



2013 Financial Statements

King Country Electric Power Trust

King Country Electric Power Trust

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For the Year Ended 31 March 2013

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King Country Electric Power Trust

Directory

As at 31 March 2013

Nature of Business	Energy Consumer Trust
Trustees	Brian Gurney (Chairperson), Omori Graeme Cosford, Taumarunui Robert Carter, Kirikau Uwe Kroll, Ohakune Norman Annand, Taumarunui
Beneficiary	Trust Beneficiaries
Secretary	Tessa Stewart Phone: 07 895 9471 Fax: 07 895 9041 Email: kcept@xtra.co.nz
Office of the Trust	Enquiries to Tessa Stewart, Secretary Postal Address: 218 Golf Road P O Box 421 TAUMARUNUI 3946 Website: www.kcpowertrust.co.nz
Accountants	Balance Chartered Accountants Limited Chartered Accountants 37 Miriama Street Taumarunui
Auditor	Sewell & Wilson Chartered Accountants PO Box 97 Wanganui 4540
Bankers	Bank of New Zealand TAUMARUNUI ANZ Bank TE KUITI
Solicitors	Menefy Jaichand Miriama Street TAUMARUNUI

King Country Electric Power Trust

Statement of Responsibility

For the Year Ended 31 March 2013


The Board of Trustees has pleasure in presenting the annual report of King Country Electric Power Trust incorporating the financial statements and the auditor's report, for the year ended 31 March 2013.

The Board accepts responsibility for the preparation of the annual financial statements and the judgements used in these statements.

The Trustees accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Trust's financial reporting.

In the opinion of the Board, the annual financial statements for the financial year fairly reflect the financial position and operations of

The Trust's 2013 financial statements are authorised for issue by the Board Chairperson.


Chairperson

26-7-13
Date


Trustee

26/7/13.
Date

King Country Electric Power Trust

Statement of Comprehensive Income

For the Year Ended 31 March 2013

	Note	2013	2012
		\$	\$
Operating Revenue			
Sales of Books		150	1,160
Less Cost of Sales			
Opening Stock		7,020	8,180
Closing Stock		(6,920)	(7,020)
Total Cost of Sales		100	1,160
Gross Surplus		50	-
Other Income			
Interest Received		334,008	433,372
Dividends Received		1,690,351	1,408,569
Total Other Income		2,024,359	1,841,941
Gross Surplus after Other Income		2,024,409	1,841,941
Less Expenses			
Total Expenses as per Schedule		232,512	227,427
Surplus before Income Tax		1,791,897	1,614,514
Income Tax Expense	4	591,326	532,789
Net Surplus		1,200,571	1,081,725
Other Comprehensive Income			
AFS Financial Asset Reserve	8	2,505,663	4,442,596
Total Comprehensive Income for the Year, Net of Tax		3,706,234	5,524,321

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



King Country Electric Power Trust

Schedule of Expenses

For the Year Ended 31 March 2013

	2013	2012
	\$	\$
Schedule of Expenses		
Accountancy	3,694	4,269
ACC Levies	187	-
Advertising & General	2,477	2,214
AGM Expenses	1,170	1,344
Audit Fees	4,669	4,669
Bank Charges	245	175
Conference Costs	4,242	2,036
Computer Costs	220	291
Computer Allowances	750	750
Consultancy Fees	26,131	69,072
Depreciation	1,261	2,515
Distribution Costs	-	2,292
Insurance	4,674	4,478
Legal Expenses	2,787	2,979
Library & Publications	-	3,784
Loss on Sale Fixed Assets	-	34
Meeting Room Hire	595	870
Ownership Review Costs	54,306	-
Postages	1,104	162
Website Costs	614	840
Secretarial Expenses	22,490	20,026
Stationery & Photocopying	1,128	352
Subscriptions	5,919	9,628
Telephones & Tolls	1,757	1,329
Office Machines	-	205
Travelling Expenses	7,483	8,207
Trust Deed Review Costs	-	782
Trustee Fees	84,609	84,124
Total Expenses	232,512	227,427

