

Annual Report 2024



 **MNVwater**

Sustainable solutions for our community, now and into the future

Front cover: Main Race



Ruapuna Pond: Photo courtesy of Jo Cook

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Our Performance

\$8.790m

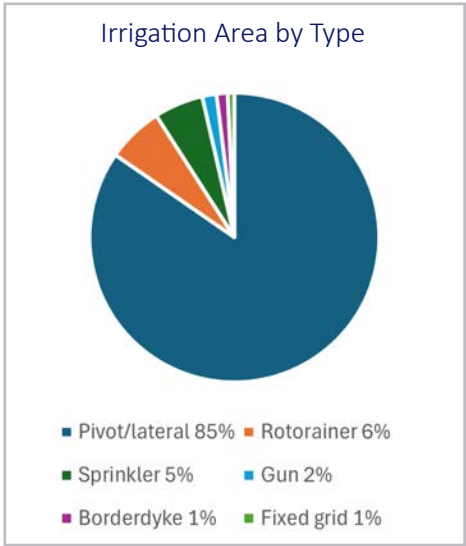
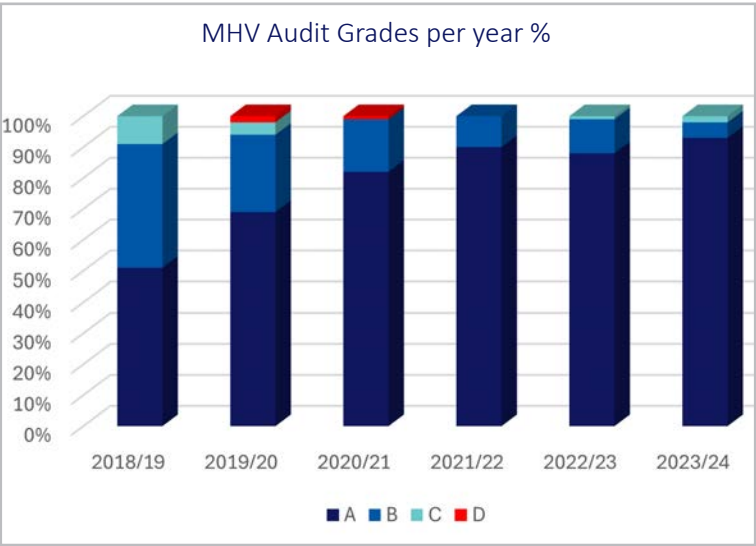
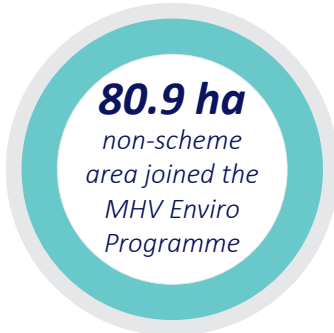
TOTAL EXPENSES

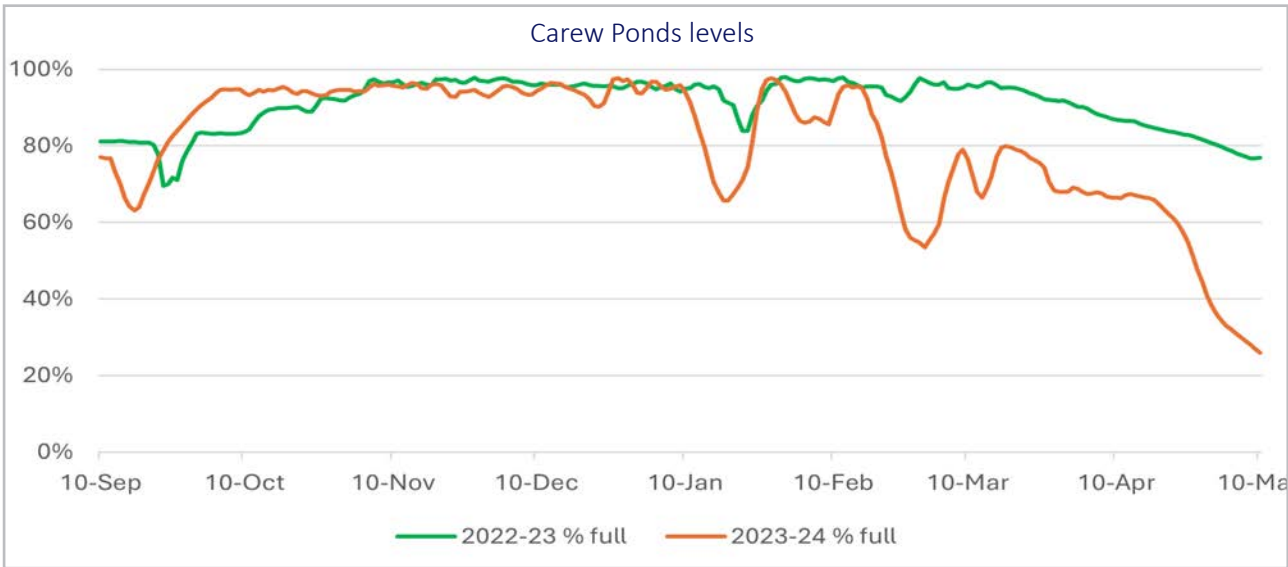
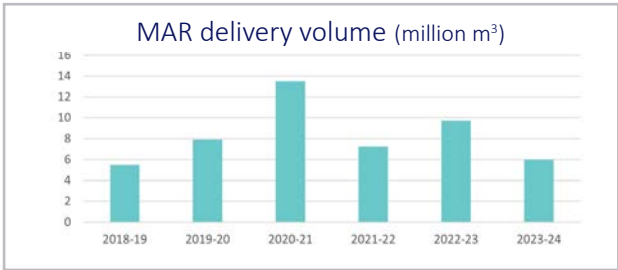
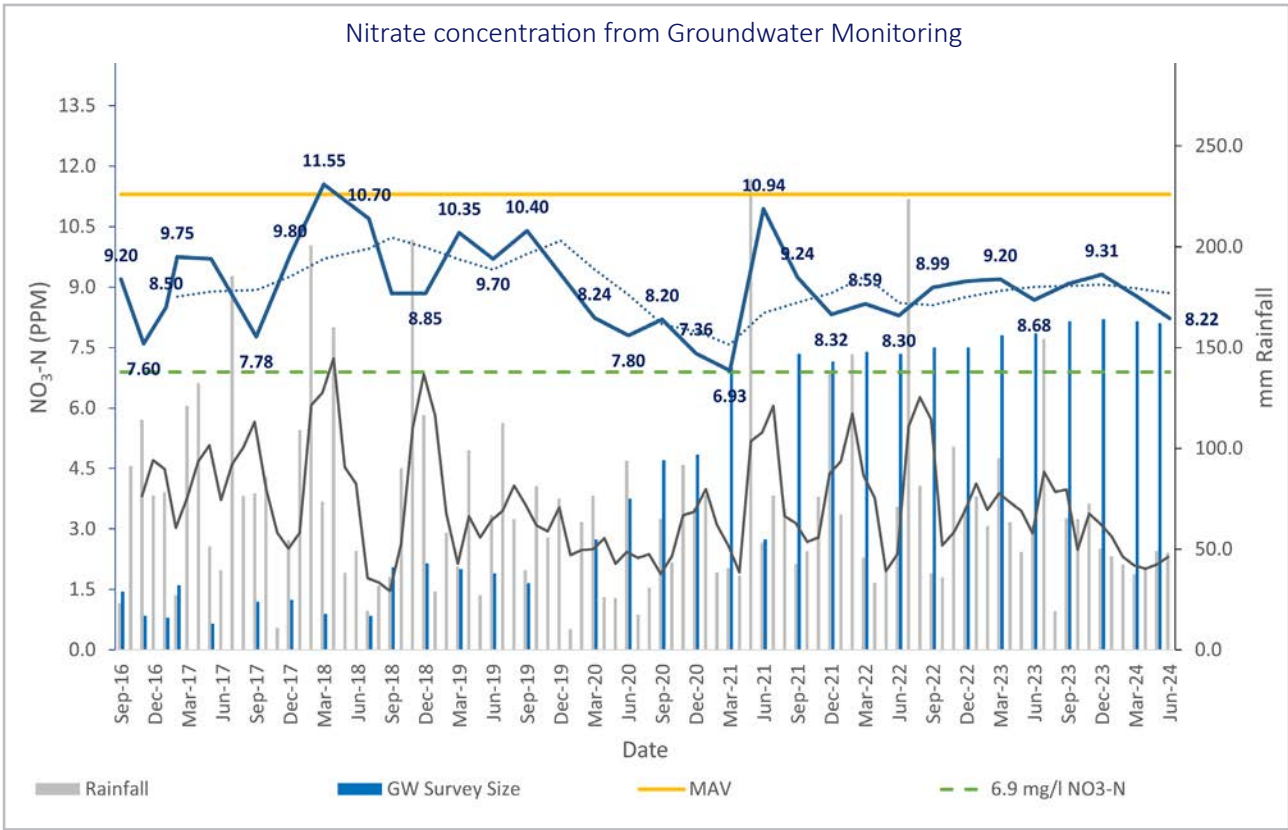
\$6.649m

