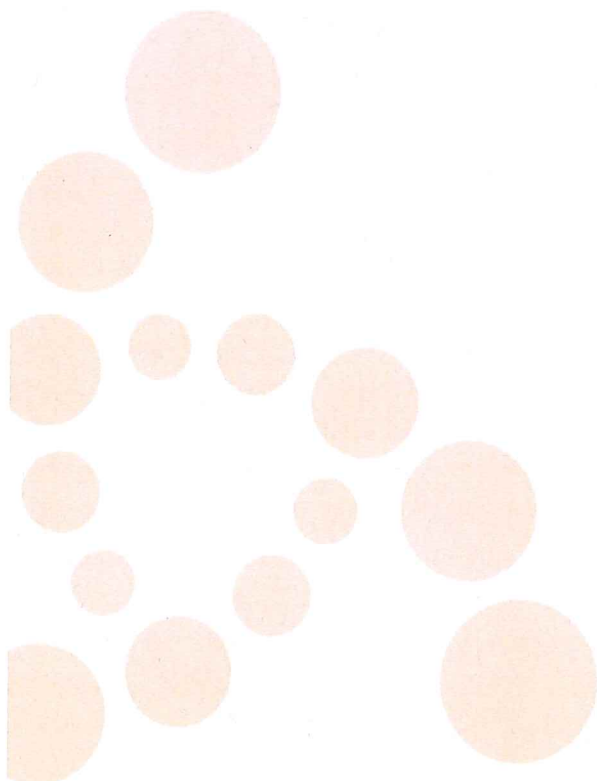




# 2017

## Financial Statements

King Country Electric Power Trust



# King Country Electric Power Trust

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## King Country Electric Power Trust

### Directory

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As at 31 March 2017

<b>Nature of Business</b>	Energy Consumer Trust
<b>Trustees</b>	Robert Carter, Kirikau Graeme Cosford, Taumarunui Niel Groombridge, Omori Uwe Kroll, Ohakune Adie Doyle, Taumarunui (Chair)
<b>Beneficiary</b>	Electricity consumers in the area of the King Country Electric Power Board
<b>Secretary</b>	Tessa Jackson Phone: 027 443 3049 Email: kcept@xtra.co.nz
<b>Office of the Trust</b>	Enquiries to Tessa Jackson, Secretary  Postal Address: 218 Golf Road P O Box 421 TAUMARUNUI 3946  Website: <a href="http://www.kcpowertrust.co.nz">www.kcpowertrust.co.nz</a>
<b>Accountants</b>	Balance Chartered Accountants Limited Chartered Accountants TAUMARUNUI
<b>Auditor</b>	Spooner, Hood & Redpath Ltd (was Sewell & Wilson) Chartered Accountants PO Box 765 Wanganui 4540
<b>Bankers</b>	Bank of New Zealand ANZ Bank ASB
<b>Solicitors</b>	Simpson Grierson

**King Country Electric Power Trust**

**Statement of Responsibilities**

**For the Year Ended 31 March 2017**

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 2017.


The Board accepts responsibility for the preparation of the annual financial statements and the judgements used in these statements. The financial statements have been prepared in accordance with The Electricity Industry Act 2010 and the Financial Reporting Act 2013.

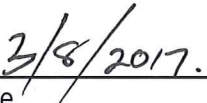
The Trustees accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Trust's financial reporting.

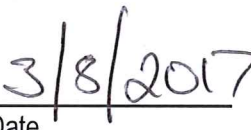
In the opinion of the Board, the annual financial statements for the financial year fairly reflect the financial position and operations of the Trust.

The Trust's 2017 financial statements are authorised for issue by the Trustees.

