

Detailed Financial Statements

Counties Energy Trust
For the year ended 31 March 2023

Prepared by Red Office Ltd

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Compilation Report

Counties Energy Trust

For the year ended 31 March 2023

Preparation of Financial Statements

These financial statements have been prepared on behalf of the Trustees of Counties Energy Trust in accordance with the New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The basis of preparation of these financial statements is in line with the Trust's Statement of Accounting Policies contained within this report, and other applicable accounting standards for a consumer energy trust and profit oriented entities.

Red Office provides a contracted Secretariat service to the Trust, including the preparation of financial statements.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for the information contained in the financial statements and have determined to apply Tier 1 accounting standards under the NZ IFRS accounting framework.

The Trustees, in their governance role, have applied the internal controls and measures deemed necessary to enable the preparation of the separate financial statements to be free from material misstatement.

The Trustees are responsible on behalf of Counties Energy Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, while all care has been taken in preparation, and external advice sought as required, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

Red Office Limited

217 King Street, Pukekohe, Auckland 2120

PO Box 308, Pukekohe, Auckland 2340

www.redoffice.co.nz

Dated: 22 May 2023

(Version: 3.0)

Approval of Financial Report

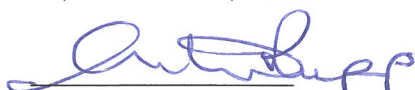
Counties Energy Trust

For the year ended 31 March 2023

The Trustees are pleased to present the approved financial report including the historical financial statements of Counties Energy Trust for the year ended 31 March 2023.

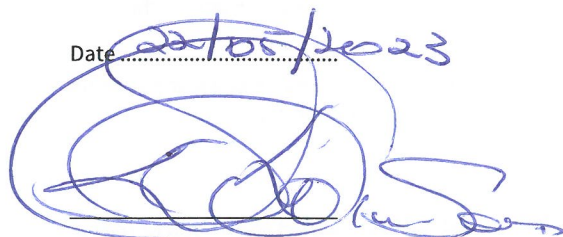
APPROVED

For, and on behalf of, the Trustees.



Christine P. Rupp (Chair)

Date 22/05/2023



Donald W. Thomson (Trustee)

Date 22/05/23

Directory

Counties Energy Trust

For the year ended 31 March 2023

Nature of Business

The Trustees have 100% ownership of Counties Energy Limited. The shares of the company are held in Trust for the Trust's beneficiaries who are consumers connected to the Company's lines network.

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 Counties Power Consumer Trust.

In August 2021 the Trust changed its name to Counties Energy Trust which was announced at the Trust's AGM on 8th December 2021 while beneficiaries were informed in November 2021 by way of hand delivered mailouts and electronic emails.

Trustees ----- Date Elected or Retired ----- Length of Service

Christine P. Rupp (Chair) JP, Post Grad Dip ScRe-elected in August 2021Appointed in 1998, continuous service to date

Phillip S. Beston Registered Electrician.....Re-elected in June 2019Elected in 2007, continuous service to date

Alan D. Eyes M Com, Dip Mgt, CA, CMARe-elected in August 2017Appointed in 2002, continuous service to date

Michael J. Marr Advanced Dip. Bus. & Mngmt.....Elected in August 2021Commenced 8th December 2021

Donald W. Thomson Ret'd Company Director.....Re-elected in June 2019Appointed in 2008, continuous service to date

Contact Address

Suite 6, Level 2, 23 Hall Street, PO Box 580, Pukekohe 2340

www.CountiesEnergyTrust.org.nz

Secretariat Service

Red Office Limited

www.RedOffice.co.nz

Solicitor

Simpson Grierson

Bankers

ANZ Bank New Zealand Limited

Bank of New Zealand

Auditor

RSM Hayes Audit

Statement of Accounting Policies

Counties Energy Trust

For the year ended 31 March 2023

Reporting Entity

Counties Energy Trust, formerly known as 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 2023.