TOTAL REVENUE

\$2.680m

DEPRECIATION & AMORTISATION





Ponds drained for maintenance from mid April 2024

Chair and Chief Executive Report



Cole Groves
Chair



Melanie Brooks
Chief Executive

Delivering sustainable solutions for our community, now and into the future.

Our values and vision drive all that we do at MHV and as a multi-generational farmer owned cooperative we are critically aware of the importance of delivering sustainable solutions which meet our current needs and also the needs of generations to come.

The 23-24 season continued to reinforce the theme that our only constant is change. A change of government, changes to the regulatory settings, changes to the proposed Dam Safety regulations, and changes to regional regulatory frameworks.

Not all of the change has been bad and one of our roles is to engage with industry and community groups to support joined up thinking and efficient responses to our changing environment.

This year having those networks has proven critical to help influence the direction of travel. We expect the change narrative to continue, and that can be disruptive, however we intend on continuing, as we did this year, supporting our farmers to drive improved environmental outcomes as they grow food and

fibre in an efficient and effective manner.

Our pillars of Optimised Water Delivery, having Respect for the Environment and having a Robust and Enduring Co-op guide our strategic planning and implementation and our annual report provides an opportunity for us to reflect on our progress over the course of year.

Optimised Water Delivery

Supply

The 23/24 season was a typical El Niño year with extensive dry periods and limited meaningful rain. We also saw extended periods of low flow in the Rangitata River which, in combination with the dry, reduced our supply relative to demand.

In our Valetta line we benefited from the recent upgrades to infrastructure in Pond 1 and 2 which enabled our team to more safely exercise the limited storage we have within the line. This reduced restrictions to only seven days.

For the MH and Ruapuna lines, storage at Carew offset the reduction in supply. This meant we were able to meet demand for the duration of the season, however there were a number of days where the demand from

properties above the Carew Storage Ponds was equal to the reduced supply available from the RDR. We have investigated the options to deliver water from Carew to Lateral 3 and this, as well as other options including Klondyke, continue to be investigated.

The Operations team did an excellent job in what has been the first year of meaningful dry to test reliability following the M share split and to incorporate the new control mechanisms to enable more water availability to shareholders across all of our lines.

Continuing on the supply theme, the first tranche of Ashburton River minimum flow restrictions were introduced which saw a significant reduction of water availability for some users. The second tranche of restrictions, which will be introduced in 2033, will see a considerable impact to all RDRML users, including MHV.

With that in mind, during the year MHV partnered with Ashburton Lyndhurst Irrigation Limited (ALIL) to form Mid Canterbury Water Storage Limited (MCWS) and we purchased two farms and consents to build storage at the top of our open race infrastructure. These purchases provide optionality into the future for both schemes,

signals our clear intent to work collaboratively on future infrastructure development for the benefit of our community, and align with existing infrastructure for potential generation.

