

# **KING COUNTRY ELECTRIC POWER TRUST**



## **ANNUAL REPORT 2017**

The Trustees present this twenty third annual report to the consumer beneficiaries.

The year ended 31st March 2017 has been one of the most difficult years faced by the Trust. The Trust has been grappling with issues that have emerged subsequent to the purchase of a majority shareholding in King Country Energy by Trustpower Ltd. Indeed, the Trust has been grappling with these same issues ever since Todd's became a cornerstone shareholder in KCE. This joint form of ownership has meant that KCEPT was and is continuously buffeted by larger shareholders wishing to attain 100% ownership. An opportunity arose that provided KCEPT with self determination once again. That opportunity required investigation.

### **KING COUNTRY ENERGY LTD**

The Trust retained its 19.98% shareholding in KCE.

#### **Ownership Review**

The Trust carried out a five yearly ownership review and as a result of the process, decided to retain the review shares held in King Country Energy Ltd.

During the review, the Trust examined a set of potential transactions whereby the Trust may have been able to take full ownership of four King Country Energy hydro electric power stations plus another two owned by Trustpower.

The complex potential transactions were fully examined from a legal, commercial and engineering perspective. This was a very costly process for the Trust.

As more and more information emerged, it became apparent that the results were less than compelling from a financial point perspective. As it was only a period of months before the ownership review process was to start, and that this could possibly be the most important decision in the Trust's history, Trustees decided that the due diligence process be completed prior to the review. As a result of that due diligence, and in part

from beneficiary feedback (who engaged with the process), the Trust decided that no subsequent transactions with Trustpower would take place.

Our share and bond portfolio performed strongly throughout the year.

## **SECRETARIAL SERVICES**

During the year Ms Tessa Jackson suffered some serious health issues and was temporarily unable to carry out her duties for a period of time.

We were fortunate to have Carla Benefield from Balance Chartered Accountants Ltd step into the role and provide excellent support for the Trust.

The Trust expresses deep appreciation to Anne Topham, Carla Benefield and the Balance team for their support during this time.

Tessa has returned to her role with the Trust and we are very pleased to see her back in action.

## **TRUSTEE MEETING ATTENDANCES**

Trustees continued to attend meetings throughout the year with few absences.

## **THE FUTURE**

The Trust will continue to monitor and review investments held with a view to growing the capital and maintaining, if not increasing, distributions to beneficiaries. During the ownership review, it was apparent that there is a large discrepancy between distributions. The Trust is and will study this issue prior to our next distribution.

The Trust takes a conservative approach to investment, looking for safety, reliability and growth in the investment strategy.

The Trust continues to monitor the performance of King Country Energy and also to support the company in maintaining its successful operation.

## ACCESS TO INFORMATION GUIDELINES

One request for information under the guidelines has been received. Any information informally requested has been freely supplied where it was available.

The Trust, under section 10.1 of its guidelines for access to information by beneficiaries, is required to include in this report the outcomes of requests made under the Guidelines. Trustees report:

- o Number of requests for information ONE
- o Costs incurred to process requests NIL
- o Number of Trust decisions subject to review NIL
- o A summary of the outcome of reviews NOT REQD
- o Costs incurred in respect to reviews NIL

## FINANCIAL PERFORMANCE DETAIL

Key information at a glance; Trust funds have increased by \$66k this year. Expenses have increased this financial year due to a range of cost increases. Information in detail is set out in the audited set of accounts.

	<b>2017</b>	<b>2016</b>
Trust Funds	\$42.19m	\$41.53m
Expenses	\$1.01m	\$346k
Distribution to Beneficiaries	\$1.00m	\$1.31m
Dividend and Interest Income	\$2.44m	\$2.56m

Signed on Trustees behalf,  
Adie Doyle  
Chairman