The financial statements were authorised for issue by the Trustees on 22 May 2023.

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 the Tax Administration (Financial Statements - Domestic Trusts) Order 2022 - the OIC, and other applicable Financial Reporting Standards as appropriate for profit oriented entities. For financial reporting purposes the Trustees have elected to apply Tier 1 accounting standards under the NZ IFRS accounting framework. Counties Energy Trust is designated as a for 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 Energy Trust.

Presentation Currency

These financial statements are presented in, and rounded to, the nearest New Zealand dollar (NZ\$).

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 Energy Limited \$30,797,000 at the time of acquisition. This is carried at cost and is not revalued in these financial statements.

(b) Non-Current Assets

The fixed assets, including website, are recorded at cost less accumulated depreciation and impairment losses. Fixed asset purchases (with the exception of website development) from 17 March 2021 under \$1,000 have been fully depreciated in accordance with IRD low value assets threshold being increased from \$500 to \$1,000. Land is not depreciated.

Property: 17-23 Nelson Street, Pukekohe

Freehold land is revalued on a cyclical basis every three years to fair value, as determined by an independent valuer, by way of formal registered valuation. Revaluation gains are transferred to the asset revaluation reserve for that class of assets. The Auckland Council notice of valuation dated 15 March 2022 stated the rating valuation for the land as at 1 June 2021 as \$5,080,000.

Significant Accounting Policies continued...

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(c) Depreciation

Depreciation is charged so as to write off the cost over the estimated useful lives of the assets, and is charged to the Statement of Comprehensive Income. The following rates have been applied, except where noted.

Land

Land is not depreciated.

Legal Fees related to the purchase of land:

Straight Line depreciation to amortize cost of legal fees.

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Office Equipment: 12% - 50% Diminishing Value

Office Fixtures: 2% Diminishing Value

Office Furniture: 12% - 18% Diminishing Value

Website Development: 50% Diminishing Value

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(d) Goods and Services Tax (GST)

The entity is registered for GST on an 'invoice' basis and GST returns are filed on a monthly basis under a grouping arrangement with the Trust's subsidiary, Counties Energy Limited. All items in the financial statements are stated exclusive of the GST component, with the exception of payables which include GST billed.

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(e) Receivables

These (if any) are measured at their net realisable value.

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(f) Revenue Recognition

Dividends are recognised when received.

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(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, or 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.

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(h) Short term deposits

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, because short-term deposits have a fixed interest rate for the duration of the short-term deposit.

Significant Accounting Policies continued...**(i) NZ IFRS 16: Leases**

Leases are accounted for in accordance with NZ IFRS 16. The Trust recognises the right of use assets and lease liabilities, except for leases with a lease term of less than 12 months on adoption and low value leases. Right of use assets are depreciated on straight line bases over the remaining term of the leases. Interest on the leases are calculated using the Trust's incremental borrowing rates. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The lease liability has been measured at the present value of the remaining fixed lease payments and remaining variable lease payments dependent on an index or rate as appropriate. The incremental borrowing rate applied to lease liabilities was 6.68%. The associated right of use assets for leases were measured at the amount equal to the lease liability determined as at 1 April 2019 with no overall change in net assets.

(j) Loan - Related Party

The Trust initially recognises a financial liability on the date when the entity becomes a party to the contractual provisions of the instrument.

The Trust de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Trust entered into a loan agreement with its wholly owned subsidiary, Counties Energy Limited, for the amount of \$1,132,600 which was drawn down on 30 June 2021, and repaid in full on 28th March 2023.

The purpose of the loan was for the balance of settlement due on investment property located at 17-23 Nelson Street, Pukekohe, on 30 June 2021. The purchase price of the property was \$5,132,600, for which the Trust paid \$4,000,000 in cash, and the balance was funded by way of loan from the Company.

Changes in Accounting Policies

Land has been recorded at historical cost in the Statement of Financial position as at 31 March 2023.