It is important to note that if we were to build a significant volume of storage it would trigger a Major Transaction which would require a shareholder vote. Well in advance of any vote we would be seeking feedback and engagement with shareholders to ensure any investment was relevant, appropriate and fit for purpose.

MCWS has applied for Fast Track Approval for new consents which enable storage to be built in a staged fashion and we continue to work through the project requirements.

In parallel to these workstreams we began planning for a project in the Valetta line which will run in the 24/25 season to effectively lease a proportion of onfarm storage to offset restrictions.



ADC Stockwater race

We continue to look at pumping options, Coleridge and groundwater as ways to meet demand where we incur lower levels of supply from our traditional sources. We remain open to the combination and optimisation of storage and pumping solutions and intend for outputs from these workstreams to inform any investment decisions which are likely to be required in the coming years.

Demand

In addition to the demand from shareholders for irrigation water, all of our shareholders have a demand for stockwater. The quantum of that demand varies and during the course of the year we entered into a contract with Ashburton District Council (ADC) to deliver stockwater on their behalf in the Hekeao Hinds area.

The trial provided us with insight into the ADC delivery network, current processes and potential efficiencies as well as the extensive shortcomings of the current ADC network. With ADC indicating their intent to exit the delivery of stockwater in 2027 we are in an excellent position to provide guidance on the delivery of stockwater into the future and to deliver stockwater to meet the needs of our community without duplication of infrastructure or resources. We are engaged with ADC as they navigate this process.

The demand for irrigation water is different every season, and is becoming more variable as our shareholders increase their knowledge on the application of water, plant demand, the soil profile of available water and respond to the daily conditions.

We would like to acknowledge the training undertaken by shareholders and their teams during the year to improve their irrigation management and acknowledge the substantial decreases in demand we see throughout our network on the forecast of rain and where evapotranspiration is low.

Infrastructure

As an infrastructure business it is important for us to have a robust structure around the way we manage our assets, and this year we have worked extensively on our Asset Management Framework. The new framework provides clarity on how we are managing our different assets so we can make purposeful decisions, streamline our processes, and reduce our risk as well as improving our expense management. We continue to evolve our systems and processes to take advantage of the technology we have available.

In our Valetta line we continued to work through our Valetta Masterplan. By bringing much of the design and management for the remediation of the intakes at Pond 1 and Pond 2 inhouse we have saved extensive expense as well as utilising as much of the existing structures as possible. The team did an excellent job to deliver the project under budget and with no impact on our ability to meet demand at the start of the season.

Respect for the Environment

Regulatory Environment

We operate in a regulated environment and over the course of the year the uncertainty

associated with a change in government and progression by the Regional Council (Ecan) on the drafting of the Canterbury Regional Policy Statement under the National Policy Statement for Freshwater 2020 has added a challenging dynamic for our team to navigate.

We pride ourselves on distilling the noise around regulatory change, keeping you abreast of developments (to the extent you wish to be updated) and calling for your support where we think it is appropriate.

The Dam Safety regulations were amended at the 11th hour to exclude the majority of our on farm ponds from unnecessary bureaucracy that wasn't aligned with the real risk and the new government signaled changes to the National Policy Statement for Freshwater Management.

There are numerous local and national stakeholders who have interest in our co-operative, how we operate, and our relationship with the environment. We have had extensive engagement across the political spectrum, locally and nationally and across non-government organisations to

provide education and increase awareness.

This year, more than ever, the importance of Mid Canterbury having a collective, strong and aligned voice has been even more evident as Environment Canterbury (ECan) have begun drafting of the new Canterbury Regional Policy Statement (CRPS).

As a group of urban and rural leaders in Mid Canterbury, we worked hard to engage the community to understand what we, as a community, want to see for our future.

The principles and the overarching vision were formed following extensive engagement within a limited ECan timeframe. There were 29 sessions in halls, living rooms, businesses and meeting places across Mid Canterbury. 622 members of our community, including a large portion of our MHV Shareholder base, took the time to provide their views and then a working group of rural and urban leaders consolidated the outputs (vision and principles) with the help of artificial intelligence to try and remove any of our bias.

We're proud to be part of the Mid Canterbury Vision Group and wholeheartedly support the vision for a thriving and resilient community who are environmentally responsible, culturally respectful, economically viable and socially cohesive, recognising these aspirations are interdependent on one another and underpinned by water.

Mid Canterbury has been recognised as having the most engaged and largely aligned community across Canterbury, with both officers and Councillors at ECan recognising the work put in by the community.

The work was intended to feed into the Canterbury Regional Policy Statement (CRPS) and it is pleasing to see some of our Mid Canterbury voice reflected in an early, limited consultation version of the document, but there are some fundamental flaws and plenty of work remains required for this document to achieve the vision we have as a community.

We have been on our environmental journey for almost a decade, and many farmers for far longer and the improvements in practice adopted over this time have been significant. We still have some way to go, and society as a whole is impatient for us to make more progress more quickly.

Some of that societal perspective is driven by ignorance of not understanding what is already occurring on farm, and for some they are never going to make the time to increase their understanding.

There is also a responsibility for us to tell our stories and demonstrate our progress.



Todd McClay and James Meager visit to RDR intake and MHV infrastructure June 2023

One of the ways we can do that is through the audits of our FEPs. This season 94% of our shareholders have achieved an A audit grade or better, this is a significant increase from the 45% of farmers who achieved an A audit in the 18/19 season.

We also must be mindful that an A audit doesn't mean that you are leaching a low amount of nutrient. As a catchment we are tasked with reducing nutrient leaching and driving improved water quality outcomes.

This year we introduced training on Advanced Mitigation, the step beyond an A. Advanced Mitigation considers how we can use the skills and knowledge from our A grades to make on farm decisions which will reduce nutrient leaching. This is critically important as we aim for the targets in Plan Change 2 of the Canterbury Land and Water Regional Plan which includes achieving 6.9ppm of Nitrate Nitrogen in the shallow groundwater and 3.8 ppm in the upper Hekeao Hinds River. To achieve these targets we are required to have an ongoing focus on reducing onfarm leaching, edge of farm mitigations like wetlands and bio-reactors, Managed Aquifer Recharge (MAR) and Near River Recharge (NRR).