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



King Country Electric Power Trust

Statement of Changes in Trust Funds

For the Year Ended 31 March 2013

	2013	2012
	\$	\$
Revenues and Expenses		
Net Surplus	1,200,571	1,081,725
Movement in AFS Financial Asset Reserve	2,505,663	4,442,596
Total Recognised Revenues and Expenses	3,706,234	5,524,321
Distributions		
Distribution from Retained Earnings	(931,196)	(1,119,338)
Trust Funds at the Beginning of the Year	35,392,634	30,987,651
Trust Funds at the End of the Year	38,167,672	35,392,634

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



King Country Electric Power Trust

Statement of Financial Position

As at 31 March 2013

	Note	2013 \$	2012 \$
Trust Funds			
Trust Capital	6	20,195,099	20,195,099
Retained Earnings	7	2,849,945	2,580,570
Reserves	8	15,122,628	12,616,965
Total Trust Funds		38,167,672	35,392,634
Represented by:			
Current Assets			
Cash & Bank Balances	9	1,107,656	96,650
Other Receivables	10	133,447	2,476
Income Tax Receivable	5	25,926	57,720
Inventories	11	6,920	7,020
Current Investments	12	5,167,060	9,323,239
Total Current Assets		6,441,009	9,487,105
Non Current Assets			
Property, Plant & Equipment	13	1,377	2,637
Term Investments	14	31,729,175	25,937,464
Total Non Current Assets		31,730,552	25,940,101
Total Assets		38,171,561	35,427,206
Current Liabilities			
Payables & Accruals	15	3,889	34,572
Total Liabilities		3,889	34,572
Net Assets		38,167,672	35,392,634

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



1 Statement of Accounting Policies

Reporting Entity

King Country Electric Power Trust is an Energy Consumer Trust.

The principal activity of the Trust is the holding of 10% of the shares in The Lines Company Ltd and 17.66% of the shares in King Country Energy Ltd on behalf of the beneficiaries and to exercise the rights attached to the ownership of the shares in those companies for the benefit of the beneficiaries, in accordance with the terms of the Trust Deed.

Statement of Compliance and Basis of Preparation

The Electricity Industry Act 2010 requires the Trust to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IFRSs and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities that qualify for and apply differential reporting exemptions.

The trust qualifies for differential reporting as it is not publicly accountable and is not large as defined in the Framework for Differential Reporting. The trust has taken advantage of all available differential reporting exemptions.

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

These financial statements are presented in New Zealand dollars.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Comprehensive Income and Statement of Financial Position have been applied:

(a) Revenue

Interest and Dividend Income

Interest income on cash and cash equivalents and investments is recognised as it is earned (e.g. a term deposit that has been invested for 30 days of 100 at balance date will have 30 days of interest recognised). When a receivable is impaired, the Trust reduces the carrying amount to its estimated recoverable amount.

Dividend income is recognised when the right to receive payment is established. The income is reflected on a gross income basis; with the imputation credits attached becoming part of the tax calculation.

(b) Expenses

Expenses have been classified on their business function.

(c) Inventories

Inventories are recognised at lower of cost and net realisable value, determined on a first-in first out-basis.

(d) Property, Plant & Equipment

Property, Plant & Equipment are recognised at Cost less aggregate depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

Plant & Equipment 14.4% - 60% DV



King Country Electric Power Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2013

(e) Income Tax

The income tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years.

(f) Financial Instruments

Financial instruments are recognised in the Statement of Financial Position when the trust becomes party to a financial contract. They include cash balances, deposits, bank overdraft, payables, receivables and intercompany balances.

All of the financial instruments of the trust are initially recorded at cost and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts).

(g) Goods and Services Taxation (GST)

The financial statements have been prepared inclusive of GST as the Trust is not registered for GST.

(h) Impairment

The carrying amounts of the Company's assets other than inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, other short term highly liquid investments with original maturity of three months or less and bank overdrafts.

(j) Investments

Short term deposits have maturities between three months and one year, and longer term deposits that mature within one year of balance date. These are disclosed at their fair value (cost).