Land is to be revalued by an external independent registered valuer by way of formal registered valuation on a triennial basis in line with the Company's triennial revaluation of adjacent land and buildings. The next registered revaluation will be in financial year 2025 or sooner.

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Statement of Comprehensive Income

Counties Energy Trust

For the year ended 31 March 2023

	NOTES	2023	2023 BUDGET	2022
Income				
Dividend Received	14	1,432,600	300,000	400,000
Property Lease - 17 Nelson St	10	241,425	237,150	-
Interest Received	1	5,170	22	2,975
Sundry Income		-	-	1
Total Income		1,679,195	537,172	402,976
Expenses				
Administration Expenses				
Accountancy	2	32,154	27,968	38,842
Audit Fees		23,862	25,000	21,670
Bank Fees		230	225	363
Communication & Public Relations	3	5,544	108,000	7,792
Depreciation (per schedule)		23,649	21,900	20,542
EcoBulb Project	3	56,038	-	-
Election Expenses	4	-	-	83,164
Energy Trusts of NZ - Levies		10,717	11,037	10,714
Finance Charge - Lease		1,501	1,500	559
General Expenses		201	1,000	959
Insurance		9,175	9,166	8,228
Interest Expense - CEL Loan	10	37,434	33,514	-
Light & Power		1,316	1,476	1,158
Loss on Disposal of Fixed Assets		-	-	1,148
Post/Stnry/Phone/Pubs & Subs		7,229	6,753	6,141
Premises Outgoings - 23 Hall St	14	5,278	5,520	6,157
Professional Fees	5	10,565	65,000	52,917
Repairs & Maintenance / Security		738	1,388	760
Secretarial Fees	2	39,554	42,280	69,481
Training	6	5,207	10,000	2,390
Travel & Accommodation	6	11,742	13,648	4,875
Total Administration Expenses		282,133	385,375	337,859
Trustees' Fees & Expenses				
Trustees' Fees	6	139,040	141,200	129,590
Trustees' General Expenses		1,521	3,000	2,675
Trustees' Meeting & Seminar Expenses	6	2,367	3,957	1,097
Total Trustees' Fees & Expenses		142,928	148,157	133,362
Total Expenses		425,061	533,532	471,221
Comprehensive Income (Loss) for the Year		1,254,134	3,640	(68,245)
Net Profit (Loss) Before Tax		1,254,134	3,640	(68,245)
Net Profit (Loss) For The Year		1,254,134	3,640	(68,245)

The financial statements should be read in conjunction with the notes to the accounts and attached compilation report.

Statement of Changes in Equity

Counties Energy Trust

For the year ended 31 March 2023

	2023	2022
Trust Equity		
Opening Balance	34,991,332	35,059,577
Increases		
Comprehensive Income for the Year	1,254,134	(68,245)
Total Increases	1,254,134	(68,245)
Total Trust Equity	36,245,466	34,991,332

The financial statements should be read in conjunction with the notes to the accounts and attached compilation report.

Balance Sheet

Counties Energy Trust As at 31 March 2023

	NOTES	31 MAR 2023	31 MAR 2022
Assets			
Current Assets			
Bank			
Cash at Bank	15	188,469	136,331
Short Term Deposits	15	100,000	-
Total Bank		288,469	136,331
Interest Receivable		3,093	19
Prepayments	7	10,611	16,346
Total Current Assets		302,173	152,696
Current Liabilities			
Accounts Payable	8	44,276	30,397
Goods and Services Tax		938	(7,425)
Lease Liability - Current	9	14,267	17,948
Total Current Liabilities		59,481	40,919
Non-Current Assets			
Assets (per Depreciation Schedule - Pg 12)			
Property	11	5,177,404	5,179,149
Fixed Assets		7,927	9,884
Right of Use Assets	9	20,444	40,390
Total Assets (per Depreciation Schedule - Pg 12)		5,205,774	5,229,423
Investments			
Shares - Counties Energy Limited	12	30,797,000	30,797,000
Total Non-Current Assets		36,002,774	36,026,423
Liabilities			
Non-Current Liabilities			
Lease Liability - Non Current	9	-	14,267
Related Party Loan - Counties Energy Limited	10	-	1,132,600
Total Non-Current Liabilities		-	1,146,867
Total Liabilities		-	1,146,867
Net Assets		36,245,466	34,991,332
Equity			
Trust Funds		30,797,100	30,797,100
Trust Accumulated Income			
Trust Accumulated Income		4,194,232	4,262,477
Current Year Earnings		1,254,134	(68,245)
Total Trust Accumulated Income		5,448,366	4,194,232
Total Equity		36,245,466	34,991,332

