

COUNTIES POWER CONSUMER TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

INDEX

Audit Report	2 - 3
Directory	4
Statement of Comprehensive Income	5
Accumulated Income Account and Statement of Changes in Equity	6
Balance Sheet	7
Statement of Cash Flows	8
Operating Budget for the Year ended 31 March 2015	9
Statement of Accounting Policies	10
Notes to the Financial Statements	11 - 13

INDEPENDENT AUDITOR'S REPORT
To the Trustees of Counties Power Consumer Trust

Report on the Financial Statements

We have audited the attached financial statements of Counties Power Consumer Trust on pages 5 to 13, which comprise the balance sheet as at 31 March 2014, and the statement of comprehensive income, accumulated income account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the trustees, as a body, in accordance with the Deed of Resettlement. Our audit has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand, and for such internal controls as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors, we have no relationship with or interest in Counties Power Consumer Trust.



RSM Prince
Chartered Accountants

Opinion

In our opinion, the financial statements on pages 5 to 13:

- comply with generally accepted accounting practice in New Zealand; and
- present fairly, in all material respects, the financial position of Counties Power Consumer Trust as at 31 March 2014 and its financial performance and cash flows for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

RSM PRINCE

Chartered Accountants, Auckland
20 May 2014

COUNTIES POWER CONSUMER TRUST



DIRECTORY

Nature of Business The Trustees have 100 % ownership of Counties Power Limited. The shares of the company are held in Trust for the users of the Company Lines network – the beneficiaries of the Trust.

The Counties Power Trust was constituted on 17 May 1993 by a Trust Deed dated 10 May 1993. By a Deed of Resettlement, dated 14 September 1995, all the assets of the Counties Power Trust were resettled on the Trustees of the Counties Power Consumer Trust.

Trustees	Mr A D Eyes - Chairman	M Com, Dip Mgt, CA, CMA
	Mrs C P Rupp	JP, Post Grad Dip Sc
	Mr G Singh	QSM, JP
	Mr P S Beston	
	Mr D W Thomson	
Secretary	Gail Riddell	CA
Contact Address	Suite 6, 23 Hall St, PUKEKOHE P O Box 580, PUKEKOHE Telephone: 09 2383780	
Solicitors	Simpson Grierson, AUCKLAND	
Bankers	ANZ, PAPAURA	
Auditors	RSM Prince, AUCKLAND	

**COUNTIES POWER CONSUMER TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014**

Page 5

Budget for 2014		Note	2014	2013
	Income			
300,000	Dividend Received	300,000		300,000
205,800	Interest - all Banks	192,654		219,809
11,400	Sundry Income	6,952		6,650
517,200	Total Income		499,606	526,459
	Less Expenses			
12,446	Accountancy	14,765		16,184
9,905	Audit Fees	11,437		9,467
5	Bank Fees	40		28
6,400	Communication & Public Relations	1,202		6,336
425	Depreciation	426		485
63,400	Election Expenses	15,848		-
8,085	Energy Trust Levies	14,433		8,085
6,900	General Expenses	8,166		8,318
3,733	Insurance	3,611		3,504
1,200	Light and Power	1,456		1,038
10,000	Ownership Review	9,327		18,514
7,500	Post, Stationery, Phone & Fax, Internet	8,300		7,008
30,000	Professional Fees	33,041		26,511
24,000	Rent	24,027		22,381
200	Repairs and Maintenance	44		173
62,977	Secretarial Fees	60,783		48,922
40	Security	-		39
10,000	Training	-		-
8,002	Travel & Accommodation	6,614		10,613
265,218			213,520	187,606
86,372	Trustees' Fees	93,530		91,258
1,350	Trustees' General Expenses	1,149		1,170
3,000	Trustee Meeting & Seminar Exp	2,298		3,071
90,722			96,977	95,499
355,940	Total Expenses		310,497	283,105
\$ 161,260	Comprehensive Income for the Year		\$ 189,109	\$ 243,355

The financial statements have been audited and should be read in conjunction with the notes to the accounts and the auditor's report.