  
\_\_\_\_\_  
Chairperson

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Date

# King Country Electric Power Trust

## Statement of Comprehensive Income

For the Year Ended 31 March 2017

	Note	2017 \$	2016 \$
<b>Investment Income</b>			
Dividends Received		1,880,175	1,957,487
Interest Received		298,190	413,513
Overseas Income		150,968	104,173
PIE Income		114,789	86,421
Other Non-taxable Income		3,909	416
Gain on Investments		170,230	397,406
<b>Total Investment Income</b>		<b>2,618,261</b>	<b>2,959,416</b>
<b>Less Expenses</b>			
Trust Administration Expenses		188,220	181,918
Beneficiary & Community Expenses		39,309	-
Investment Costs		60,618	52,180
Strategic & Consultancy Expenses		722,372	110,363
Depreciation & Losses on Disposal of Assets		435	1,050
<b>Total Expenses</b>	2	<b>1,010,954</b>	<b>345,511</b>
<b>Profit before Income Tax</b>		<b>1,607,307</b>	<b>2,613,905</b>
Income Tax Expense	4	447,470	688,644
<b>Net Profit</b>		<b>1,159,837</b>	<b>1,925,261</b>
<b>Other Comprehensive Income</b>			
AFS Financial Asset Revaluation		505,714	1,264,286
<b>Total Comprehensive Income for the Year, Net of Tax</b>		<b>1,665,551</b>	<b>3,189,547</b>

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 Equity

For the Year Ended 31 March 2017

	2017	2016
	\$	\$
<b>Revenues and Expenses</b>		
Net Profit	1,159,837	1,925,261
Movement in Reserves	505,714	1,264,286
<b>Total Recognised Revenues and Expenses</b>	<b>1,665,551</b>	<b>3,189,547</b>
Distributions	(1,000,000)	(1,314,000)
Trust Funds at the Beginning of the Year	41,527,492	39,651,945
<b>Trust Funds at the End of the Year</b>	<b>42,193,043</b>	<b>41,527,492</b>

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 2017

	Note	2017 \$	2016 \$
<b>Trust Funds</b>			
Trust Capital	5	6,675,100	6,675,100
Retained Earnings	6	30,346,775	30,186,939
Reserves	7	5,171,168	4,665,453
<b>Total Trust Funds</b>		<b>42,193,043</b>	<b>41,527,492</b>
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	8	1,707,198	917,937
Other Receivables	9	-	319
Income Tax Receivable		292,870	111,112
Prepayments	10	65,734	105,581
Current Investments	11	2,584,051	3,686,431
<b>Total Current Assets</b>		<b>4,649,853</b>	<b>4,821,380</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	12	341	775
Term Investments	13	37,561,656	36,734,893
<b>Total Non-Current Assets</b>		<b>37,561,997</b>	<b>36,735,668</b>
<b>Total Assets</b>		<b>42,211,850</b>	<b>41,557,048</b>
<b>Current Liabilities</b>			
Payables & Accruals	14	18,807	29,556
<b>Total Liabilities</b>		<b>18,807</b>	<b>29,556</b>
<b>Net Assets</b>		<b>42,193,043</b>	<b>41,527,492</b>

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 Cash Flows

For the Year Ended 31 March 2017

Note	2017	2016
	\$	\$
<b>Cash Flows from Operating Activities</b>		
<b>Cash was provided from:</b>		
Interest Received	337,769	406,862
Dividends Received	1,880,175	1,957,487
Other Investment Income Received	269,666	191,009
	<b>2,487,610</b>	<b>2,555,358</b>
<b>Cash was disbursed to:</b>		
Payment to suppliers and employees	1,021,426	317,857
Income tax paid	629,228	714,666
	<b>1,650,654</b>	<b>1,032,523</b>
<b>Net Cash Flows from Operating Activities</b>	<b>836,956</b>	<b>1,522,835</b>
<b>Cash Flows from Investing Activities</b>		
<b>Cash was provided from:</b>		
Proceeds from disposal of short term investments	1,533,400	-
	<b>1,533,400</b>	<b>-</b>
<b>Cash was disbursed to:</b>		
Purchases of fair value financial assets through profit and loss	150,076	4,020,872
Purchases of short term investments	431,019	3,380,677
	<b>581,095</b>	<b>7,401,549</b>
<b>Net Cash Flows from Investing Activities</b>	<b>952,305</b>	<b>(7,401,549)</b>
<b>Cash Flows from Financial Activities</b>		
<b>Cash was disbursed to:</b>		
Distributions to Beneficiaries	1,000,000	1,314,000
	<b>1,000,000</b>	<b>1,314,000</b>
<b>Net Cash Flows from Financial Activities</b>	<b>(1,000,000)</b>	<b>(1,314,000)</b>
Net Increase / (Decrease) in Cash Held	789,261	(7,192,714)
Cash at the Beginning of the Year	917,937	8,110,651
<b>Cash at the End of the Year</b>	<b>1,707,198</b>	<b>917,937</b>