Shares in King Country Energy Limited and The Lines Company Limited are designated as available-for-sale (AFS) financial assets. They are reflected at fair value through the Statement of Comprehensive Income.

King Country Energy Limited shares are valued based on the closing trading prices on the unlisted stock exchange as at balance date.

The Lines Company Limited shares are held by two shareholders and there is no liquid market for the shares. A valuation exercise occurred during the 2011/2012 financial year to determine the value to be used for selling part of the shareholding to the other shareholder. This valuation was used as the basis for the value in the 2012 and the 2013 financial statements.

At balance date the Trust assesses whether there is any objective evidence that an investment is impaired. Any impairment loss is recorded as an expense in the income statement.

(k) Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



King Country Electric Power Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2013

(l) Critical Judgements in Applying Accounting Policies

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the Trust's accounting policies. In making these judgements, estimates and assumptions concerning the future are made. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of Assets

NZ IFRS requires that assets are carried at no more than their recoverable amount. This requires Trustees to make judgements regarding amounts recoverable and provisions for impairment. Trustees must apply judgement in assessing likely outcomes.

Income Taxes and Deferred Taxation

Judgement is required in determining the provision for income taxes and the ultimate determination is uncertain until assessments are finalised. Judgement is also required in relation to the level of imputation credits likely to be attached to future dividends.

2 Revenue

	2013	2012
	\$	\$
Operating Revenue		
Sales of Books	150	1,160
Other Income		
Interest Received	334,008	433,372
Dividends Received	1,690,351	1,408,569
Total Other Income	2,024,359	1,841,941
Total Revenue	2,024,509	1,843,101

3 Auditor's Remuneration

	2013	2012
	\$	\$
The auditor of King Country Electric Power Trust is Sewell & Wilson		
Audit Fees	4,669	4,669
	4,669	4,669

4 Tax Reconciliation

	2013	2012
	\$	\$
Surplus before Income Tax	1,791,897	1,614,514
Taxable Income	1,791,897	1,614,514
Tax Expense at 33% (2012 at 33%)	591,326	532,790
Tax Expense	591,326	532,790

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



King Country Electric Power Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2013

	2013	2012
5 Income Tax		
	\$	\$
Opening Balance	(57,720)	(79,690)
Plus:		
Current Year Tax Expense	591,326	532,790
Tax Refund	57,720	79,692
	649,046	612,482
Less:		
RWT Paid	414,715	437,938
Imputation Tax Credits	202,537	152,571
	617,252	590,509
Total Current Year Tax (Refund)	(25,926)	(57,717)
Prior Year Payable	-	1
Income Tax (Receivable)	(25,926)	(57,716)
6 Trust Capital		
	\$	\$
Opening Balance	20,195,099	20,195,099
Total Trust Capital	20,195,099	20,195,099
7 Retained Earnings		
	\$	\$
Opening Balance	2,580,570	2,618,184
Plus:		
Surplus for the Year	1,200,571	1,081,724
Less:		
Distributions from Retained Surplus	931,196	1,119,338
Total Retained Earnings	2,849,945	2,580,570
8 Reserves		
	\$	\$
AFS Financial Asset Reserve		
Opening Balance	12,616,965	8,174,368
Plus:		
AFS Financial Asset Current Year Movement	2,505,663	4,442,596
Closing Balance	15,122,628	12,616,964
Total Reserves	15,122,628	12,616,964

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



King Country Electric Power Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2013

9 Cash & Bank Balances	2013	2012
	\$	\$
Bank Account Balances		
Bank of New Zealand - Current Account	18,406	42,460
Bank of New Zealand - Achiever Savings	1,079,040	52,823
ANZ - Current Account	6,389	1,367
ANZ - Savings Account	2,033	-
ASB Business Saver	1,788	-
	<u>1,107,656</u>	<u>96,650</u>
Total Cash & Bank Balances	<u>1,107,656</u>	<u>96,650</u>

10 Current Receivables	2013	2012
	\$	\$
Other Receivables		
Accrued Interest	133,447	2,476
Total Current Receivables	<u>133,447</u>	<u>2,476</u>

11 Inventories	2013	2012
	\$	\$
Stock on Hand		
History Books	6,920	7,020
Total Inventories	<u>6,920</u>	<u>7,020</u>

The Trust has compiled a history of electricity in the King Country. The stock of books on hand has been taken to account at the estimated net realisable value.