To be very clear, the scheme recognises the need for land use variation as part of evolving your farm system, and we are supportive of this, however, we want to reinforce that any increases in nutrient leaching as part of these changes will not be endorsed by the scheme.

During the year we supported HekeaoHinds Water Enhancement Trust (HHWET) on the delivery of MAR, expansion of the MAR network and with the HHWET resource consent applications. We continue to work closely with HHWET and are aligned with their values and objectives.

Robust and Enduring Co-op

During the year we established a clear Risk Management Framework with the intent for the document to support and improve the way we manage our strategic and operational risks. The objectives for the framework are to improve consistency of risk identification, measurement, mitigation, reporting, monitoring and governance of risks as well as providing clarity of our risk appetite and tolerance to risk aligned with our strategic goals. It works in conjunction with the existing Health and Safety Management Plan, Treasury Policy, as well as a number of

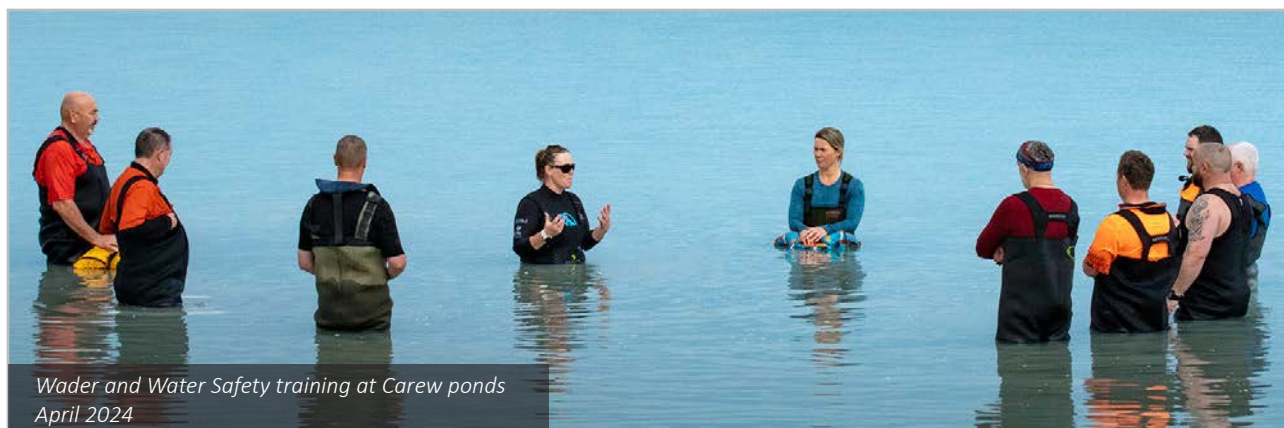
other existing policies, and provides that overarching clarity which we were seeking.

We aim to deliver sustainable solutions for our community, now and into the future, and accordingly as part of our risk management we will:-

- Recognise that risks occur across all aspects of our business and we will use our knowledge and engage with shareholders and other stakeholders to identify them
- Consider the severity of risk based on their likelihood and consequence
- Prioritise our risks
- Avoid, reduce, transfer, or accept risks
- Maintain our Risk Register
- Consider the trends for risks in our business

It is important to note that following this framework will not eliminate risks for MHV, however, it provides guidance of how to reduce and manage our exposure to risks.

As part of this workstream we also restructured our Health and Safety Sub Committee to include team members, management and Board representatives. This group has been undertaking risk deep dives and critical risk assessments.



Wader and Water Safety training at Carew ponds April 2024



Carew Infrastructure

Having representatives across our full co-op included in these conversations has been hugely successful.

The Treasury Policy is one of the risk mitigation measures we have had in place for a number of years and we are fortunate that it was well considered, and the risks of an increasing interest rate shock were well understood.

This meant that the increase in interest rates was softened. The increasing interest rate environment still had an impact on MHV, but to a much lesser extent than if we didn't have hedging in place. Interest is one of our largest expenses, and by being able to soften the impact of these increases we were able to avoid passing on any increase in water delivery charges between the 22/23 and 23/24 seasons.

We increased our banking facility limit from \$25.0m to \$30.0m during the year to invest in Mid Canterbury Water Storage. We were able to keep our "all up" rate (margin plus line of credit charge) the same with the increased limit by dropping the tenor of our facility.

We continue to hold facilities out greater than one year at balance date but felt the additional 0.15% pa for an extra year of tenor was an unnecessary expense given our low balance sheet gearing and low water delivery charges relative to the market.

Our insurance now renews in May each year, as such much of the cost seen in the FY24 accounts was negotiated in the previous year. Insurance premiums are calculated as a combination of the value at risk, the loss limit and the overall risk of the organisation.

Our value at risk was historically calculated utilising our inhouse knowledge of the approximate costs. As part of having a robust process for our insurance renewal and in line with our overall asset management framework we engaged Rawlinsons to prepare a replacement value for our assets.

The valuation was for insurance purposes only and considered the current construction and procurement costs and provided us with a much deeper understanding of our current exposure.

We also went through a risk assessment process where we considered our assets and the likely implications in the event of a large earthquake (our most likely natural disaster risk). Following considerable consultation we made the decision to remove underground assets from our insurance, other than within 10 metres of a control structure.

Even with removing these assets we still saw a material increase in our value at risk from \$49.8m to \$80.4m. This increase was the underlying driver of the increase in our year on year insurance expense from FY23 to FY24 of 43%.

This increase was staggering, and so over the course of FY24 we completed extensive work with our insurance brokers, Marsh, to clarify the risks for MHV to the underwriters, including the underwriters visiting the scheme. Given the upward pressure on the market as a whole, we are pleased to advise at the annual renewal in May 2024 there was no material increase in our insurance premium. This will be seen in our FY25 accounts.

From a team perspective we have had a number of changes over the course of the year. A restructuring of resources has seen Ella Hunt, in our Change Communication Role, leave the co-op. Ella had been part time with MHV for approx. 5 years and had done an excellent job improving our website functionality, and increasing uptake of our social media and engagement more broadly.