The financial statements should be read in conjunction with the notes to the accounts and attached compilation report.

Depreciation Schedule

Counties Energy Trust For the year ended 31 March 2023

NAME	ASSET NUMBER	RATE	METHOD	PURCHASED	DEP START DATE	DISPOSED	COST	OPENING ACCUM DEP	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE	LOSS
Land: 17-23 Nelson St, Pukekohe															
Land: 17-23 Nelson St, Pukekohe	FA-0018		None	30 Jun 2021	30 Jun 2021		5,132,600	-	5,132,600	-	-	-	-	5,132,600	-
Land: 17-23 Nelson St, Pukekohe (FY2022 Legal fees)	FA-0023		SL	31 Mar 2022	1 Jul 2022		46,549	-	46,549	-	-	1,746	1,746	44,804	-
Total Land: 17-23 Nelson St, Pukekohe							5,179,149	-	5,179,149	-	-	1,746	1,746	5,177,404	-
Office Equipment															
Whiteboard - mobile	FA-0004	15.00%	DV	14 Apr 2003	15 Apr 2003		642	642	-	-	-	-	642	-	-
Fridge	FA-0005	25.00%	DV	23 Jan 2012	24 Jan 2012		408	408	-	-	-	-	408	-	-
HP Probook 450 G7 Business Laptop 15.6"	FA-0015		Full	31 Oct 2020	1 Nov 2020		1,271	1,271	-	-	-	-	1,271	-	-
Logitech HD Conference Camera	FA-0019		Full	2 Jul 2021	2 Jul 2021		858	858	-	-	-	-	858	-	-
Samsung 55" Smart TV	FA-0017	50.00%	DV	2 Jul 2021	2 Jul 2021		1,384	519	865	-	-	433	952	433	-
Total Office Equipment							4,563	3,698	865	-	-	433	4,131	433	-
Office Fixtures															
Doors, Partitioning & Storage	FA-0002	2.00%	DV	3 Feb 2012	4 Feb 2012		7,847	1,628	6,219	-	-	124	1,753	6,094	-
Total Office Fixtures							7,847	1,628	6,219	-	-	124	1,753	6,094	-
Office Furniture															
Chairs - 8x Black / Chrome	FA-0006	15.00%	DV	15 May 2003	16 May 2003		1,752	1,752	-	-	-	-	1,752	-	-
Credenza	FA-0010	15.00%	DV	15 May 2003	16 May 2003		663	663	-	-	-	-	663	-	-
Filing Cabinet (4x Drawers)	FA-0008	12.00%	DV	15 May 2003	16 May 2003		290	290	-	-	-	-	290	-	-
Filing Cabinets (Steel) x 2	FA-0009	12.00%	DV	15 May 2003	16 May 2003		581	581	-	-	-	-	581	-	-
Table - Board	FA-0007	15.00%	DV	15 May 2003	16 May 2003		732	732	-	-	-	-	732	-	-
Shelving & Map Table	FA-0011	18.00%	DV	1 Mar 2006	1 Mar 2006		652	652	-	-	-	-	652	-	-
Total Office Furniture							4,670	4,670	-	-	-	-	4,670	-	-
Right of Use Assets															
Pukekohe Library - Archive Storage	FA-0014	12.50%	SL	1 Apr 2019	1 Apr 2019		13,500	5,063	8,437	-	-	1,688	6,751	6,750	-
23 Hall Street, Pukekohe - 1Jan2022-31Dec2023	FA-0021	50.00%	SL	1 Jan 2022	1 Jan 2022		36,518	4,565	31,953	-	-	18,259	22,824	13,694	-
Total Right of Use Assets							50,018	9,628	40,390	-	-	19,946	29,574	20,444	-
Website Development															
www.CountiesEnergyTrust.org.nz	FA-0020	50.00%	DV	12 Jan 2022	12 Jan 2022		3,200	400	2,800	-	-	1,400	1,800	1,400	-
Total Website Development							3,200	400	2,800	-	-	1,400	1,800	1,400	-
Total							5,249,447	20,024	5,229,423	-	-	23,649	43,673	5,205,774	-

