

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**ANNUAL REPORT**  
**For the Year Ended 30 June 2010**

**CONTENTS - IN ORDER OF PRESENTATION**

GENERAL INFORMATION	1
ANNUAL REPORT	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF CASHFLOWS	6 - 7
NOTES TO THE FINANCIAL STATEMENTS	
- STATEMENT OF ACCOUNTING POLICIES	8 - 19
- AUDIT REPORT	20



**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**GENERAL COMPANY INFORMATION**

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REGISTRATION:	The Society is registered under "The Industrial and Provident Societies Act 1908".
SHARES (RULE 12 (a) ):	Limited in Number (see below) and each shall be of the nominal value of \$20.00.
CAPITAL (RULE 12 (b) ):	Each member shall be entitled to one fully paid share for every ten (10) rostered days allocated to that member under the Scheme.
REGISTERED OFFICE:	Leech & Partners Ltd 248 East Street, Ashburton
BOARD MEMBERS:	A. Morrison (Chairman) G. Wilson C.Nordqvist (Treasurer) P. Ormsby M.Dewhurst G. Wall J. Stocker
SECRETARY:	C. Freeth
AUDITORS:	Myers & Co
ACCOUNTANTS:	Leech & Partners Ltd
BANKERS:	CBS Canterbury
SOLICITORS:	White Fox & Jones
NATURE OF BUSINESS:	Irrigation Water Management

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**ANNUAL REPORT**  
**For the Year Ended 30 June 2010**

**STATE OF THE COMPANY'S AFFAIRS:**

The Directors of the Society have pleasure in presenting their Report, together with Audited Accounts of the Society for the year ended 30 June 2010. There was no material change in the irrigation water management activities of the Society during the year under review and in the opinion of the Directors its affairs are in a satisfactory state.

As required by Section 211 of the Companies Act 1993 we disclose the following information:

**Board Members Interests**

All board members entered into transactions with the Society in the supply of water to their respective farms. The charges made for this supply were the same as to all other members of the Society. There were no new entries into the Directors Interests Register.

**Use of Company Information**

The Board received no notices during the year from Board members requesting to use Company information received in their capacity as Board members which would not have been otherwise available to them.

**Remuneration and Other Benefits**

Board remuneration paid during the year was as follows:

	2010	2009
P. Ormsby	\$5,250	\$3,750
G. Wilson	\$1,500	\$300
G. Wall	\$900	\$150
A. Morrison	\$4,140	\$4,050
C. Nordqvist	\$2,400	\$1,800
M. Dewhurst	\$900	\$300
J. Stocker	\$450	-
	<u>\$15,540</u>	<u>\$10,350</u>

**Donations**

There were no donations paid during the year (2009: Nil)

**Audit**

Audit fees paid during the year to Myers & Co (plus GST):


	\$3,200	\$1,666
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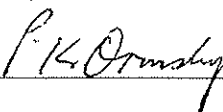
**Dividends**

The Directors recommend that no dividend be paid. It is not proposed to make any transfers to reserves.

On behalf of my fellow Directors I thank the members for their support during the year. We look forward to your continued support for the current year and into the future.

For and on behalf of the Board:

 \_\_\_\_\_ Chairman

 \_\_\_\_\_ Director

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year Ended 30th June 2010**

	Note	\$	This Year \$	\$	Last Year \$
<b><u>Income</u></b>					
Water Fees Received	17		245,279		193,889
Reversal of Impairment Loss	9		99,658		59,330
Interest			3,564		5,313
Dividends			25,054		-
<b>GROSS OPERATING REVENUE</b>			373,555		258,532
<b><u>LESS EXPENSES AS DETAILED</u></b>					
Operating Expenses	20		209,421		183,767
Administration Expenses	18		32,319		29,553
Audit Fees			3,200		1,666
Directors Fees	19		15,540		10,350
Fixed Expenses			1,048		918
<b>OPERATING SURPLUS</b>			261,528		226,254
			112,027		32,279
<b><u>NON CASH ADJUSTMENTS</u></b>					
Depreciation	22		6,344		6,935
<b>SURPLUS BEFORE TAXATION</b>			105,683		25,344
Provision For Taxation	4		2,559		(9,928)
<b><u>NET SURPLUS/(DEFICIT) FOR PERIOD</u></b>			103,124		35,272
<b><u>OTHER INCOME</u></b>					
Other Comprehensive Income			-		-
<b><u>TOTAL COMPREHENSIVE INCOME FOR YEAR</u></b>			\$103,124		\$35,272

This statement should be read in conjunction with the Notes to the Financial Statements and Audit Report.


