



2018

Financial Statements

King Country Electric Power Trust



CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND

King Country Electric Power Trust

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For the Year Ended 31 March 2018

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King Country Electric Power Trust

Directory

As at 31 March 2018

Nature of Business	Energy Consumer Trust
Trustees	Robert Carter, Kirikau Graeme Cosford, Taumarunui Niel Groombridge, Omori Uwe Kroll, Ohakune Adie Doyle, Taumarunui (Chair)
Beneficiary	Electricity consumers in the area of the King Country Electric Power Board
Secretary	Tessa Jackson Phone: 027 443 3049 Email: kcept@xtra.co.nz
Office of the Trust	Enquiries to Tessa Jackson, Secretary Postal Address: 218 Golf Road P O Box 421 TAUMARUNUI 3946 Website: www.kcpowertrust.co.nz
Accountants	Peak Chartered Accountants Limited Chartered Accountants 37 Miriama Street Taumarunui
Auditor	Spooner, Hood & Redpath Ltd Chartered Accountants PO Box 765 Wanganui 4540
Bankers	Bank of New Zealand ANZ Bank ASB
Solicitors	Simpson Grierson

King Country Electric Power Trust

Statement of Responsibility

For the Year Ended 31 March 2018

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 2018.

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.

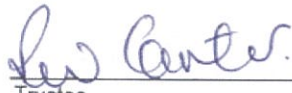
The Trustees accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Trust's financial reporting.

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 2018 financial statements are authorised for issue by the Trustees.



Chairperson



Trustee

22/8/2018
Date

22/8/2018
Date

King Country Electric Power Trust

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March 2018

	Note	2018	2017
		\$	\$
Revenue	2	11,640,317	2,618,261
Trust Administration Expenses	3	(188,016)	(188,220)
Beneficiary & Community Expenses	4	-	(39,309)
Investment Costs	5	(40,657)	(60,618)
Strategic and Consultancy Expenses	6	(110,855)	(722,372)
Depreciation & Losses on Disposal of Assets	7	(182)	(435)
Profit before Income Tax		11,300,607	1,607,307
Income Tax	9	(839,967)	(447,470)
Profit for the Period		10,460,640	1,159,837
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to Profit and Loss</i>			
AFS Financial Asset Revaluation			
Current year gains (losses)	12	3,027,825	505,714
Reclassification to profit or loss	12	(8,198,992)	-
Total Comprehensive Income for the Period		5,289,473	1,665,551

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 2018

	2018	2017
	\$	\$
Revenues and Expenses		
Net Profit	10,460,641	1,159,837
Movement in Reserves	(5,171,168)	505,714
Total Recognised Revenues and Expenses	5,289,473	1,665,551
Distributions	(999,963)	(1,000,000)
Trust Funds at the Beginning of the Year	42,193,043	41,527,492
Trust Funds at the End of the Year	46,482,553	42,193,043

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 2018

	Note	2018	2017
		\$	\$
Trust Funds			
Trust Capital	10	6,675,100	6,675,100
Retained Earnings	11	39,807,453	30,346,775
Reserves	12	-	5,171,168
Total Trust Funds		46,482,553	42,193,043
Represented by:			
Current Assets			
Cash and Cash Equivalents	13	951,703	1,707,198
Other Receivables	14	29,665	-
Income Tax Receivable		86,362	292,870
Prepayments	15	43,599	65,734
Current Investments	16	4,391,170	2,584,051
Total Current Assets		5,502,499	4,649,853
Non-Current Assets			
Property, Plant & Equipment	17	158	341
Term Investments	18	40,996,534	37,561,656
Total Non-Current Assets		40,996,692	37,561,997
Total Assets		46,499,191	42,211,850
Current Liabilities			
Payables & Accruals	19	16,638	18,807
Total Liabilities		16,638	18,807
Net Assets		46,482,553	42,193,043