We welcomed Sarah Thomas back from parental leave on a part time basis and in the Operations Team we have had a couple of changes and finished the season with Sam Anderson supported by Mark Wilson, Ben Naylor, and Mark Gorman. Post balance date we have employed Cam Manson to complete the team.

One of the vacancies in Operations team was due to Russ Kelly successfully securing the newly created role in our Enviro team supporting Nicole Matheson.

Russ's role is to complete FEPs, coordinate education and facilitate audits. Russ has successfully passed the Intermediate Sustainable Nutrient Management course, through Massey and is currently working through the Advanced Sustainable Nutrient Management course with MHV's support. We'd like to congratulate Russ on his progress through this learning pathway.

Continuing the theme of supporting further education, Justin Legg has begun his PhD studies which he will complete as part of his work with MHV and we had Cheyenne Laugesen join our team as our Ngai Tahu summer intern supporting our inhouse research.

We continue to look at ways we can enable our team to improve their skills and the overall benefit to MHV shareholders.

From a Board perspective John Nicholls retired at the last AGM after 12 years on the Board of MHIL and MHV with 11 of those years as Chair.

John led the development of the Carew ponds, an asset which enabled an increase in reliability and was foundational for the share split in 2021 which provided 20% more water delivery to M shareholders with no capital cost and enabled the redemption of the MG shares.

John was pivotal in the merger between Mayfield Hinds and Valetta in 2017. He had a clear idea of the end game, and he had a considered and practical approach bringing the two boards together to work cooperatively and effectively.

Upskilling current directors, instigating Board reviews, and pushing for independent directors and the benefits they provide was important to John. He championed the associate directors programme, which several of our current directors have come through.

Over John's term on the board, we have gone from only employing the race men with manual gate operation to now employing a team across water delivery, environmental, administration and research and development, that is capable of managing our day to day operations in a professional and highly competent manner. We are a far more resilient business.



John Nicholls

We would like to recognise and thank John for his immense contribution to MHIL and MHV.

On John's retirement the Board decided not to replace his vacant Director position, dropping the Board to five shareholder elected Directors and two Independent Directors.

Lastly, we would like to recognise and thank all the people of MHV - our team, the directors, the shareholders, the farm workers and the community members for their engagement and ongoing passion to work together and deliver sustainable solutions for our community now and into the future.

Ngā mihi

Cole Groves
Chair

Melanie Brooks
CEO

Rangitata Diversion Race Management Limited Report



Jen Crawford
Chair



Evan Chisnall
Director

The Strategic Plan was refreshed in 2024. The company's stated purpose is to distribute water for the prosperity for our region. This in turn relies on Access to Water and Asset Resilience.

RMA Reforms

Maintaining access to water under the planning framework and providing reliable supply to approved users is central to the success of RDRML. The company has commenced in-river studies that will support an enabling planning framework and support the renewal of the main water take consents on reasonable terms. RDRML remains an active participant supporting MHV Water in discussions relating to RMA reforms and the consenting of the MAR project being led by HHWET.

Klondyke Sale

In early 2024 RDRML concluded the sale of land to Mid-Canterbury Water Storage Limited, the entity that will take the Klondyke Project forward. This is a significant milestone which will enable our irrigation scheme shareholders to increase resilience within their schemes with future opportunities for effective storage, delivery and

use of water via the Race.

Highbank Outage

Manawa Energy is shutting down the Highbank Power Station for major refurbishment from September 2024. The programme will extend over two irrigation season and one generation season. Montalto Power Station will continue to operate at limited capacity over this time but the ability to pass water at the end of the Race to the Rakaia River will be curtailed.

Over the last few months RDRML has given careful consideration to the issues and opportunities arising from unutilised water. The company has engaged with each of the shareholders before determining a course of action that is considered to be in the best interests of the company. The intention is to seek options for alternative use of unutilised generation water that returns value to the company and its shareholders on a proportional basis. As consent holder, RDRML will be seeking to ensure full utilisation of consented water where practicable in order to preserve water rights.

Asset Management and Insurance

The Fish Screen is now commissioned and engineering solutions are in place to ensure

it continues to operate reliably. It is a key piece of infrastructure with considerable investment to support the right to take water. Implementation of the Asset Management Plan is underway. The work programme for the flood damage repairs has also proceeded successfully to date.

The age of the Race assets requires there to be a strong focus on resilience in the short and long term. Linked to this, the company has engaged Willis as the brokers to take us forward in a dynamic insurance market to ensure we achieve an appropriate level of protection for the assets.

People

The Board governs RDRML on behalf of its shareholders with Directors appointed by Manawa Energy, MHV Water, ALIL and the Ashburton District Council. Committee structures are in place to ensure effective governance.

MHV Water's representatives on the Board remain as Evan Chisnall (Finance Committee Chair) and Jen Crawford (Board Chair). Ashburton District Council continues to be represented by Mayor Neil Brown, with MHV Water shareholder and ex-RDRML Chair, Richard Wilson, appointed as the alternate ADC director.