The financial statements should be read in conjunction with the notes to the accounts and attached compilation report.

Statement of Cash Flows - Direct Method

Counties Energy Trust

For the year ended 31 March 2023

	2023	2022
Cash Flows from Operating Activities		
Cash provided:		
Interest received	2,095	5,584
Dividend Received	1,432,600	400,000
Property Lease - 17 Nelson St	277,639	-
Interest Expense - CEL Loan	(37,434)	-
GST	6,556	50,354
Total Cash provided:	1,681,456	455,938
Administration Expenses	(377,269)	(551,561)
Net Cash Flows from Operating Activities	1,304,187	(95,622)
Investing Activities		
Proceeds Received:		
Proceeds from (Purchases of) Short Term Investments	(100,000)	2,325,000
Deposit on investment property realised (paid)	-	1,344,913
Total Proceeds Received:	(100,000)	3,669,913
Purchase of Investment Property	-	(5,144,570)
Purchase of Fixed Assets	-	(5,442)
Net Cash Flows from Investing Activities	(100,000)	(1,480,099)
Financing Activities		
Loans from related parties		
Related Party Loan - Counties Energy Limited	(1,132,600)	1,132,600
Total Loans from related parties	(1,132,600)	1,132,600
23 Hall St - Lease Repayments	(19,448)	(17,803)
Net Cash Flows from Financing Activities	(1,152,048)	1,114,797
Net Cash Flows	52,139	(460,925)
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	136,331	597,255
Net change in cash for period		
ANZ - Main a/c	(72,932)	(375,358)
ANZ - 25 a/c Trustees Fees	-	(121)
ANZ - Oncall 70 a/c	74,003	(4,901)
ASB - 00 a/c	-	(224)
ASB - On-call 50 a/c	-	(464)
BNZ - Oncall 25 a/c	(48,932)	(79,858)
BNZ TDP 4596 3.6% mat. 15Apr2023	100,000	-
Total Net change in cash for period	52,139	(460,925)
Cash and cash equivalents at end of period	188,469	136,331

The financial statements should be read in conjunction with the notes to the accounts and attached compilation report.

Notes to the Financial Statements

Counties Energy Trust

For the year ended 31 March 2023

1. Interest Received

Interest received of \$5,170 was an increase over the 2022 financial year (\$2,975) and is reflective of the increase in bank interest rates as New Zealand's economy starts to recover from the impact of Covid-19.

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2. Accountancy and Secretarial Fees

Red Office Limited provides Secretariat and Accounting services to the Trust.

The total of Accountancy and Secretarial services for the year ended 31 March 2023 was \$71,708 vs budget \$70,248.

The 2022 cost of \$108,323 was due to a training and hand-over period to the end of the previous Secretary's retirement in October 2021, and so reflects a combined cost of services.

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3. Ecobulb Project

The Trust entered into an agreement with Ecobulb Limited to deliver an energy education program to households in the Counties region. It was primarily funded through MBIE's 'Support for Energy Education in Communities' (SEEC) Programme, by way of agreement between MBIE and Ecobulb Limited for the amount of \$115,000 (+GST).

