6 fairly reflects the results of its operations for the year ended 31 March 2007.

Our audit was completed on 16 May 2007 and our qualified opinion is expressed as at that date.

Markhams MRI Wairarapa

Markhams MRI Wairarapa
MASTERTON

FERNRIDGE WATER SUPPLY ASSOCIATION (INC)
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FOR THE YEAR ENDED 31 MARCH 2007

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FERNRIDGE WATER SUPPLY ASSOCIATION (INC)
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2007


2006		2007	2007
\$	INCOME	\$	\$
5,885.13	Interest		4,183.39
20,094.34	Rates/Administration Charge		21,579.94
-	Swimming Pool Filling/Tank Filling		250.00
-	Unit Sale		4,725.00
35.56	Sundry		587.09
<u>26,015.03</u>			<u>31,325.42</u>
	EXPENDITURE		
5.35	Bank Charges & Interest	57.85	
3,699.27	Power	2,454.89	
3,903.84	Water Treatment & Filters	2,955.18	
10,685.97	Repairs & Maintenance	4,451.13	
897.78	Supervision/Collection Fees - W.R.C.	968.89	
215.04	Office Expenses	426.51	
950.00	Audit Fee	950.00	
-	Legal Fees	-	
1,035.01	General	638.89	
1,472.80	Insurance	1,542.80	
-	Honorarium	1,000.00	
2,659.85	Water Sampling	2,713.63	
1,425.01	Unit Purchase	4,275.00	
1,612.05	Income Tax Expense	1,380.39	
<u>28,561.97</u>			<u>23,815.16</u>
<u>(2,546.94)</u>	EXCESS EXPENDITURE OVER INCOME		<u>7,510.26</u>
	TAXABLE ADJUSTMENTS		
<u>(8,432.07)</u>	Net Income/(Deficit) generated between members		<u>3,326.87</u>
<u>5,885.13</u>	TAXABLE INCOME (INTEREST)		<u>4,183.39</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 2007

2006		2007	2007
\$	ASSETS	\$	\$
183,478.26	Cost	183,478.26	
-	Additions	2,003.35	
183,478.26			185,481.61
156,690.58	Accumulated Depreciation		166,836.61
26,787.68			18,645.00
4,700.62	BNZ Current Account	(554.04)	
44.85	BNZ Call Account	45.57	
1,132.44	GST Clearing Account	261.73	
-	Kiwibank Call Account	11,499.47	
69,153.74	BNZ Term Deposit	65,345.40	
-	Accounts Receivable	3,614.89	
-	Tax Refund Owing		
75,031.65			80,213.02
101,819.33	TOTAL ASSETS		98,858.02
	LIABILITIES		
464.55	Income Tax Payable (2007)	564.64	
300.29	Accounts Payable	204.66	
764.84	TOTAL LIABILITIES		769.30
101,054.49	NET ASSETS		98,088.72
	REPRESENTED BY:		
	Accumulated Funds		
61,893.30	Opening Balance	58,747.31	
(2,546.94)	Current Period Surplus/(Deficit)	7,510.26	
(610.58)	Adjustment to 2006 GST	-	
	Adjustment to 2006 Tax Expense	(330.00)	
11.53	2004 Tax Written Off	-	
58,747.31			65,927.57
	MEMBER CONTRIBUTION		
198,997.76	Opening Balance	198,997.76	
-	plus Income Tax Payable		
198,997.76		198,997.76	
156,690.58	less Accumulated Depreciation	166,836.61	
42,307.18			32,161.15
101,054.49	TOTAL FUNDS		98,088.72

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 2007

	BUDGET	ACTUAL
INCOME	\$	\$
Interest	5,320.00	4,183.39
Rates/Administration Charge	21,300.00	21,579.94
Swimming Pool Filling/Tank Filling	205.00	250.00
Unit Sale	-	4,725.00
Sundry	50.00	587.09
	<u>26,875.00</u>	<u>31,325.42</u>
 EXPENDITURE		
Bank Charges & Interest	20.00	57.85
Power	3,700.00	2,454.89
Water Treatment & Filters	4,300.00	2,955.18
Repairs & Maintenance	9,500.00	4,451.13
Supervision/Collection Fees - W.R.C.	1,000.00	968.89
Office Expenses	400.00	426.51
Audit Fee	950.00	950.00
Legal Fees	500.00	-
General	50.00	638.89
Insurance	1,500.00	1,542.80
Honorarium	1,000.00	1,000.00
Water Sampling	2,880.00	2,713.63
Unit Purchase	-	4,275.00
Income Tax Expense	1,425.00	1,380.39
	<u>27,225.00</u>	<u>23,815.16</u>
 EXCESS EXPENDITURE OVER INCOME	 (350.00)	 7,510.26

FERNRIDGE WATER SUPPLY ASSOCIATION (INC)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

1. STATEMENT OF ACCOUNTING POLICES:

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 POLICES:

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 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 2007

2. COST OF SYSTEM AND DEPRECIATION:

Depreciation has been claimed on a straight line rate of 5.5%. Since 1989 this amounts to \$ 166,836.61

	\$
Total Capital Cost of System	185,481.61
less Depreciation	166,836.61
Net Depreciated Value	18,645.00

3. TAXATION:

	\$
Taxable Income - Interest	4,183.39
Tax Expense (33%)	1,380.39
less RWT Paid	815.75
Tax Payable	<u>564.64</u>

4. COMMITMENT TO BUY BACK WATER UNIT:

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

FERNRIDGE WATER SUPPLY ASSOCIATION (INC)

Proposed Operating Budget for the Year Ended 31st March 2008

	2006/2007 Budget \$	2006/2007 Actual \$	2007/2008 Budget \$
INCOME			
Rates/valve and labour receipts	21,300.00	21,580.00	23,177.00
Water Units	0.00	4,725.00	0.00
Sundry	50.00	587.00	50.00
Swimming & tank filling	205.00	250.00	200.00
Bank Interest (Gross) on working account	5,320.00	4,183.00	1,200.00
Total Income	26,875.00	31,325.00	24,627.00
Expenditure			
Water Units	0.00	4,275.00	0.00
Repairs	9,500.00	4,451.00	8,700.00
Audit Fees	950.00	950.00	990.00
Sundry	50.00	639.00	500.00
Insurance	1,500.00	1,543.00	1,643.00
Honorarium	1,000.00	1,000.00	1,000.00
Admin & Office	400.00	427.00	1,260.00
Power	3,700.00	2,247.00	2,670.00
Filter U/V	2,000.00	1,288.00	1,780.00
Water Testing	2,880.00	2,713.00	2,800.00
Water Treatment (Caustic)	2,300.00	1,667.00	2,050.00
Legal Fees	500.00	0.00	500.00
Rates Collection WRC	1,000.00	969.00	0.00
Bank Fees	20.00	58.00	56.00
Tax on Working account	1,425.00	1,145.00	396.00
Total Operating Expenses	27,225.00	23,372.00	24,345.00
EXCESS INCOME over expenses	-350.00	7,953.00	282.00
REPAYMENT to capital fund	0	0	0
SURPLUS/(DEFICIT)	-350.00	7,953.00	282.00
Reserve Rund			52,000.00
Interest on Reserve Fund			3,640.00
Tax on Interest			-1,201.00
Reserve Fund at end of Financial year			54,439.00