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 2018

Note	2018	2017
	\$	\$
Cash Flows from Operating Activities		
Cash was provided from:		
Interest Received	286,208	337,769
Dividends Received	2,507,356	1,880,175
Other Investment Income Received	406,215	269,666
	3,199,779	2,487,610
Cash was disbursed to:		
Payment to suppliers and employees	338,122	1,021,426
Income tax paid	633,459	629,228
	971,581	1,650,654
Net Cash Flows from Operating Activities	2,228,198	836,956
Cash Flows from Investing Activities		
Cash was provided from:		
Proceeds from disposal of short term investments	-	1,533,400
Proceeds from disposal of available for sale financial assets	140,360	-
	140,360	1,533,400
Cash was disbursed to:		
Purchases of fair value financial assets through profit and loss	316,971	150,076
Purchases of short term investments	1,807,119	431,019
	2,124,090	581,095
Net Cash Flows from Investing Activities	(1,983,730)	952,305
Cash Flows from Financial Activities		
Cash was disbursed to:		
Distributions to Beneficiaries	999,963	1,000,000
	999,963	1,000,000
Net Cash Flows from Financial Activities	(999,963)	(1,000,000)
Net Increase / (Decrease) in Cash Held	(755,495)	789,261
Cash at the Beginning of the Year	1,707,199	917,937
Cash at the End of the Year	951,704	1,707,198

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

Lease income is recognised on a straight line basis over the life of the lease.

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.

King Country Electric Power Trust

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

For the Year Ended 31 March 2018

(b) Expenses

Expenses have been classified by their business function.

(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).

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.

King Country Electric Power Trust

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

For the Year Ended 31 March 2018

(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.

King Country Electric Power Trust

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

For the Year Ended 31 March 2018

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 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) Investment in Associates

Associates are entities the trust is able to exert significant influence over but which are not subsidiaries. A joint venture is an arrangement that the trust controls jointly with one or more other investors, and over which the trust has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. Investments in associates and joint ventures are accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the share in the associate or joint venture is not recognised separately and is included in the amount recognised as an investment. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the trust.

Unrealised gains and losses on transactions with the associates and joint ventures are eliminated to the extent of the entity's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Shares in King Country Energy Limited were previously designated as available-for-sale financial assets and reflected at fair value through the Statement of Comprehensive Income and valued based on the closing trading prices on the unlisted stock exchange at balance date.

(i) 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.

King Country Electric Power Trust

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

For the Year Ended 31 March 2018

(j) 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.

(k) 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 2017 that had a significant effect on the financial statements.

(l) 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.

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.

(m) 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.

King Country Electric Power Trust

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

For the Year Ended 31 March 2018

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.

Associates

Assessment has been made of whether or not significant influence exists in King Country Energy Limited.

2 Revenue

The trust's revenue is analysed as follows for each major product and service category:

	Sub Notes	2018	2017
		\$	\$
Finance Income - Investment Earnings	(a)	3,206,486	2,444,121
Finance Income - Other	(b)	8,429,433	170,231
Non-taxable Income		-	3,909
Other Income		4,398	-
Total Revenue		11,640,317	2,618,261

(a) Finance Income - Investment Earnings

	2018	2017
	\$	\$
Dividends Received	2,507,356	1,880,174
Interest Received	292,914	298,190
Overseas Income		
Overseas Income (FDR/CV)	271	114,385
Overseas Income (FDR/CV Exempt)	15,302	36,583
PIE Income		
PIE Non Assessable Income	33,464	52,448
PIE & FIF Income Unlisted Distributions	357,179	62,341
Total Finance Income - Investment Earnings	3,206,486	2,444,121

(b) Finance Income - Other

	2018	2017
	\$	\$
Gain on Investments		
Reclassification of revaluation of investments previously shown as Available for Sale	8,198,993	-
Change in Value of Fair Value Investments	230,441	170,230
Total Finance Income - Other	8,429,434	170,230