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The Trust co-funded an additional \$50,000 (excl GST) allocated from the Communication & Public Relations budget as resolved unanimously by the Trustees at their meeting on 21st November 2022. The project commenced on 6 December 2022 and concluded on 18 April 2023.

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4. Election Expenses

An election was held on 7th August 2021, and there was no election held in the financial year ended 31st March 2023.

The next election is to be held on 5th August 2023.

5. Professional Fees

2023 \$10,565 (2022 \$52,917)

The Trust incurred costs of \$10,565 in the year ended 31 March 2023 (2022: \$22,764) which relate to various consultant reports for the decennial Trust ownership review due 2023 / 2024. By comparison, there were significant legal costs in 2022 relating to the details for the 42 year operating lease agreement between the Trust and the Company which was executed on 28th October 2021.

6. Trustees' Fees, Meeting Expenses, Training, and Travel & Accommodation expenses

Trustees' fees \$139,040 were slightly less than budget of \$141,200, and compared with 2022 financial year \$129,590. The increase in 2023 over 2022 is largely represented by CPI increases approved at AGM's held in December 2021, and August 2022.

Training, travel and accommodation expenses of \$16,949 (2022 \$7,265) were directly related to Trustees' attendance at conferences, Company and industry related meetings.

7. Prepayments - Current and Non Current

Represented by:

\$ 8,019	ETNZ Membership Levy (1 April 2022 - 31 December 2022 paid in advance)
\$ 2,592	Marsh Insurance (1 April 2022 - 28 February 2023 paid in advance)

<u>\$10,611</u>	<u>Total: Current Prepayments (2022: \$16,346)</u>

8. Payables and Accruals

\$15,951 Payables related to operating expenses, inclusive of GST: 2022 \$7,800

\$28,325 Accrued Expenses - net of GST: Audit fees and expenses \$25,800, Operating expenses \$2,525

\$44,276 Total Payables and Accruals (2022: \$30,397)

	2023	2022
9. Right of Use Assets - Buildings		
Right of Use Assets	50,018	50,018
Accumulated Depreciation on Right of Use Assets	(29,574)	(9,628)
Total Right of Use Assets - Buildings	20,444	40,390

Right of Use Assets details - refer to Depreciation Schedule on page 12

	2023	2022
Lease Liability - 23 Hall St		
Lease Liability - Current	(14,267)	(17,948)
Lease Liability - Non Current	-	(14,267)
Total Lease Liability - 23 Hall St	(14,267)	(32,215)

23 Hall Street - Reconciliation of Lease

\$ 12,941 Opening lease commitments as at 1st April 2021
 \$ 559 Plus finance charge for the year 1 April 2021 to 31 March 2022
 \$ 36,518 Plus lease renewal 1 Jan 2022 - 31 December 2023
 \$ (17,803) Less payments for the year 1 April 2021 to 31 March 2022
\$ 32,215 Total Lease Liability as at 31st March 2022: Current \$17,948, Non Current \$14,267

\$ 32,215 Opening lease commitments as at 1st April 2022
\$ 1,501 Plus finance charge for the year 1 April 2022 to 31 March 2023
\$ (19,449) Less payments for the year 1 April 2022 to 31 March 2023
\$ 14,267 Total Lease Liability as at 31st March 2023: Current \$14,267

Note, there is no associated lease liability for the archive storage facility, as all future lease payments were prepaid from inception.

10. Related Party - Counties Energy Limited

Loan

The Trustees entered into a loan agreement with wholly owned subsidiary, Counties Energy Limited, which was executed on drawdown date 30 June 2021 for the amount of \$1,132,600, with a repayment due date of 30 June 2024. The terms of the loan were for the purpose of settling the purchase of property located at 17-23 Nelson Street, for the amount of \$5,132,600.