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 Trust was established to hold shares in King Country Energy Limited. The principal activity of the Trust is to invest in accordance with the terms of the Trust Deed for the long term good of their beneficiaries.

The object of the Trust is to hold shares in King Country Energy Limited on behalf of the consumers, exercising the rights attached to ownership and distribute to consumers the benefits of ownership including any dividends received by the Trust, and to carry out future ownership reviews involving public consultation.

### Statement of Compliance and Basis of Preparation

The financial statements for the King Country Electric Power Trust have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). King Country Electric Power Trust is a Tier 2 for-profit entity and has elected to report in accordance with NZ IFRS (RDR) as issued by the New Zealand External Reporting Board (XRB). KCEPT is eligible to report in accordance with NZ IFRS (RDR) on the basis that it does not have public accountability and is not large (as defined). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Electricity Industry Act 2010.

The preparation of financial statements in conformity with NZ IFRS (RDR) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are disclosed at the end of the accounting policies.

The financial statements are presented in New Zealand dollars, and amounts have been rounded to the nearest \$ unless stated. They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale assets and financial assets and liabilities at fair value through profit and loss.

### 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 Recognition

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 by their business function.

## King Country Electric Power Trust

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

#### For the Year Ended 31 March 2017

##### (c) Property, Plant & Equipment

Items of property, plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

All other repairs and maintenance are recognised as expenses in the Statement of Comprehensive Income in the financial period in which they are incurred.

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a diminishing value basis. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The following estimated depreciation rates/useful lives have been used:

Plant & Equipment	14.4% - 60% DV
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An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

##### (d) Income Tax

The income tax expense charged to the Statement of Comprehensive Income recognises the current year's provision adjusted for timing and permanent differences between taxable and accounting income. Deferred tax is calculated using the comprehensive basis under the liability method and future tax benefits are not recognised unless realisation of the asset is virtually certain.

##### (e) 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 are designated as available-for-sale 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.

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.

For the Year Ended 31 March 2017

(f) Financial Instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition: Loans and receivables, Financial assets at Fair Value Through Profit or Loss (FVTPL), Held-to-Maturity (HTM) investments and Available-For-Sale (AFS) financial assets.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less an allowance for credit losses. Discounting is omitted where the effect of discounting is immaterial. Trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial Assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM Investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if there is an intention and ability to hold them until maturity. The entity currently holds listed bonds designated into this category.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AFS Financial Assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Classification of Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss, FVTPL or other financial liabilities.

(g) Goods and Services Taxation (GST)

Revenue and expenses have been recognised in the financial statements inclusive of GST.

(h) Impairment

The carrying amounts of the Trust'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) AFS Financial Asset Revaluation

The AFS Revaluation Reserve reflects the gains (losses) resulting from the revaluation of Available for Sale Financial Assets. These movements in fair value are reflected through the Statement of Comprehensive Income. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to the surplus or deficit.

(j) Changes in Accounting Policies and Disclosures

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

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 April 2016 that had a significant effect on the financial statements.

## King Country Electric Power Trust

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

#### For the Year Ended 31 March 2017

(k) New NZ IFRS standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted early by the Entity.