**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended 30th June 2010**

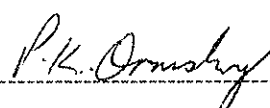
	Share Capital	Retained Earnings	Realised Capital Gains	Total Equity
Equity at 1 July 2008	6,720	(35,647)	80,000	51,073
Total Comprehensive Income	-	35,272	-	35,272
<b>Equity at 30 June 2009</b>	<u>\$6,720</u>	<u>\$(375)</u>	<u>\$80,000</u>	<u>\$86,345</u>
	Share Capital	Retained Earnings	Realised Capital Gains	Total Equity
Equity at 1 July 2009	6,720	(375)	80,000	86,345
Total Comprehensive Income	-	103,125	-	103,125
<b>Equity at 30 June 2010</b>	<u>\$6,720</u>	<u>\$102,750</u>	<u>\$80,000</u>	<u>\$189,470</u>

This statement should be read in conjunction with the Notes to the Financial Statements and Audit Report.

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**STATEMENT OF FINANCIAL POSITION**  
 As at 30th June 2010

	Note	\$	This Year \$	\$	Last Year \$
<b><u>ASSETS</u></b>					
<b><u>CURRENT ASSETS</u></b>					
CBS Canterbury - Call			132,844		133,329
Taxation Refund Due	4		435		1,036
Expenses Paid in Advance			5,670		5,670
Accounts Receivable			25,553		34,822
Advance RDR Management Ltd	8		272,118		-
<b>TOTAL CURRENT ASSETS</b>				436,620	174,857
<b><u>NON-CURRENT ASSETS</u></b>					
Deferred Tax	4	18,586			12,877
Share Capital RDR Management Ltd	7	30,000			30,000
Advance RDR Management Ltd	8		-		160,205
			48,586		203,082
<b><u>Property, Plant &amp; Equipment</u></b>					
Land & Buildings	6	78,197			78,390
Plant & Equipment	6	5,406			6,866
Irrigation Scheme	6	61,678			65,713
<b>Total Property, Plant &amp; Equipment</b>			145,281		150,969
<b>TOTAL NON-CURRENT ASSETS</b>				193,867	354,051
<b>TOTAL ASSETS</b>				\$630,487	\$528,908
<b><u>LIABILITIES</u></b>					
<b><u>CURRENT LIABILITIES</u></b>					
G.S.T. Owing			10,350		11,178
Accounts Payable			33,705		34,423
Shareholders Loan Accounts	10		396,962		396,962
<b>TOTAL CURRENT LIABILITIES</b>				441,017	442,563
<b>NET ASSETS</b>				\$189,470	\$86,345
Equity	5			189,470	86,345
<b>TOTAL EQUITY</b>				\$189,470	\$86,345

-----  DIRECTOR

-----  DIRECTOR

This statement should be read in conjunction with the Notes to the Financial Statements and Audit Report.

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**STATEMENT OF CASHFLOWS**  
 As at 30th June 2010

	Note	This Year		Last Year
		\$	\$	\$
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Water Fees Received		253,518		227,454
Cash Paid to Directors		(8,340)		(7,500)
Cash Paid to Suppliers		(245,537)		(182,283)
Cash Generated from Operations			(359)	37,671
Tax Account		(7,666)		1,231
GST Paid		(666)		9,488
<b>Net Cash Flow from Operating Activities</b>			(8,332)	10,719
			(8,691)	48,390
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest received		3,563		5,313
Dividends received		25,054		-
Cash paid for Property Plant & Equipment		(656)		(1,244)
Cash paid to RDR Management Ltd Loan		(19,755)		(51,629)
<b>Net Cash Flow from Investing Activities</b>			8,206	(47,560)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Shareholders Loan Accounts			-	35,689
<b>Net Cash Flow from Financing Activities</b>			-	35,689
<b><u>NET MOVEMENT IN CASH FOR PERIOD</u></b>				
			(485)	36,518
Opening Cash & Cash Equivalents			133,329	96,811
<b><u>CLOSING CASH &amp; CASH EQUIVALENTS</u></b>	3(e)		\$132,844	\$133,329

This statement should be read in conjunction with the Notes to the Financial Statements and Audit Report.