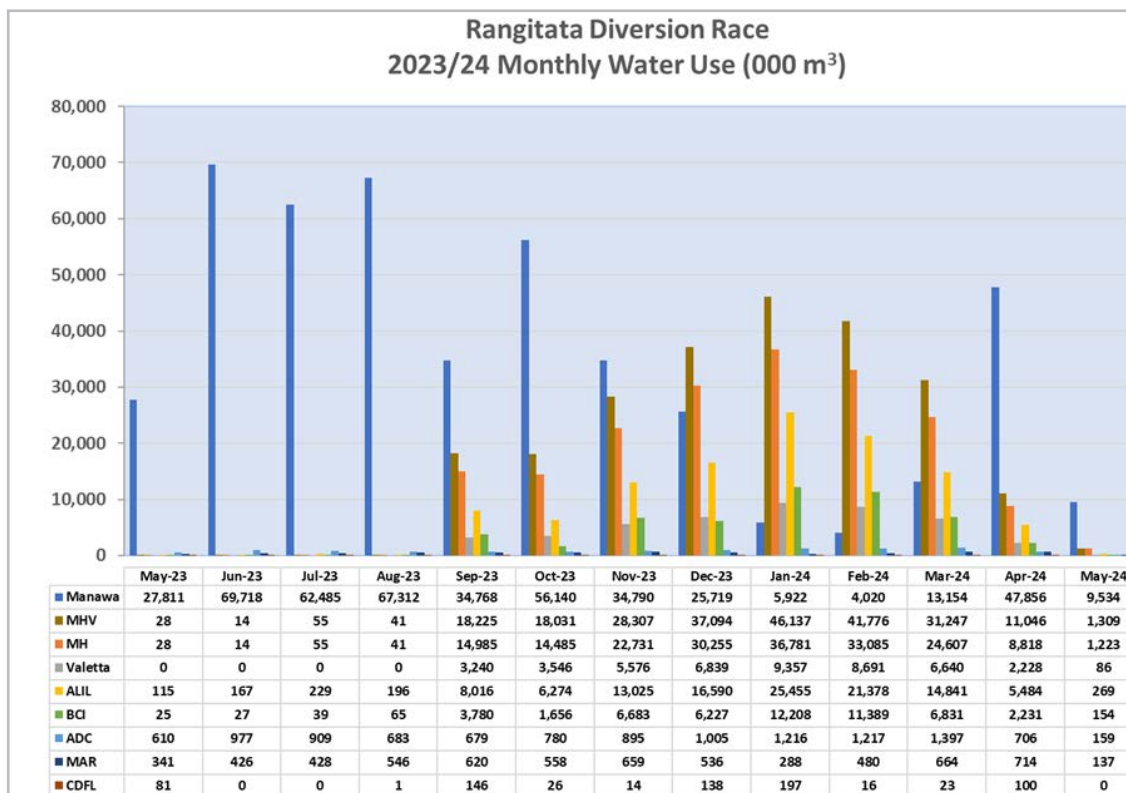
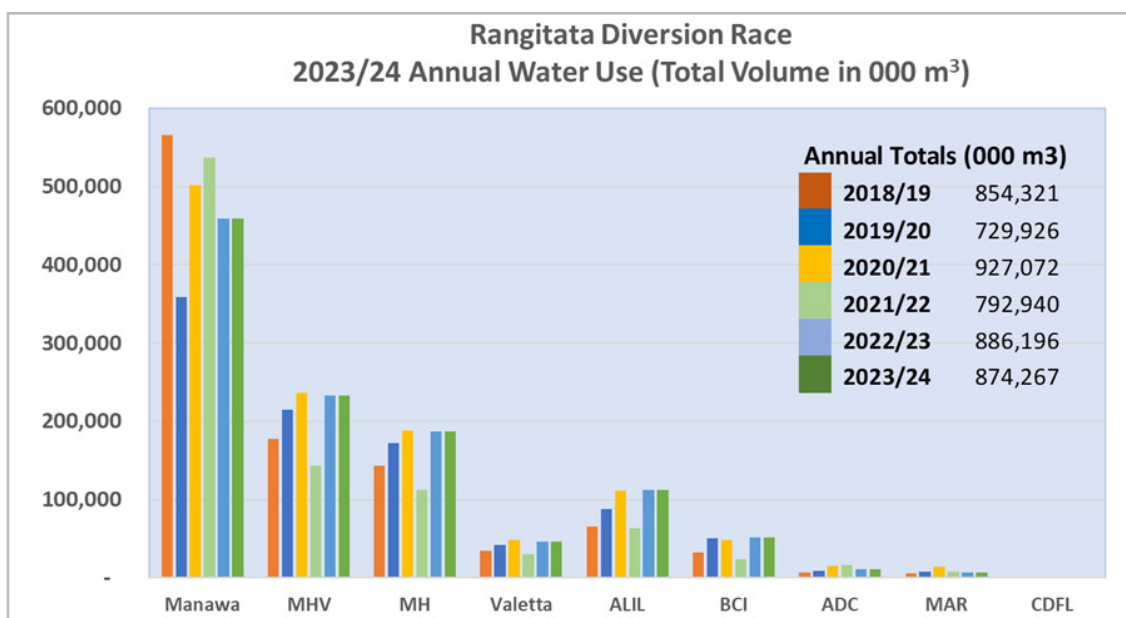
We acknowledge the contribution of Andy Grant (ALIL appointee) who retired in 2023. He was replaced by Phil Lowe who chairs the Remuneration Committee.

Manawa Energy also rotated directors with Matt James replacing Catherine Thompson.

At the management level, there is a strong operational team in place and on behalf of the Board we acknowledge the ongoing work of CEO, Tony McCormick.

Jen Crawford, RDRML Chair

Evan Chisnall, Director





Attaching bracing at Valetta Pond inlet

Our Strategy

Our Mission

Sustainable solutions for our community, now and in the future

Our Values

- Inter-generational focus
- Responsible stewards
- Community minded
- Co-operative spirit
- Enable innovation

Our Purposes

- Optimised water delivery
- Respect for the environment
- Robust and enduring Co-op

Our Priorities / Initiatives

- Building strong partnerships with Arowhenua
- Support continuous improvement
- Waterbody health research
- Resource resilience
- Catchment collaboration
- Consent renewal pathways

Our People

Shareholders

MHV Water is a co-operative company with 206 farmer shareholders. Each share held entitles the shareholding to 0.01 litres per second of water.



Board of Directors

The Board is made up of five elected shareholder directors and two appointed independent directors and meets on a six weekly basis to govern the company. Elected directors retire by rotation on a three-yearly basis at each AGM.

Management and Staff

MHV employs a team of thirteen staff delivering operations, groundwater science, infrastructure, environmental and administrative functions. The MHV team is led by the Chief Executive.