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 2018

3 Trust Administration Expenses	2018	2017
	\$	\$
Accountancy Services & Software	11,403	7,625
ACC Levies	29	106
AGM Expenses	3,252	2,595
Audit Fees	6,613	6,579
Bank Fees & Charges	132	205
Conference Costs	666	2,767
Computer Costs	514	346
Election Expenses	25,561	-
ETNZ Levy	5,709	4,283
General	122	393
Insurance	5,963	5,730
Meeting Room Hire	335	399
Postages	179	367
Website Costs	648	971
Secretarial Expenses	25,034	44,400
Stationery & Photocopying	160	136
Subscriptions	35	-
Telephones & Tolls	180	337
Travelling Expenses	5,301	14,143
Trustee Fees	96,180	96,838
Total Trust Administration Expenses	188,016	188,220
4 Beneficiary & Community Expenses	2018	2017
	\$	\$
Community Projects	-	39,309
Total Beneficiary & Community Expenses	-	39,309
5 Investment Costs	2018	2017
	\$	\$
Portfolio Management Fees & Charges	40,657	60,618
Total Investment Costs	40,657	60,618
6 Strategic and Consultancy Expenses	2018	2017
	\$	\$
Legal Expenses	16,306	690
Ownership Review Costs	23,569	98,010
Project Utopia	8,045	623,672
Project Trident	62,935	-
Total Strategic and Consultancy Expenses	110,855	722,372

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 2018

7 Depreciation & Losses on Disposal of Assets	2018	2017
	\$	\$
Depreciation	182	435
Total Depreciation & Losses on Disposal of Assets	182	435

8 Auditor's Remuneration	2018	2017
	\$	\$
The auditor of King Country Electric Power Trust is Spooner, Hood & Redpath Ltd Audit Fees	6,613	6,579
	6,613	6,579

9 Tax Reconciliation	2018	2017
	\$	\$
Profit before Income Tax	11,300,607	1,607,307
Permanent Differences		
PIE Non Assessable Income	(390,643)	(114,789)
Ownership Review Costs	23,569	98,010
Non Assessable Income	-	(1,386)
Overseas Income	(270)	(114,385)
Financial Asset Revaluations	(8,429,434)	(170,230)
FIF Income - FDR	44,048	51,443
Total Permanent Differences	(8,752,730)	(251,337)
Taxable Income	2,547,877	1,355,970
Tax Expense at 33%	840,799	447,470
Prior Year Tax Adjustment	(832)	-
Tax Expense	839,967	447,470

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

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

10 Trust Capital	2018	2017
	\$	\$
Opening Balance	6,675,100	6,675,100
Total Trust Capital	6,675,100	6,675,100

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 2018

	2018	2017
11 Retained Earnings	\$	\$
Opening Balance	30,346,775	30,186,938
Plus:		
Profit for the Year	10,460,641	1,159,837
Less:		
Distributions from Retained Profit	999,963	1,000,000
Total Retained Earnings	39,807,453	30,346,775
12 Reserves	\$	\$
AFS Financial Asset Revaluation		
Opening Balance	5,171,167	4,665,453
Plus:		
Current year gains (losses)	3,027,825	505,715
Less:		
Reclassification to profit or loss	8,198,992	-
Closing Balance	-	5,171,168
The Available-for-sale reserve records the movements in fair value of available-for-sale financial assets. Upon disposal or reclassification of available-for-sale financial instruments the accumulated balance of fair value gains/losses related to that asset is reclassified to profit or loss.		
Total Reserves	-	5,171,168
13 Cash and Cash Equivalents	\$	\$
Bank Account Balances		
BNZ - Current Account	10,537	121,593
BNZ Achiever Savings	150,010	5,340
ANZ - Current Account	5,335	5,573
ANZ Call Account	2,163	2,157
ANZ Serious Saver	72,150	70,797
ASB Current Account	1,699	1,738
BNZ - Term Deposits (less than 3 months)	709,809	1,500,000
Total Cash and Cash Equivalents	951,703	1,707,198

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

King Country Electric Power Trust

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

For the Year Ended 31 March 2018

14 Other Receivables

	2018	2017
	\$	\$
Accrued Interest	29,665	-
Total Other Receivables	29,665	-

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.