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**STATEMENT OF CASHFLOWS**  
 As at 30th June 2010

	Note	This Year \$	Last Year \$
<b>Reconciliation with Reported Surplus/(Deficit)</b>			
Profit/(Loss) for Year		103,124	35,272
<b>Non Cash Items</b>			
RDRML Non-cash		7,500	14,213
Depreciation		6,344	6,935
Reversal of Impairment Loss		(99,658)	(59,331)
		(85,814)	(38,183)
<b>Deferral or accruals of past or future operating cash receipts or payments</b>			
Increase/(Decrease) in Current Liabilities		(718)	21,435
Decrease/(increase) in Current Assets		9,269	36,841
Income Tax		(5,108)	(8,697)
GST		(827)	7,035
		2,616	56,614
<b>Less Items Classified as Investing Activities</b>			
Interest		3,564	5,313
Dividends		25,054	-
		28,617	5,313
<b>Net Cash flow from Operating Activities</b>		<u>(8,691)</u>	<u>48,389</u>

This statement should be read in conjunction with the Notes to the Financial Statements and Audit Report.

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2010**

**1 Reporting Entity**

The Valetta Irrigation Co-operative Society Ltd ("the Society") is an Industrial & Provident Society registered under the Industrial & Provident Societies Act 1908 and domiciled in New Zealand.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

**2 Basis of Preparation**

**(a) Statement of Compliance**

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

The information is presented in New Zealand Dollars (NZD) and is rounded to the nearest dollar.

The financial statements were approved by the Board of Directors on 15 December 2010

**(b) Basis of Measurement**

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Society, with the exception that certain assets and liabilities specified below have been revalued.

**(c) Judgement & Estimation Uncertainty**

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

In particular, information about significant areas of judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

3(a) – A valuation of property, plant and equipment.

**3 Specific Accounting Policies**

The following specific accounting policies which materially affect the measurement of financial performance and position have been applied:

**(a) Property, Plant & Equipment**

**(1) Owned Assets**

Except for land & buildings, items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Land & Buildings held at 30 June 2008 were revalued to fair value based on a 30 June 2008 valuation completed by an independent valuer and this fair value was treated as the deemed cost at the date of transition to New Zealand equivalents to IFRS. In applying this one off transitional adjustment the Society has applied the cost model in the recognition of property, plant and equipment assets.

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2010**

**(2) Subsequent Costs**

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Society and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

**(b) Depreciation**

Depreciation is provided on the diminishing balance method on all property, plant and equipment where a greater allocation of the depreciable amount is charged earlier in its useful life. Depreciation is charged to the Statement of Comprehensive Income. Land is not depreciated. The following rates have been used:

Buildings	3%
Plant & Equipment	12% - 60%
Irrigation Scheme	2.4% - 6%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

**(c) Financial Instruments**

Financial instruments are recognised in the Statement of Financial Position when the Society becomes a party to a financial contract. They include bank funds, bank overdrafts, receivables, payables, investments in and loans to others.

**(i) Receivables and Payables**

Receivables and payables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts). The carrying amount for receivables is not materially different from estimated realisable value.

**(ii) Investments**

Shares in unlisted companies cannot be reliably valued. They are therefore carried at cost less any impairment losses. Should any impairment losses be suffered they will not be reversed even if the circumstances leading to the impairment are resolved.

**(d) Revenue**

Revenue of water supply is recognised when the season for water delivery commences and is available for use by the shareholder.

**(e) Cash Flows**

For the purposes of the cash flow statement, cash includes cash on hand and bank overdrafts.

**(f) Impairment**

If the recoverable amount of an item of property, plant & equipment is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at historical value is recognised as an expense in the Statement of Comprehensive Income. When a revalued item is written down to its recoverable amount, the writedown is recognised as a downward revaluation to the extent of the corresponding revaluation reserve, and any balance recognised in the Statement of Comprehensive Income.

The carrying amount of an item of property, plant & equipment that has been written down to its recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the writedown. The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the writedown to the recoverable amount had not occurred.

Reversals of impairment writedowns are accounted for as follows:

- on property, plant & equipment that are not revalued, there reversal is recognised in the Statement of Comprehensive Income; and
- on revalued property, plant & equipment, the reversal is recognised as an upward revaluation in equity.

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2010**

**(g) Income Tax Expense**

Income Tax expense comprises current & deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The deferred tax liability has been calculated at the Society's effective tax rate for the year in which the temporary differences are expected to be utilised. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets & liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised exclusive of GST, except for receivables and payables, which are reported inclusive of GST.