The Trust paid \$4,000,000 in cash, and borrowed the balance of \$1,132,600 from Counties Energy Limited, with repayment and termination date being 30 June 2024. Interest on the loan was to be accrued from drawdown date of 30 June 2021; however, a gratis period of one year from 1 July 2021 through 30 June 2022 was granted by the Company, i.e. there was no interest payable by the Trust to the Company. The Trust repaid the loan in full on 28th March 2023.

The Trust granted the Company a gratis year for the period from 1 July 2021 through 30 June 2022 in respect of the operating lease, for which the Trust is Lessor. The gratis year allowed both parties time to negotiate the terms of the operating lease, which was executed on 28th October 2021.

Loan interest

Loan interest was charged from 1st July 2022 at the ASB borrowing rate for the Trust's subsidiary, Counties Energy Limited, as agreed with the Company's Secretary. The interest paid 1 July 2022 until loan repayment date, 28th March 2023, was \$37,434.

Operating Lease

The terms of the operating lease are that it is for an initial term of 21 years, and commenced on 1st July 2021, with rights of renewal on 1st July 2042 (renewal term of 14 years) and 1 July 2056 (renewal term of 7 years) with a final expiry date of 30 June 2063.

The annual rent, per operating lease, is set at \$300,000 plus GST (\$25,000 plus GST, per month) with annual increases for CPI, and should CPI decrease, the annual rent will be maintained at the previous level.

As agreed between the Trust and the Company, the first year from 1 July 2021 through 30 June 2022 was to be a rent free period.

The expected income from 1 July 2022 to the first renewal date of 1 July 2042:

\$1,425,000 1 July 2022 to 31st March 2027

\$4,575,000 1 April 2027 to the start of the first renewal date, being 1 July 2042

\$6,000,000 Total lease income for the period 1 July 2022 to 30 June 2042

Income will be recognised in the period it is earned, with prepaid legal costs of \$34,579 being amortised over the initial lease term of 20 years from 1 July 2022 through 30 June 2042 at \$144 per month, (\$1,729 per year) until fully expensed.

The lease was set at \$321,900 from 1 July 2022 for the next 12 months, and the total received to 31 March 2023 was \$241,425.

The expected costs (amortisation of legal fees) from 1 July 2022 to the first renewal date of 1 July 2042 are:

\$11,055 1 July 2022 to 31st March 2027 (Income: \$1,425,000)

\$35,494 1 April 2027 to the start of the first renewal date, being 1 July 2042 (Income: \$4,575,000)

\$46,549 Total lease costs for the period 1 July 2022 to 30 June 2042 (Income: \$6,000,000)

All other costs, including insurance, land and water rates, and any improvements, are to be met by the Lessee, Counties Energy Limited, in accordance with the terms of the lease agreement.

The amortised cost of legal fees for the year ended 31 March 2023 was \$1,746.

11. Property: 17-23 Nelson Street, Pukekohe

The property was purchased on 30 June 2021 for the amount of \$5,132,600 plus legal fees of \$46,549, a significant capital spend totalling \$5,179,149. The Trustees believe that the strategic acquisition of this asset will provide significant benefits to its wholly owned subsidiary Counties Energy Limited and will provide recurring returns for the Trust in the form of rental income in future years.

An operating lease from the Trust to the Company was executed on 28th October 2021, Therefore, the amount of \$5,177,404 as stated in the balance sheet relates to land value only. The Auckland Council notice of valuation dated 15 March 2022 rating valuation for the land as at 1 June 2021 was \$5,080,000.

Freehold land is revalued on a cyclical basis every three years to fair value, as determined by an independent valuer, by way of formal registered valuation. Revaluation gains are transferred to the asset revaluation reserve for that class of assets.

The Auckland Council notice of valuation dated 15 March 2022 stated the rating valuation for the land as at 1 June 2021 as \$5,080,000.