**COUNTIES POWER CONSUMER TRUST
ACCUMULATED INCOME ACCOUNT and
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014**

Page 6

ACCUMULATED INCOME ACCOUNT

	Note	2014	2013
Opening Balance		5,208,973	4,965,618
Comprehensive Income		189,109	243,355
		<u>5,398,082</u>	<u>5,208,973</u>
Unclaimed Distributions	(1)	-	-
Closing Balance		\$ 5,398,082	\$ 5,208,973

STATEMENT OF CHANGES IN EQUITY

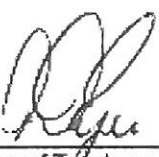
	Note	2014	2013
Equity at Beginning of the Year		<u>36,006,073</u>	<u>35,762,718</u>
Comprehensive Income		189,109	243,355
Closing Balance		\$ 36,195,182	\$ 36,006,073

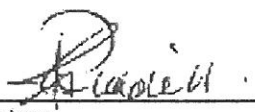
The financial statements have been audited and should be read in conjunction with the notes to the accounts and the auditor's report.

**COUNTIES POWER CONSUMER TRUST
BALANCE SHEET
AS AT 31 MARCH 2014**

Page 7

	Note	2014	2013
Equity			
Opening Balance	(1)	30,797,100	30,797,100
Trust Accumulated Income		5,398,082	5,208,972
Closing Equity		\$ 36,195,182	\$ 36,006,072
Represented by:			
Current Assets			
Cash and Cash Equivalents	(2)(a)	827,719	1,114,761
Short Term Investments	(2)(b)	4,550,000	4,050,000
Prepayments		1,857	1,857
Receivables		7,849	38,901
Taxation Refund	(3)	193	2,866
		<u>5,387,618</u>	<u>5,208,385</u>
Less: Current Liabilities			
Accounts Payable		20,726	32,716
Working Capital		<u>5,366,894</u>	<u>5,175,669</u>
Non Current Assets			
Website Development		1,330	1,330
Prepayments		20,105	21,794
Office Equipment & Furniture		15,553	15,553
Less: Accumulated Depreciation		(5,700)	(5,274)
		<u>31,288</u>	<u>33,403</u>
Investments			
Shares – Counties Power Ltd	(1)	30,797,000	30,797,000
		<u>30,797,000</u>	<u>30,797,000</u>
		\$ 36,195,182	\$ 36,006,072


Chairman of Trustees


Secretary

Date 20/5/2014

The financial statements have been audited and should be read in conjunction with the notes to the accounts and the auditor's report.

**COUNTIES POWER CONSUMER TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014**

Page 8

	Note	2014	2013
Cash Flows from Operating Activities			
Cash was provided from:			
Interest		223,706	215,145
Taxation Refund		2,866	-
Dividends		300,000	300,000
Sundry		6,952	6,650
		<u>533,524</u>	<u>521,795</u>
Cash was disbursed to:			
Administration expenses		320,371	268,554
Taxation		193	2,866
		<u>320,564</u>	<u>271,420</u>
Net Cash Inflows from Operating Activities		<u>212,960</u>	<u>250,375</u>
 Net Increase in Cash Held		 212,960	 250,375
Add: Opening Cash		5,164,760	4,914,385
Closing Cash (Bank and Investments)	(2)	<u>\$ 5,377,720</u>	<u>\$ 5,164,760</u>
 RECONCILIATION OF NET INCREASE IN CASH HELD TO NET SURPLUS FOR THE YEAR			
Net Surplus for the Year		<u>189,109</u>	<u>243,355</u>
Increase/(Decrease) in Accrued Interest		(31,052)	4,665
Increase/(Decrease) in Taxation Refund		(2,673)	2,866
Increase/(Decrease) in Prepayments		(1,689)	(1,518)
Increase/(Decrease) in Assets		-	-
Decrease/(Increase) in Accounts Payable		11,989	(12,549)
		<u>(23,425)</u>	<u>(6,536)</u>
Add back:			
Depreciation		425	485
		<u>425</u>	<u>485</u>
Net Increase in Cash Held		<u>\$ 212,960</u>	<u>\$ 250,375</u>

The financial statements have been audited and should be read in conjunction with the notes to the accounts and the auditor's report.