Cash flows are included in the Statement of Cash Flows on an exclusive basis.

**(i) Contingencies & Provisions**

A provision is recognised if, as a result of a past event, the Society has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(j) Determination of Fair Values**

A number of the Society's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets & liabilities. Fair values have been determined for measurement and/or disclosure and are detailed in the notes specific to that asset or liability.

**(k) Assets Available for Sale**

The Society assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant or prolonged decline in the fair value of the asset below its cost is evidence that the asset is impaired. The shares in RDR Management Ltd are an example of financial assets available for sale. The Society has not received any information that would provide evidence that the carrying amount of these financial assets were impaired at 30 June 2010. It is not the intention of the Society to ever sell the shares.

**(l) Changes in Accounting Policies**

All policies have been applied on bases consistent with those used in previous years, apart from those related to the introduction of NZIFRS. The changes arising out of the adoption of NZ IFRS are set out in Note 25.

To be read in conjunction with the Audit Report.

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year ended 30 June 2010

**4 Taxation**

**(a) Statement of Comprehensive Income**

	<b>This Year</b>	<b>Last Year</b>
Profit/(Loss) Before Income Tax	105,683	25,344
Prima Facie Income Tax @ 30%	31,705	7,603
Add/(Subtract) taxation effect of: Reversal of Impairment Loss	<u>(29,897)</u>	<u>(7,603)</u>
Income Tax on Taxable Income	1,808	-
Add Excess 3% Imputation Credits	752	-
Total Income Tax for Year	<u>2,559</u>	<u>-</u>
Add/(Subtract) taxation effect of temporary differences:		
Tax Losses for Year	-	(9,928)
Income Tax Expense	<u>\$2,559</u>	<u>\$(9,928)</u>

**(b) Statement of Financial Position Income Tax Asset**

	<b>This Year</b>	<b>Last Year</b>
Tax on Profit/(Loss)	-	-
Less Withholding Tax credits	435	1,036
Terminal tax refundable	<u>\$435</u>	<u>\$1,036</u>

**(c) Deferred Tax**

	<b>This Year</b>	<b>Last Year</b>
Opening Balance	12,877	2,948
Movement in temporary differences during the year:		
Tax Losses	-	9,929
Excess Imputation Credits converted to losses	7,516	-
Utilisation of tax losses	(1,808)	-
Closing Balance	<u>\$18,586</u>	<u>\$12,877</u>

**5 Total Equity**

	<b>This Year</b>	<b>Last Year</b>
Share Capital	6,720	6,720
Retained Earnings	102,750	(375)
Realised Capital Reserve	80,000	80,000
	<u>\$189,470</u>	<u>\$86,345</u>

**(a) Share Capital**

	<b>This Year</b>	<b>Last Year</b>
Ordinary Shares	6,720	6,720
	<u>\$6,720</u>	<u>\$6,720</u>

Share Capital consists of 336 Ordinary Shares with a nominal value of \$20 per share. Each share entitles the owner to 10 rostered water days per share.

**(b) Realised Capital Gains**

	<b>This Year</b>	<b>Last Year</b>
Realised Capital Reserve	80,000	80,000
	<u>\$80,000</u>	<u>\$80,000</u>

The 1 July 2009 opening surplus was the realised capital gain on the sale of a Racemans Cottage in April 2003.

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year ended 30 June 2010

**(c) Retained Earnings**

	This Year	Last Year
Retained Earnings	(375)	(35,647)
Surplus at end of the period	103,125	35,272
	<u>\$102,750</u>	<u>\$(375)</u>

**6 Property Plant & Equipment**

2010	Land & Buildings	Plant & Equipment	Irrigation Scheme	Total
Balance 1st July 2009	78,830	16,026	95,312	190,168
Additions	-	656	-	656
Disposals	-	-	-	-
Balance 30th June 2010	78,830	16,682	95,312	190,824

*Depreciation & Impairment Loss:*

Balance 1st July 2009	440	9,160	29,599	39,199
Disposals	-	-	-	-
Depreciation for Year	193	2,116	4,035	6,344
Balance 30th June 2010	633	11,276	33,634	45,543