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	2023	2022
12. Shares - Counties Energy Limited		
Shares - Counties Energy Limited	30,797,000	30,797,000
Total Shares - Counties Energy Limited	30,797,000	30,797,000

The most recent valuation of the shares in Counties Energy Limited was made by Ernst & Young Chartered Accountants.

As at 23 August 2000, the fair market value was fixed at between \$85,000,000 and \$90,000,000.

The total equity of Counties Energy Limited at 31 March 2023 was \$310,685,000. (2022: \$288,743,000)

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	2023	2022
13. Equity		
Cash Received from Counties Energy Limited	100	100
Trust Funds	30,797,000	30,797,000
Total Equity	30,797,100	30,797,100

Trust Funds

These are represented by 15,000,000 fully paid ordinary shares in Counties Energy Limited vested in the Trust in terms of the Energy Company's, i.e. Counties Energy Limited (formerly Counties Power Limited) Vesting Order 1993, represented by share and reserves being Opening Shareholders' Funds of Counties Energy Limited.

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	2023	2022
14. Related Parties		
Related Party Loan - Counties Energy Limited	-	1,132,600
Dividend Received	1,432,600	400,000
23 Hall Street - Lease Payments	19,448	17,803
Total Related Parties	1,452,048	1,550,403

The following transactions occurred with related parties:

- (i) The elected Trustees of Counties Energy Trust own 100% of the shares in Counties Energy Limited. Dividends were received: \$300,000 on 15th August 2022, and \$1,132,600 on 27th March 2023.
- (ii) A loan of \$1,132,600 received from Counties Energy Limited on 30 June 2021, was repaid on 28th March 2023.
- (iii) The Trust rents office premises at 23 Hall Street, Pukekohe, from SBH Investments Limited, in which a Trustee, Mr P S Beston, is a partner. The Trust paid a total of \$19,448 (net of GST) in rent; and \$5,278 (net of GST) for share of outgoings for the year.

15. Financial Instruments - Assets

Financial instruments which potentially subject the Trust to credit risk principally consist of bank balances.

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 shown in the bank balance totals below. The carrying value of these amounts is the fair value.

	2023	2022
Bank Balances		
Bank Balances		
ANZ - Main a/c	9,631	82,563
ANZ - Oncall 70 a/c	78,150	4,147
BNZ - Oncall 25 a/c	688	49,620
BNZ TDP 4596 3.6% mat. 15Apr2023	100,000	-
BNZ TDP 0016 5% mat. 10Sep2023	100,000	-
Total Bank Balances	288,469	136,331
Total Bank Balances	288,469	136,331

16. Financial Instruments - Liabilities

Financial liabilities, including borrowings, are initially measured at cost, and subsequently adjusted to fair value to include interest payable for the period of reporting.

17. Capital Commitments

The Trust had no capital commitments as at 31 March 2023. (2022: Nil).

18. Contingent Liabilities

The Trust had no contingent liabilities as at 31 March 2023. (2022: Nil).

19. Subsequent Events

The Trustees are not aware of any other matters or circumstances that have occurred subsequent to balance date that have significantly or may significantly impact the operations of the Trust. (2022: Nil).

20. Taxation

	2023	2022
	\$	\$
New Zealand interest (excluding accrued interest)	2,095	5,584
New Zealand dividends received	1,989,722	555,555
Other income	241,425	1
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Total: Trustees' Income:	2,233,242	561,140
* Expenses	425,061	-
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Amount claimed this year c/d:	1,808,181	561,140
Imputation Tax Credits		
Loss b/f from previous year	1,856,394	1,946,154
Amount claimed this year b/d:	1,808,181	561,140
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Taxable Income	(48,213)	(1,385,014)
*Excess imputation credits converted to a loss	1,688,249	471,380
Total imputation credits converted to a loss c/f:	1,736,462	1,856,394

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* 2022 the Trust made a loss and could only claim the imputation credits on the Dividend, i.e. \$155,555 / .33