Our Board



Board of Directors

From left to right:

Simon King, Jen Crawford, Evan Chisnall, Cole Groves, Campbell Tait, Vince Lobb, Paul Munro



MHV team joining the planting at the Montgomery Drain Run off

Division Performance

	Environmental Research & Development	Mayfield Hinds Open Race \$	Ruapuna Extension Pipeline \$	Valetta Pipeline \$	Total \$
Year ended 31 May 2023					
Income					
Water charges	426,407	2,919,954	972,032	1,795,879	6,114,272
Other income	-	554,024	37,131	164,087	755,242
Total income	426,407	3,473,978	1,009,163	1,959,966	6,869,514
Expenses					
Operating expenses	338,901	265,337	123,652	113,673	841,563
Finance expenses	-	13,857	337,603	568,221	919,681
Shared scheme costs	-	2,572,555	205,207	694,441	3,472,203
Total expenses	338,901	2,851,749	666,462	1,376,335	5,233,447
Total operating profit	87,506	622,229	342,701	583,631	1,636,067
Non-cash expenses					(2,539,183)
Net profit/(loss)					(903,116)
Interest bearing borrowings					
Opening balance	(46,900)	(1,273,766)	1,133,312	187,353	-
Operating profit	(87,506)	(622,229)	(342,701)	(583,631)	(1,636,067)
Fixed assets movements	-	213,398	8,017	2,803,033	3,024,448
Debt movements	-	-	1,160,000	(1,989,000)	(829,000)
Equity movements	-	(390,107)	(31,175)	-	(421,282)
Other movements	-	(307,293)	113,833	55,361	(138,099)
Total interest bearing borrowings	(134,406)	(2,379,997)	2,041,286	473,116	-
Westpac loans	-	-	6,793,714	12,718,065	19,511,779
Total interest bearing borrowings	(134,406)	(2,379,997)	8,835,000	13,191,181	19,511,779
Year ended 31 May 2024					
	\$	\$	\$	\$	\$
Income					
Water charges	-	2,919,996	972,032	1,803,080	5,695,108
Other income	520,760	323,831	16,880	83,740	945,211
Total income	520,760	3,243,827	988,912	1,886,820	6,640,319
Expenses					
Operating expenses	-	210,593	136,044	90,095	436,732
Finance expenses	382,801	31,847	388,154	718,407	1,521,209
Shared scheme costs	-	2,871,293	229,037	775,083	3,875,413
Total expenses	382,801	3,113,733	753,235	1,583,585	5,833,354
Total operating profit	137,959	130,094	235,677	303,235	806,965
Non-cash expenses					(2,964,751)
Net profit/(loss)					(2,157,786)

Division Performance (Continued)

Interest bearing borrowings					
Opening balance	(134,406)	(2,379,997)	2,041,286	473,116	-
Operating profit	(137,959)	(130,094)	(235,677)	(303,235)	(806,965)
Fixed assets movements	-	310,660	7,630	1,429,012	1,747,302
Debt movements	-	(1,240,726)	(2,096,154)	(2,462,120)	(5,799,000)
Equity movements	-	(307,633)	(24,584)	-	(332,217)
Other movements	-	3,845,945	306,759	1,038,176	5,190,880
Total Internal borrowings	(272,365)	98,155	(740)	174,949	-
Westpac loans	-	1,240,726	8,889,868	15,180,185	25,310,779
Total interest bearing borrowings	(272,365)	1,338,881	8,889,128	15,355,134	25,310,779

MHV Water Limited currently only operates in one division, being water scheme and environmental management. This may change going forward if MHV starts providing significant environmental management services to customers who it does not also provide water scheme management to.

For shareholder transparency, separate reporting is provided above in relation to the four separate cost centres, the Mayfield Hinds Open Race, Ruapuna Extension Pipeline, Valetta Pipeline and the Environmental Research & Development, on a similar basis that is reported to the Directors by Management.

Directors and Management have agreed a cost and capital allocation policy where the guiding principle is that costs are shared equally by all users unless there is a valid reason not to. As the four cost centres have different capital and operating costs, each is treated separately. This is consistent with the merger protocol document between Mayfield Hinds Irrigation Ltd and Valetta Irrigation Ltd which required the water between the two lines to be managed separately.

The following guidelines are followed:

- Income specific to a part of the infrastructure should be allocated to that infrastructure.
- Costs specific to a piece of specific infrastructure are separately identified and apportioned to the users of that infrastructure.
- Capital raised is allocated to the share class releasing water for sale.
- Interest costs shall be allocated to the specific infrastructure to which the debt relates. Where accumulated funds from one line are utilised by another line to minimise the entity interest costs, a notional interest charge will be made between the two lines. This may result in a negative finance expense for one or more lines which reflects the benefit from managing debt on a Company basis.
- Costs not specific to a piece of infrastructure will be treated as Shared Scheme costs.
- Shared costs should be allocated to the infrastructure based on the water entitlement of that infrastructure. As all shares have the same water entitlement (0.01 lps), the number of shares for each line is used as the basis for allocating the Shared Scheme costs.
- Depreciation and other non cash expenses are not allocated to the four separate cost centres as the Directors and Management budget and review expenditure on a cash basis, including operating cost and capital requirements, to determine water charges.

Statement of Comprehensive Income

	2024 \$	2023 \$
Income		
Revenue	6,649,630	6,869,514
Fair value movement in interest rate swaps	-	100,635
Total Income	6,649,630	6,970,149
Expenses		
Operating expenses	3,610,296	3,199,279
Administration expenses	993,170	1,100,704
Other operating expenses	25,850	25,850
Depreciation and amortisation	2,680,268	2,639,818
Finance expenses	1,196,500	887,220
Fair value movement in interest rate swaps	284,483	-
Total Expenses	8,790,567	7,852,871
Other income		
Share of associates profit/(Loss)	(16,849)	(20,394)
Total other income	(16,849)	(20,394)
Operating Profit/(Loss) before tax	(2,157,786)	(903,116)
Income tax expense	(153,934)	(231,762)
Net profit/(loss) for the year	(2,311,720)	(1,134,878)
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income	(2,311,720)	(1,134,878)