12 Current Investments	2013	2012
	\$	\$
ASB Term Deposits	2,585,461	3,839,550
Bank of New Zealand - Term Deposits	-	4,504,757
ANZ - Term Deposits	2,581,599	978,932
Total Current Investments	<u>5,167,060</u>	<u>9,323,239</u>

This includes term deposits with an original maturity between 3 months and one year.

13 Property, Plant & Equipment	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Property, Plant & Equipment 2013	\$	\$	\$	\$
Plant & Equipment	12,030	1,261	10,653	1,377
Total Property, Plant & Equipment	<u>12,030</u>	<u>1,261</u>	<u>10,653</u>	<u>1,377</u>

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



King Country Electric Power Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2013

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Property, Plant & Equipment 2012	\$	\$	\$	\$
Plant & Equipment	12,030	2,515	9,392	2,637
Total Property, Plant & Equipment	12,030	2,515	9,392	2,637

The Trust owns office equipment. There is not believed to be any material impairment that should be reflected in the carrying value.

14 Term Investments	Qty	2013	2012
Shares in Listed Companies		\$	\$
Shares in King Country Energy Ltd		19,329,175	13,537,464
Shares in Unlisted Companies			
Shares in The Lines Company Ltd		12,400,000	12,400,000
Total Term Investments		31,729,175	25,937,464

Shares in King Country Energy Limited and The Lines Company Limited are classified as financial assets available for sale. Movements in fair value are recognised through the Statement of Comprehensive Income.

Shares in King Country Energy Limited are shown at market value (unlisted exchange) as at 31 March 2013. Shares in The Lines Company Limited are valued for 2012 and 2013 based on an independent valuation in 2012.

15 Payables & Accruals	2013	2012
	\$	\$
Other Payables & Accruals		
Accounts Payable	3,889	33,092
Distribution Payments Outstanding	-	1,480
Total Payables & Accruals	3,889	34,572

16 Events Occurring After Balance Date

The Trust has been purchasing shares in King Country Energy Ltd to bring its shareholding back up to 20%. As at 15 July 2013 the Trust held approximately 4,815,000 shares in King Country Energy Ltd.

17 Other Disclosures

Mr Brian Gurney is a Director and the Chairman of the King Country Energy Limited Board.

18 Contingent Liabilities

The Trust has no contingent liabilities as at 31 March 2013, (2012 Nil).

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



19 Capital Commitments

The Trust has no capital commitments as at 31 March 2013, (2012 capital commitment of \$36,500 for the heat pump subsidies).



Independent Auditor's Report

To: The Trustees And Consumer Beneficiaries Of The King Country
Electric Power Trust

Report on the Financial Statements

We have audited the financial statements of King Country Electric Power Trust on pages 4 to 14, which comprise the Statement of Financial Position as at 31 March 2013, the Statement of Comprehensive Income, and Statement of Changes in Trust Funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibilities for the Financial Statements

Under the Electricity Industry Act 2010 the Trustees are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

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 misstatements.

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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the 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 auditor, we have no relationship with, or interests in, King Country Electric Power Trust

Opinion

In our opinion, the financial statements on pages 4 to 14:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of King Country Electric Power Trust as at 31 March 2013 and its financial performance for the year ended on that date.

Restriction on Distribution or Use

This report is made solely to the Trustees and Consumer beneficiaries of the Trust. Our audit work has been undertaken so that we might state to the Trustees and beneficiaries those matters which we are required to state to them in an auditors' 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 Trust, the Trustees and the Consumer beneficiaries for our audit work, for this report or for the opinions we have formed.



Sewell & Wilson

Chartered Accountants

30 July 2013

Wanganui