Management anticipates that all pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Entity financial statements is provided below. Certain other new standards and interpretations issued but not yet effective, that are not expected to have a material impact on the Entity financial statements have not been disclosed.

(a) NZ IFRS 9 - Financial Instruments

NZ IFRS 9 replaces the rules based model in IAS 38 which requires classification and measurement on the business model of an entity, and on the cash flows associated with each financial asset. This has resulted in the elimination of the "held to maturity" and "available for sale" categories currently used by KCEPT. Reflected at amortised cost will continue to be trade receivables and term deposits. All other financial assets will need to be recorded at fair value through profit or loss unless they meet certain criteria, which includes an irrevocable election to not hold the asset for trading and to reflect the gains and losses in other comprehensive income. The shareholding in King Country Energy Limited will meet this criteria.

Consequential amendments have also been made to NZ IFRS 7 Disclosures and these include removing the NZ IFRS 7 requirement for the restatement of comparative period financial statements upon initial application of the classification and measurement requirements of NZ IFRS 9. Instead, the amendments introduce additional disclosures on the transition from the classification and measurement requirements in NZ IAS 39 Financial Instruments: Recognition and Measurement have been put in place.

(l) Significant Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions about the recognition and measurement of assets, liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant Judgements in Applying Accounting Policies

The following are significant judgements in applying accounting policies that have the most significant effect on the financial statements.

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.

# King Country Electric Power Trust

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

For the Year Ended 31 March 2017

2 Schedule of Expenses	2017	2016
	\$	\$
<b>Trust Administration Expenses</b>		
Accountancy	7,625	7,647
ACC Levies	107	136
Advertising & General	-	932
AGM	487	-
Advertising	1,855	643
Annual Reports	253	267
Hall Hire & Catering	-	496
Audit Fees	6,579	7,831
Bank Fees & Charges	205	315
Conference Costs	2,766	(161)
Computer Costs	346	505
Computer Allowances	-	750
Election Expenses - Fees	-	23,602
ETNZ Levy	4,283	5,710
General	393	-
Insurance	5,730	5,715
Meeting Room Hire	399	508
Postages	367	93
Website Costs	971	778
Secretarial Expenses	44,400	21,078
Stationery & Photocopying	136	859
Subscriptions	-	200
Telephones & Tolls	337	250
Travelling Expenses	14,143	12,722
Trustee Fees	96,838	91,042
	<b>188,220</b>	<b>181,918</b>
<b>Beneficiary &amp; Community Expenses</b>		
Community Projects	39,309	-
<b>Investment Costs</b>		
Portfolio Management Fees & Charges	60,618	52,180
<b>Strategic &amp; Consultancy Expenses</b>		
Legal Expenses	690	-
Ownership Review Costs	98,010	-
Project Utopia	623,672	110,363
	<b>722,372</b>	<b>110,363</b>
<b>Depreciation &amp; Losses on Disposal of Assets</b>		
Depreciation	435	1,050
<b>Total Expenses</b>	<b>1,010,954</b>	<b>345,511</b>

These financial 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 2017

3 Auditor's Remuneration	2017	2016
	\$	\$
The auditor of King Country Electric Power Trust is Spooner, Hood & Redpath Ltd (was Sewell & Wilson)		
Audit Fees	6,579	7,832
	<b>6,579</b>	<b>7,832</b>
4 Tax Reconciliation	2017	2016
	\$	\$
Profit before Income Tax	1,607,307	2,613,905
<b>Permanent Differences</b>		
PIE Non Assessable Income	(114,789)	(86,421)
Ownership Review Costs	98,010	-
Non Assessable Income	(1,386)	(416)
Overseas Income	(114,385)	(72,859)
Financial Asset Revaluations	(170,230)	(397,406)
FIF Income - FDR	51,443	29,998
<b>Total Permanent Differences</b>	<b>(251,337)</b>	<b>(527,104)</b>
<b>Taxable Income</b>	<b>1,355,970</b>	<b>2,086,801</b>
Tax Expense at 33%	447,470	688,644
<b>Tax Expense</b>	<b>447,470</b>	<b>688,644</b>

The Trust is required to account for income tax on a deferred tax basis.