Statement of Cash Flows

	2024 \$	2023 \$
Cash flows from operating activities		
Cash received	6,596,222	6,267,060
Cash paid	(6,362,468)	(4,591,447)
Net cash flows from operating activities	233,754	1,675,613
Cash flows from investing activities		
Cash received	138,756	330,966
Cash paid	(6,396,872)	(2,959,267)
Net cash flows from investing activities	(6,258,116)	(2,628,301)
Cash flows from financing activities		
Cash paid	6,075,480	1,194,545
Net cash flows from financing activities	6,075,480	1,194,545
Net increase (decrease) in cash held	51,118	241,857
Add cash at start of year	301,597	59,740
Closing Balance	352,715	301,597

Statement of Financial Position

	2024	2023
	\$	\$
Current assets	2,230,494	2,335,957
Non-current assets	59,467,789	56,232,106
Total assets	61,698,283	58,568,063
Current liabilities	1,078,642	1,542,923
Non-current liabilities	27,294,697	21,388,476
Total liabilities	28,373,339	22,931,399
Net assets	33,324,944	35,636,664
Equity		
Share capital	42,195,286	42,195,286
Capital reserves	(981,399)	(981,399)
Retained earnings	(7,888,943)	(5,577,223)
Total Equity	33,324,944	35,636,664

Statement of Changes in Equity

	Share capital	Retained earnings	Capital Reserve	Total
	\$	\$	\$	\$
Equity at 31 May 2022	42,503,286	(4,442,345)	(981,399)	37,079,542
Net profit/(loss) for the year	-	(1,134,878)	-	(1,134,878)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,134,878)	-	(1,134,878)
Issue of shares	-	-	-	-
Share redemption*	(308,000)	-	-	(308,000)
Equity at 31 May 2023	42,195,286	(5,577,223)	(981,399)	35,636,664
Net profit/(loss) for the year	-	(2,311,720)	-	(2,311,720)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(2,311,720)	-	(2,311,720)
Issue of shares	-	-	-	-
Shares redemption*	-	-	-	-
Equity at 31 May 2024	42,195,286	(7,888,943)	(981,399)	33,324,944

*This relates to the value of MG shares converted to M shares during the share conversion process.

Signed for and on behalf of the Board dated 18 September 2024



Chair



Director

Additional information

REPORTING ENTITY

MHV Water Limited (the "Company") is a co-operative company registered in New Zealand under the Co-Operative Companies Act 1996 and Companies Act 1993 on the 23 February 2009 and domiciled in New Zealand.

The company is an FMC reporting entity for the purposes of Part 7 of the Financial Markets Conduct Act 2013.

These summary financial statements are in compliance with FRS 43: Summary Financial Statements. The full financial statements for each period presented in the summary financial statement have been audited and the nature of the audit opinion is unmodified.

The Company is a water supply and environmental management company receiving its share of water from the Rangitata Diversion Race Management Limited (RDRML) and distributing this water to its shareholder members. The Company's scheme area is on the northern bank of the Rangitata River through to the southern bank of the Ashburton River and from the foothills in the west down to the east coast. The company also administers land use and discharge consents for its members.

BASIS OF PREPARATION

The full financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (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 Tier 1 profit orientated entities.

The financial statements are presented in New Zealand dollars(\$), rounded to the nearest dollar.

The full financial statements for the year ended 31 May 2024 were authorised for issue on **18 September 2024** by Cole Groves (Board Chair) and Vincent Lobb (Director).

The specific disclosures included within these summary financial statements have been extracted from the full financial statements. Therefore, these statements cannot be expected to provide as complete of understanding as the full financial statements.

The full financial statements can be sourced upon request.

CHANGES IN ACCOUNTING POLICIES

Certain comparative figures have been updated for consistency within the current year. All other accounting policies adopted are consistent with those of the previous year.

CAPITAL COMMITMENTS

The Company has committed to invest a total of \$250,469 to various infrastructures at balance date.

CONTINGENT LIABILITIES

The company has acted as guarantor for an external loan arrangement for Mid Canterbury Water Storage Limited. The maximum exposure the company has is \$3.835 million (2023: nil). Mid Canterbury Water Storage Limited has provided security interest over its property in respect of this loan.

SUBSEQUENT EVENTS

On 14 August 2024 ELI (The Environmental Law Initiative) applied for a judicial review of the decision by Environment Canterbury (ECan) to grant the Company discharge consent CRC185857. MHV Water Limited are named as the second respondent.

The application for judicial review follows the earlier application and decision from the High Court in the Ashburton Lyndhurst Irrigation (ALIL) matter. That decision is now under appeal.

There are 3 grounds of review in relation to MHV:

- That section 107 of the Resource Management Act (RMA) should have prevented the issuing of the consent (on the basis the decision maker was prohibited from taking into account future reductions when determining whether adverse effects were significant);
- That the NZ Coastal Policy Statement wasn't considered; and
- That ECan should have revoked the discharge consent upon the ALIL decision being granted.

The claim has no immediate implications for discharge, the Company continues to operate under the existing consent, and if there was to be a High Court ruling which was not in ECan's (or the Company's) favour, then the Company would drop back to the old consent and continue to operate under continuance until matters are resolved.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF MHV WATER LIMITED

Opinion

The summary financial statements on pages 16 to 21, which comprise the summary statement of financial position as at 31 May 2024, and the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and related notes are derived from the audited financial statements of MHV Water Limited (**“the Company”**) for the year ended 31 May 2024.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary **financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor’s report thereon.** The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Our Performance 2023-24 snapshot, Chair and Chief Executive Report, the RDRML Report, Our People and Our Strategy reports, but does not include the summary **financial statements and our auditor’s report thereon.**

Our opinion on the summary financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. We have read the other information and, in doing so, considered whether the other information is materially inconsistent with the summary financial statements, or our knowledge obtained in the audit of the summary financial statements or otherwise appears to be materially misstated. We have nothing to report in this regard.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 18 September 2024. The auditors report on the audited financial statements includes communication of key audit matters.

Directors' Responsibilities for the Summary Financial Statements

Directors are responsible on behalf of the entity for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

Auditor's Responsibilities for the Audit of the Summary Financial Statements

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised) *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interests in, MHV Water Limited.

The engagement partner on the audit resulting in this independent auditor's report is Warren Johnstone.

BDO Christchurch Audit Limited

BDO Christchurch Audit Limited
Christchurch
New Zealand
18 September 2024