*Carrying Amounts:*

At 30th June 2010	<u>\$ 78,197</u>	<u>\$5,406</u>	<u>\$61,678</u>	<u>\$145,281</u>
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2009	Land & Buildings	Plant & Equipment	Irrigation Scheme	Total
Balance 1st July 2008	78,830	14,782	95,312	188,924
Additions	-	1,244	-	1,244
Disposals	-	-	-	-
Balance 30th June 2009	78,830	16,026	95,312	190,168

*Depreciation & Impairment Loss:*

Balance 1st July 2008	241	6,711	25,312	32,264
Disposals	-	-	-	-
Depreciation for Year	199	2,449	4,287	6,935
Balance 30th June 2009	440	9,160	29,599	39,199

*Carrying Amounts:*

At 30th June 2009	<u>\$78,390</u>	<u>\$6,866</u>	<u>\$65,713</u>	<u>\$150,969</u>
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To be read in conjunction with the Audit Report.

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year ended 30 June 2010

**7 Financial Instruments**

**(a) Credit Risk**

To the extent that the Society has a receivable from another party, there is a credit risk in the event of non-performance by that counter party. Financial instruments which potentially subject the Society to credit risk principally consist of bank balances, loans and receivables.

The Society manages its exposure to credit risk to minimise losses from bad debts.

The Society continuously monitors the credit quality of major financial institutions that are counter parties to its financial instruments, and does not anticipate non-performance by the counter parties.

	<b>This Year</b>	<b>Last Year</b>
Bank Balance - CBS Canterbury	132,844	133,329
Accounts Receivable	25,553	34,822
Advance RDR Management Ltd	272,118	160,205

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

**(b) Concentration of Credit Risk**

100% (2009: 100%) of the Society's balance date cash was with one bank. The Society does not have any other significant concentrations of credit risk.

**(c) Liquidity Risk**

Liquidity risk represents the Society's ability to meet its financial obligations on time. The Society generates sufficient cash flows from its operating activities to make timely payments. The Society does not maintain committed credit lines to cover any shortfalls.

**(d) Currency Risk**

The Society has no exposure to foreign exchange risk as a result of transactions denominated in foreign currencies.

**(e) Interest Risk**

The Society is exposed to interest rate risk to the extent that it borrows or invests for a fixed term at fixed rates. The Society does not have any interest rate risk as it has no fixed rate borrowings or investments.

The following table details the Society's maturity profile and interest rate risk of financial instruments as at 30 June 2010:

	Effective Int. Rate %	0-6 Months \$	7-12 Months \$	1-2 Years \$	2-5 Years \$	5 Years Plus \$	Total \$
<b>Loans &amp; Receivables</b>							
Cash & Cash Equivalents	4.50%	132,844	-	-	-	-	132,844
Advance RDR Management Ltd	0%	-	272,118	-	-	-	272,118
Other Receivables/Investments	0%	31,223	-	-	-	-	31,223
<b>Available for Sale</b>							
Financial Assets	0%	-	-	-	-	30,000	30,000
<b>FINANCIAL LIABILITIES</b>							
Shareholders Loans	0%	396,962	-	-	-	-	396,962

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year ended 30 June 2010

The following table details the Society's maturity profile and interest rate risk of financial instruments as at 30 June 2009:

	Effective Int. Rate %	0-6 Months \$	7-12 Months \$	1-2 Years \$	2-5 Years \$	5 Year s Plus \$	Total \$
<b>Loans &amp; Receivables</b>							
Cash & Cash Equivalents	4.50%	133,329	-	-	-	-	133,329
Advance RDR Management Ltd	0%	-	-	-	-	160,205	160,205
Other Receivables/Investments	0%	40,492	-	-	-	-	40,492
<b>Available for Sale</b>							
Financial Assets	0%	-	-	-	-	30,000	30,000
<b>FINANCIAL LIABILITIES</b>							
Shareholders Loans	0%	396,962	-	-	-	-	396,962

**(f) Fair Value**

The fair values of financial instruments do not differ to the carrying amounts in the Balance Sheet.

	This Year	Last Year
<u>Held to Maturity Investments</u>	-	-
<u>Loans &amp; Receivables</u>		
Accounts Receivable	25,553	34,822
Advance RDR Management Ltd	272,118	160,205
<u>Available for Sale Financial Assets</u>		
Share Capital RDR Management Ltd	30,000	30,000
<u>Financial Liabilities at amortised cost:</u>		
Shareholders Loan Accounts	396,962	396,962

**8 RDR Management Ltd Advance**

The RDR Capital Advance account of \$272,118 (2009: \$160,205) in the Statement of Financial Position represents capital contributions, as well as a revaluation of the asset due to its reclassification as a loan payable on six months notice. The cash increase in represents capital contributions the Valetta Irrigation Co-operative Society Ltd was required to make towards capital assets acquired by RDR Management Ltd.