As the treatment of assets and liabilities is consistent with income tax, there are no timing differences that result in deferred tax balances.

5 Trust Capital	2017	2016
	\$	\$
Opening Balance	6,675,100	6,675,100
<b>Total Trust Capital</b>	<b>6,675,100</b>	<b>6,675,100</b>
6 Retained Earnings	2017	2016
	\$	\$
Opening Balance	30,186,938	29,575,677
<b>Plus:</b>		
Profit for the Year	1,159,837	1,925,261
<b>Less:</b>		
Distributions from Retained Profit	1,000,000	1,313,999
<b>Total Retained Earnings</b>	<b>30,346,775</b>	<b>30,186,939</b>

These financial 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 2017

7 Reserves	2017	2016
	\$	\$
<b>AFS Financial Asset Revaluation</b>		
Opening Balance	4,665,453	3,401,168
<b>Plus:</b>		
King Country Energy	505,715	1,264,285
<b>Closing Balance</b>	<b>5,171,168</b>	<b>4,665,453</b>
<p>The Available-for-sale reserve records the movements in fair value of available-for-sale financial assets. Upon sale of available-for-sale financial instruments the accumulated balance of fair value gains/losses related to that asset is reclassified to surplus or deficit.</p>		
<b>Total Reserves</b>	<b>5,171,168</b>	<b>4,665,453</b>

8 Cash and Cash Equivalents	2017	2016
	\$	\$
<b>Bank Account Balances</b>		
BNZ - Current Account	121,593	6,993
BNZ Achiever Savings	5,340	340,035
ANZ - Current Account	5,573	5,808
ANZ Call Account	2,157	2,147
ANZ Serious Saver	70,797	561,066
ASB Current Account	1,738	1,772
Rabobank	-	116
BNZ - Term Deposits (less than 3 months)	1,500,000	-
<b>Total Cash and Cash Equivalents</b>	<b>1,707,198</b>	<b>917,937</b>

The cash and cash equivalents shown about is consistent with that used for the purposes of the statement of cash flows.

9 Other Receivables	2017	2016
	\$	\$
Accrued Interest	-	319
<b>Total Other Receivables</b>	<b>-</b>	<b>319</b>

All amounts are short-term and have been reviewed for indicators of impairment. The carrying value of trade receivables is considered a reasonable approximation of fair value.

10 Prepayments	2017	2016
	\$	\$
Prepayments	5,397	5,239
Unamortised Bond Premium	60,337	100,342
<b>Total Prepayments</b>	<b>65,734</b>	<b>105,581</b>

These financial 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 2017

#### 11 Current Investments

	2017	2016
	\$	\$
BNZ - Term Deposits	-	1,516,369
ASB - Term Deposits	1,986,580	1,940,887
<b>Managed Portfolio - Cash Balances</b>		
Managed Portfolio - NZ Cash	564,948	217,339
Managed Portfolio - Foreign Currency Cash	32,523	11,836
<b>Total Current Investments</b>	<b>2,584,051</b>	<b>3,686,431</b>

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

#### 12 Property, Plant & Equipment

	Opening Carrying Amount	Purchases / (Sales or Disposals)	Depreciation & Impairment	Closing Carrying Amount
<b>Property, Plant &amp; Equipment 2017</b>	\$	\$	\$	\$
Plant & Equipment	776	-	435	341
<b>Total Property, Plant &amp; Equipment</b>	<b>776</b>	<b>-</b>	<b>435</b>	<b>341</b>

	Opening Carrying Amount	Purchases / (Sales or Disposals)	Depreciation & Impairment	Closing Carrying Amount
<b>Property, Plant &amp; Equipment 2016</b>	\$	\$	\$	\$
Plant & Equipment	1,825	-	1,050	775
<b>Total Property, Plant &amp; Equipment</b>	<b>1,825</b>	<b>-</b>	<b>1,050</b>	<b>775</b>