**COUNTIES POWER CONSUMER TRUST
BUDGET INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

Page 9

		Budget 2015	Actual 2014
Income			
Dividend Received	300,000		300,000
Interest Received	234,344		192,654
Sundry Income	11,400		6,952
Total Income		545,744	499,606
Less Expenses			
Accountancy	14,042		14,765
Audit Fees	11,575		11,437
Bank Fees	10		40
Communication & Public Relations	1,500		1,202
Depreciation	377		426
Election Expenses	-		15,848
Energy Trust Levies	14,500		14,433
General Expenses	7,490		8,166
Insurance	5,366		3,611
Light and Power	1,680		1,456
Ownership Review	-		9,327
Post, Stationery, Phone & Fax, Internet	8,170		8,300
Professional Fees	30,000		33,041
Rent	24,000		24,027
Repairs and Maintenance	200		44
Secretarial Fees	57,903		60,783
Security	40		-
Training	10,000		-
Travel & Accommodation	8,002		6,614
		194,855	213,520
Trustees' Fees	90,757		93,530
Trustees' General Expenses	1,350		1,149
Trustee Meeting & Seminar Exp	3,000		2,298
		95,107	96,977
Total Expenses		289,962	310,497
Comprehensive Income for the Year		\$ 255,782	\$ 189,109

The financial statements have been audited and should be read in conjunction with the notes to the accounts and the auditor's report.

Reporting Entity

Counties Power Consumer Trust is a Trust constituted under a Deed of Resettlement dated 14 September 1995. The financial statements are for the year ended 31 March 2012. Separate financial statements for the trust and consolidated financial statements are prepared to meet the Trustees' reporting requirements. The financial statements were authorised for issue by the Trustees on 20 May 2014.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the 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 to non profit oriented entities.

Counties Power Consumer Trust is designated as a non profit oriented entity for financial reporting purposes.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed by Counties Power Consumer Trust.

Presentation Currency

These financial statements are presented in New Zealand dollars (\$)

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Investment in Wholly owned Subsidiary

The investment is recorded at the total opening Shareholders' Funds of Counties Power Limited \$30,797,000 at the time of acquisition.

(b) Non Current Assets

The fixed assets are recorded at cost less accumulated depreciation and impairment losses. Website Development Costs have not been depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Depreciation

Depreciation is charged so as to write off the cost over the estimated useful lives. Depreciation is charged to the Statement of Comprehensive Income. The following rates have been used.

Office Equipment & Furniture	12% - 60% Diminishing Value
------------------------------	-----------------------------

(d) GST

The financial statements are GST inclusive as the Trust is not eligible to register for GST

(e) Receivables

These (if any) are measured at their cost.

(f) Revenue recognition

Dividends are recognised when received.

Interest is recognised when received. Interest on any unexpired investment at balance date is accrued at the rate of the particular investment.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(h) Short term deposits

Consist of short-term cash deposits held with financial institutions, with original maturities of more than three months and which are subject to an insignificant risk of changes in value.

(i) New standards

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Trust's accounting periods beginning on or after 1 January 2015 or later periods but which the Trust has not early adopted:

· NZ IFRS 9 "Financial instruments: classification and measurement" (mandatory for annual periods beginning on or after 1 January 2015). There are a number of changes under this standard in relation to the measurement and classification of financial instruments. The Trust is reviewing the standard for its implications on the Trust and intends to adopt NZ IFRS 9 from 1 April 2015.

· NZ IAS 1 Amendments Presentation of Items of Other Comprehensive Income (effective 1 July 2012). The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Trust intends to adopt the new standard from 1 April 2013.

· Those new standards, amendments and interpretations which in the Trustees' opinion have no material effect on the financial statements have not been included above.