These contributions, based on budgeted capital expenditure, are to fund working capital. These advances are now interest free unless interest is demanded and agreed to be paid by all Directors.

**9 Reversal of Impairment Loss**

The RDR Capital Advance account was revalued to its face value at balance date. In prior years the loan value was discounted as the loan had no repayment terms or interest rate specified. As such it was classified as a low interest loan and was discounted using the remaining water consent lifespans as the discount period. At balance date the Board of RDR Management Ltd reviewed the terms and conditions of the loan and made the loan repayable on six months notice. Accordingly the loan was reclassified as a current asset at face value.

**10 Shareholder Loan Accounts**

The Shareholders Loan Account \$396,962 (2009: \$396,962) represents cash contributions from the shareholders based on the proportion of their shareholdings. The terms are the interest free repayable on demand.

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2010**

**11 Capital Commitments**

There were no capital commitments at balance date (2009: \$Nil).

**12 Contingencies & Provisions**

There were no contingent liabilities at balance date (2009: \$Nil).

**13 Contingent Assets**

There were no contingent assets at Balance Date. (2009: \$Nil)

**14 Significant Events after Balance Date**

The Society is in the process of preparing a Prospectus with the intention of soliciting funds from the public in order to fund an intended irrigation scheme expansion. The Society's shareholders are also going to vote on whether to change its legal status from an Industrial & Provident Society to a fully fledged Co-operative Company. There are no other significant events after balance date. (2009: Nil).

**15 Related Party Transactions**

Directors purchase water from the Society on the same terms and conditions as the members. There are no other transactions with related parties.

**16 Associated Company**

The Society holds 7,339 "C" Shares in RDR Irrigation Ltd (RDRI) a company incorporated on 2 May 2007 where the total number of shares issued were 63,680. Each share was issued at 10 cents and was unpaid at 30 June 2010. RDRI is an associate where the Valetta Irrigation Co-operative Society Ltd (VICS) can exercise significant influence but not control over it. VICS applies the equity method in accounting for its interest in RDRI. The carrying amount of the investment at 30 June 2010 is Nil.

The Society along with Ashburton Lyndhurst Irrigation Ltd (24,323 "B" Shares) and Mayfield Hinds Irrigation Ltd (31,718 "A" shares) are represented on the Board of Directors by two Directors each.

RDRI financial statements for the year ending 31 March 2010 had a net profit of \$304 (2009: \$276). All expenses incurred by RDRI are reimbursed by its three shareholders in proportion to their shareholdings, and in future years the profits should always be Nil.

**17 Water Charges**

	<b>This Year</b>	<b>Last Year</b>
Water Fees Received	245,279	193,889
Less Charges Rebated	-	-
	\$245,279	\$193,889

**18 Administration Expenses**

	<b>This Year</b>	<b>Last Year</b>
Bank Fees	14	5
Accountancy - Interim	600	800
Accountancy - Annual	1,950	1,850
Secretarial Fees	3,949	1,896
Consultancy Fees	16,585	13,794
Meeting Fees	-	2,743
IRD Penalties	-	117
Hall Hire	126	32
General Expenses	170	350
Legal Expenses	569	-
Printing & Stationery	26	173
Subscriptions	6,720	6,347
Telephone	885	1,446
Conference Expenses	725	-
	\$32,319	\$29,553

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year ended 30 June 2010

**19 Directors Fees**

	This Year	Last Year
P. Ormsby	5,250	3,750
G. Wilson	1,500	300
G. Wall	900	150
A. Morrison	4,140	4,050
C. Nordqvist	2,400	1,800
M. Dewhurst	900	300
J. Stocker	450	-
	\$15,540	\$10,350

**20 Operating Expenses**

	This Year	Last Year
Scheme Charges RDRML (Note 21)	157,990	136,451
Race Maintenance	1,312	3,243
Scheme Charges RDRI	-	2,736
Raceman Services	46,248	38,061
Electricity	298	299
Weed Control	3,573	2,977
	\$209,421	\$183,767

**21 RDR Management Ltd (RDRML)**

	This Year	Last Year
Monthly Contribution	\$150,490	\$122,239
End of Year Capital Adjustment	7,500	14,213
	\$157,990	\$136,451

The Society holds 30,000 shares in RDRML and is entitled to be represented on its Board of Directors by one of its six Directors. In addition to the Capital Advance Account (see Note 8) the Valetta Irrigation Co-operative Society Ltd (VICS) was required to pay 7.5% of RDRML operating costs which in the period to 30 June 2010 were \$157,990 (30 June 2009: \$136,451). RDRML is neither an associate nor subsidiary of VICS. From 1 July 2010 the Society is required to contribute 7.5% of RDRML operating costs based on a 5 year rolling average of water usage.