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

#### 13 Term Investments

	2017	2016
	\$	\$
<b>Investments - Available for Sale</b>		
Shares in King Country Energy Ltd	22,251,425	21,745,711
<b>Equity Investments - Fair Value</b>		
Managed Portfolio - NZ Equities	4,906,652	4,963,319
Managed Portfolio - Australian Equities	786,907	688,021
Managed Portfolio - International Equity	1,581,542	1,399,701
Managed Portfolio - Hedge Funds	738,590	699,314
<b>Total</b>	<b>8,013,691</b>	<b>7,750,355</b>

These financial 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 2017

Fixed Interest Investments - Fair Value		
Managed Portfolio - NZ Fixed Interest	4,984,540	4,948,782
Managed Portfolio - International Fixed Interest	1,457,009	1,453,252
<b>Total</b>	<b>6,441,549</b>	<b>6,402,034</b>
NZ Property Trusts - Fair Value	854,991	836,793
<b>Total Term Investments</b>	<b>37,561,656</b>	<b>36,734,893</b>

Shares held in King Country Energy Limited are classified as financial assets available for sale and revalued to fair value based on the last trade price on the Unlisted Exchange. Movements in the fair value of financial assets for sale are recognised through the Statement of Comprehensive Income. Gains or losses recognised on the sale of the asset are then reflected in net surplus.

The BNZ Managed Portfolio is recognised at fair value through profit or loss. It is revalued at balance date to fair value with gains or losses (changes in value) recognised in net surplus.

#### 14 Payables & Accruals

##### Other Payables & Accruals

Accounts Payable

##### Total Payables & Accruals

2017	2016
\$	\$
18,807	29,556
<b>18,807</b>	<b>29,556</b>

#### 15 Financial Instruments

##### (a) Financial Instruments by Category

##### Assets as per Balance Sheet

Receivables (Cash & Current Investments)

Assets at fair value through profit or loss

Available for sale

Trade and other receivables excluding prepayments

2017	2016
\$	\$
4,291,249	4,604,368
15,310,231	14,989,182
22,251,424	21,745,711
292,870	111,431
<b>42,145,774</b>	<b>41,450,692</b>

##### Liabilities as per Balance Sheet

Trade and other payables excluding non-financial liabilities

2017	2016
\$	\$
18,807	29,556
<b>18,807</b>	<b>29,556</b>

#### 16 Related Party

Current year: \$nil (Prior Year: Mr Brian Gurney is a Director and was the Chairman of the King Country Energy Limited Board. He resigned from the Trust at the beginning of the financial year.)

**17 Capital Commitments**

The trust has no capital commitments as at 31 March 2017, (2016 Nil).

**18 Contingent Liabilities**

The trust has no contingent liabilities and no guarantees as at 31 March 2017. (2016: Contingent Liabilities Nil. Guarantees Nil.)

**19 Events Occurring After Balance Date**

There have been no material Events After Balance Date.

## Independent Auditor's Report

TO: THE TRUSTEES AND CONSUMER BENEFICIARIES OF THE KING COUNTRY  
ELECTRIC POWER TRUST

### Opinion

We have audited the financial statements of King Country Electric Power Trust, which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Trust are prepared, in all material respects, in accordance with New Zealand equivalents to International Financial Reporting standards – Reduced Disclosure Regime (IFRS RDR).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of King Country Electric Power Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, King Country Electric Power Trust.

### Restriction on Responsibility

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.

## **Trustees' Responsibility for the Financial Statements**

The Trustees are responsible on behalf of the entity for the preparation and fair presentation of the financial statements in accordance with IFRS RDR, and for such internal control 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.

In preparing the financial statements, the Trustees are responsible on behalf of the entity for the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Trustees either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Signed:

*Spooner Hood & Redpath Ltd.*

**Spooner Hood & Redpath Ltd**

Chartered Accountants

3 August 2017

Whanganui