Notes

(1) Trust Equity	2014	2013
(i) Cash received from Counties Power Ltd	100	100
(ii) 15,000,000 fully paid ordinary shares in Counties Power Ltd vested in the Trust in terms of the Energy Companies (Counties Power Limited) Vesting Order 1993, represented by shares and reserves being Opening Shareholders' Funds of Counties Power Ltd.		
	30,797,000	30,797,000
The investment in the subsidiary has been accounted for at cost.	\$ 30,797,100	\$ 30,797,100
The latest valuation of the shares in Counties Power Ltd. was made by Ernst and Young Chartered Accountants. As at 23 August 2000, the fair market value was fixed at between \$85,000,000 and \$90,000,000.		
(2) (a) Cash and Cash Equivalents		
Cheque Account – ANZ	(1,715)	(349)
Trustee Fees Account - ANZ	254	16
On Call Deposit – ANZ	53,837	174,565
ASB - Cheque Account	10	-
ASB - Fastsaver	119,869	382,037
BNZ - Oncall Saver	61,445	27,904
Rabobank	331,331	321,764
RaboDirect account	262,687	208,824
	827,719	1,114,761
Add: Interest accrued on short term investments	7,849	38,901
(See Note 4)	\$ 835,568	\$ 1,153,662
(2) (b) Short Term Deposits		
ASB Bank	800,000	500,000
ANZ Bank (formerly National Bank of NZ)	1,900,000	1,700,000
BNZ	750,000	750,000
RaboDirect	1,100,000	1,100,000
(See Note 4)	\$ 4,550,000	\$ 4,050,000

Notes

(3) Taxation

	2014	2013
Total Gross Income (excluding accrued Interest)	491,757	487,558
Less: Expenses	(310,497)	(283,105)
Add: Imputation Credits attached to dividend	116,667	128,571
Assessable Income	<u>297,927</u>	<u>333,024</u>
Less Loss brought forward & utilised	<u>297,927</u>	<u>333,024</u>
Trustees' Taxable Income	<u>\$ -</u>	<u>\$ -</u>
Taxation on Trustees' Income @ 33%	-	-
Application of available Imputation Credits	-	-
Tax losses applied	-	-
Payable	-	-
RWT paid on Interest	193	2,866
Taxation Refund due	<u>\$ 193</u>	<u>\$ 2,866</u>

Imputation Credit Account

Imputation credits attached to Dividend received	297,927	128,571
Applied to Trustees' Income	-	-
Closing Balance	<u>\$ 297,927</u>	<u>\$ 128,571</u>

Tax Losses

Opening Balance	974,494	917,909
Less: Applied to Trustee Income	(297,927)	(333,024)
	<u>676,567</u>	<u>584,885</u>
Imputation Credits converted to Loss Carried Fwd	<u>353,535</u>	<u>389,609</u>
Closing Balance	<u>\$ 1,030,103</u>	<u>\$ 974,494</u>

Notes

(4) Financial Instruments

Credit Risk

Financial Instruments which potentially subject the Trust to credit risk principally consist of bank balances and short term deposits.

The Trust has a credit policy which is used to manage this credit risk. As part of this policy, limits of exposure have been set within the constraints of the Trust Deed and are monitored on a regular basis.

The maximum exposures to credit risk at balance date are:

	2014	2013
Bank Balances	5,385,568	5,203,662
	<u>\$ 5,385,568</u>	<u>\$ 5,203,662</u>
Fair Values		
Bank Balances	5,385,568	5,203,662
<i>The carrying value of these amounts is the fair value</i>		

(5) Consolidation

The Trust owns 100% of the shares in Counties Power Ltd. To give a true and fair view of the operations of both the Trust and the company, the Trust also prepares a set of consolidated financial accounts.

(6) Operating Leases

Non - cancellable operating lease commitments:

	2014	2013
Current	19,454	16,955
Non - Current	37,872	21,936
Total Operating Lease Commitments	<u>\$ 57,326</u>	<u>\$ 38,891</u>

(7) Related Parties

The elected Trustees of Counties Power Consumer Trust own 100% of the shares in Counties Power Limited. The Trust rents office premises from SBH Holdings in which a Trustee is a partner. The following transactions occurred with related parties.

	2014	2013
Dividends received	300,000	300,000
Rent paid	17,349	17,250