Note: The End of Year Capital Adjustment is a non-cash contribution to reduce the loss in RDRML financial statements which is the result of amortisation of the costs associated with the Resource Consents which have not been charged to the users.

**22 Depreciation**

	This Year	Last Year
Land & Buildings	193	199
Plant & Equipment	2,116	2,449
Irrigation Scheme	4,035	4,287
	\$6,344	\$6,935

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year ended 30 June 2010

**23 Imputation Credit Account**

	<b>This Year</b>	<b>Last Year</b>
Opening Balance (for dividends at 33/67 ratio)	54,980	54,980
Tax Refunds Received	(2,267)	-
Taxation Paid	11,414	-
Closing Balance	<u>\$64,127</u>	<u>\$54,980</u>
Opening Balance (for dividends at 30/70 ratio)	1,210	-
RWT Credits	392	1,210
Imputation Credits	8,268	-
Closing Balance	<u>\$9,870</u>	<u>\$1,210</u>

All Imputation Credits available to Shareholders as at 31 March 2010 are \$73,997 (2009: \$56,190).

**24 Directors Interests**

No Directors acquired or disposed of shares during the period.

At 30 June 2010 the Directors held the following shares:

Alistair Morrison	15 Shares as Trustee of Litterty Farm Trust
Peter Ormsby	17 Shares as Director of Chudleigh Holdings Ltd 10 Shares as Director of Penmar Farm Ltd 8 Shares as Director of Lacmor Dairies Ltd 6 Shares as Director of Ashdown Land Co. Ltd 6 Shares as Director of Waioto Farm Holdings Ltd 6 Shares as Director of Cloverdale Holdings Ltd
Gary Wilson	7 Shares as Director of Kanuka Syndicate Ltd
Graeme Wall	8 Shares as Director of Westerwin Farms Ltd 16 Shares as Director of Westerschool Farms Ltd 4 Shares as Director of GSB Farms Ltd
Mark Dewhirst	10 Shares as Director of Guyon Farm Ltd 6 Shares as Director of Miller Farm Ltd
John Stocker	6 Shares as Director of Westerfield Farming Co Ltd 6 Shares as Director of Cookstin Dairies Ltd

In relation to the Directors of the Society no loans were made to any of the Directors during the year (2009: Nil), no guarantees were given to any Directors for debts incurred by a director (2009: Nil), and no contracts were entered into by the Society for any loans or guarantees (2009: Nil).

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year ended 30 June 2010

**25 Addition to the Statement of Accounting Policies**

The Society has implemented the New Zealand Equivalent to International Reporting Standards for the first time. This has necessitated several changes of accounting policy. The principal changes are:

- (a) Properties are valued at fair value determined by an independent valuer. Previously they were stated at net current value. The difference between the two methodologies is that fair value makes no allowance for the costs of disposal.
- (b) Deferred tax is now calculated on temporary differences, rather than timing differences. The most significant impact of this modification is that deferred tax is now provided on the difference between the tax value and the full carrying amount of a revalued asset, even though the value in excess of original cost will not generate any taxable income.
- (c) Assets that are held for trading or are designated by management as carried "at fair value through profit and loss" are restated to fair value and the gain or loss is recognised in the Statement of Comprehensive Income.
- (d) Other financial instruments are accounted for at amortised cost using the effective interest method. This has had the effect of discounting some assets to reflect the time value of related cashflows. In the past these instruments were measured at amortised cost using a straight-line method or face value.
- (e) There have been numerous changes to the disclosures made to comply with the New Zealand Equivalent to International Financial Reporting Standards. There is:
  - i. A significant change to the format of the Statement of Comprehensive Income;
  - ii. More detail given of movements in the components of equity and property, plant & equipment;
  - iii. More information on assets held for sale;
  - iv. A detailed explanation of how impairment is assessed.

Information on the effect of these changes on reported equity is set out below:

	Change of Accounting Policy	Share Capital	Retained Earnings	Capital Reserve	Total Equity	RDRM Advance	Land & Buildings	Irrigation Scheme	
<b>Transition date: 30 June 2008</b>									
As Previously Reported		6,720	120,393	80,000	207,113	255,902	64,184	84,405	
Deferred tax adoption	(b)		2,949		2,949				
Property Valuation	(a)						14,405	(14,405)	
Use of amortised cost for financial instruments	(d)		(158,989)		(158,989)	(158,989)			
		<u>6,720</u>	<u>(35,647)</u>	<u>80,000</u>	<u>96,913</u>	<u>96,913</u>	<u>78,589</u>	<u>70,000</u>	
	Change of Accounting Policy	Share Capital	Retained Earnings	Capital Reserve	Total Equity	RDRM Advance	Land & Buildings	Irrigation Scheme	Net Profit
<b>Transition date: 30 June 2009</b>									
As Previously Reported		6,720	86,407	80,000	173,127	255,902	63,985	80,118	(33,987)
Deferred tax adoption	(b)		12,876		12,876				9,928
Property Valuation	(a)						14,405	(14,405)	
Use of amortised cost for financial instruments	(d)		(99,658)		(99,658)	(99,658)			59,331
		<u>6,720</u>	<u>(375)</u>	<u>80,000</u>	<u>156,244</u>	<u>156,244</u>	<u>78,390</u>	<u>65,713</u>	<u>35,272</u>

**THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2010**

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**Adoption status of relevant new Financial Reporting Standards & Interpretations**

The following new standards & amendments to standards are mandatory for the first time for the financial year starting 1 July 2009.

*NZ IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.* The amendments to NZ IFRS 5 are expected to have limited application. It provides clarification as to which disclosure requirements set out in other standards must be considered for non-current assets held for sale within the scope of NZ IFRS 5. The effective reporting date was reporting periods starting on or after 1 July 2009.

*NZ IAS 7 Statement of Cashflows.* The amendment to NZ IAS 7 explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities. This amendment becomes effective for the year ending 30 June 2011. The Society recognizes all assets capitalised into the Statement of Financial Position as an outflow from investing activities.

*NZ IAS 24 Related Party Disclosures.* The amendment simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. This standard applies for financial periods ending 31 July 2012. The Society has not adopted this standard early but assesses it to have no impact on the current disclosures.

*NZ IAS 39 Financial Instruments: Recognition and Measurement.* The amendment to NZ IAS 39 clarifies how the principles underlying hedge accounting should be applied when 1) a one-sided risk in a hedged item is being hedged and 2) inflation in a financial hedged item existed or is likely to exist. This amended standard applies for financial reporting periods ending 30 June 2010. The Society has not adopted this amendment early or in the future as it has no hedging.

*NZ IAS 17 Leases.* The amendment to NZ IAS 17 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases. The amended standard applies for financial reporting periods ending 30 June 2011. The Society has no leases in place this amendment would impact on.

**AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LTD**



We have audited the financial statements on pages 3 to 19. The financial statements provide information about the past financial performance of The Valetta Irrigation Co-Operative Society Ltd and its financial position as at 30 June 2010. This information is stated in accordance with the accounting policies set out on pages 8 to 10.

**Board Responsibilities**

The Board are responsible for the preparation of financial statements that give a true and fair view of the financial position of The Valetta Irrigation Co-Operative Society Ltd as at 30 June 2010 and the results of operations and cashflows for the period ended on that date.

**Auditor's Responsibilities**

It is our responsibility to express an independent opinion on the financial statements presented by the Board.

**Basis of Opinion**

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

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are 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 statements.

Other than in our capacity as auditor we have no relationship with, or interests in, The Valetta Irrigation Co-Operative Society Ltd.

**Unqualified Opinion**

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

In our opinion:

- proper accounting records have been kept by the The Valetta Irrigation Co-Operative Society Ltd as far as appears from our examination of those records; and
- the financial statements on pages 3 to 19;
- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of The Valetta Irrigation Co-Operative Society Ltd as at 30 June 2010 and the results of its operations and cashflows for the period ended on that date.

Our audit was completed on 17 December 2010 and our unqualified opinion is expressed as at that date

*Myers & Co.*

MYERS & CO  
CHARTERED ACCOUNTANTS  
ASHBURTON