15 Prepayments

	2018	2017
	\$	\$
Prepayments	6,220	5,397
Unamortised Bond Premium	37,379	60,337
Total Prepayments	43,599	65,734

16 Current Investments

	2018	2017
	\$	\$
BNZ - Term Deposits	1,500,001	-
ASB - Term Deposits	2,035,635	1,986,580
Managed Portfolio - Cash Balances		
Managed Portfolio - NZ Cash	855,534	564,948
Managed Portfolio - Foreign Currency Cash	-	32,523
Total Current Investments	4,391,170	2,584,051

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

17 Property, Plant & Equipment

	Cost or Valuation	Depreciation	Carrying Amount
	\$	\$	\$
Property, Plant & Equipment 2018			
Plant & Equipment			
Opening Balance	4,232	3,892	340
Depreciation		182	(182)
Closing Balance	4,232	4,074	158
Total Property, Plant & Equipment	4,232	4,074	158

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 2018

	Cost or Valuation	Accumulated Depreciation	Carrying Amount
	\$	\$	\$
Property, Plant & Equipment 2017			
Plant & Equipment			
Opening Balance	4,233	3,457	776
Closing Balance	4,233	3,892	341
Total Property, Plant & Equipment	4,233	3,892	341

18 Term Investments

	2018	2017
	\$	\$
Investments - Available for Sale		
Shares in King Country Energy Ltd	-	22,251,425
Equity Investments - Fair Value		
Managed Portfolio - NZ Equities	-	4,906,652
Managed Portfolio - Australian Equities	2,422,051	786,907
Managed Portfolio - International Equity Funds	4,948,444	1,581,542
Managed Portfolio - Hedge Funds	862,377	738,590
Total	8,232,872	8,013,691
Fixed Interest Investments - Fair Value		
Managed Portfolio - NZ Fixed Interest	3,186,288	4,984,540
Managed Portfolio - International Fixed Interest	4,438,484	1,457,009
Total	7,624,772	6,441,549
NZ Property Trusts - Fair Value	-	854,991

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 2018

Investment in Associate

25,138,890

King Country Energy Limited, incorporated in New Zealand, has been reflected in the financial statements using the equity method. The proportion of ownership at balance date was 19.98% (prior year 19.98%).

Shares held in King Country Energy Limited are reflected as an investment in associate on 29 March 2018 with a compulsory takeover and a change in constitution. Under this constitution dated 29 March 2018, KCEPT with its shareholding, has the right to appoint one of three directors on the Board (shareholding at 19.98%). Subsequent to balance date KCEPT has increased its shareholding to 24.98% of the company. The opening value of the investment in associate (deemed purchase price) in KCEPT is reflected at \$5 per share, representing the share price paid for the shares by Trustpower as part of the takeover of the company at the date that the nature of the investment changed from available for sale to an investment in an associate.

The investment in KCE was previously classified as financial assets available for sale and revalued to fair value based on the last trade price on the Unlisted Exchange (removed March 2018). Movements in the fair value of financial assets for sale were recognised through the Statement of Comprehensive Income and gains or losses recognised on the disposal of the asset reflected in net surplus.

Total Term Investments

40,996,534

37,561,656

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.

19 Payables & Accruals

Other Payables & Accruals

Accounts Payable

Total Payables & Accruals

	2018	2017
	\$	\$
Accounts Payable	16,638	18,807
Total Payables & Accruals	16,638	18,807

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 2018

20 Financial Instruments

(a) Financial Instruments by Category

Assets as per Balance Sheet

	2018	2017
	\$	\$
Receivables (Cash & Current Investments)	5,342,873	4,291,249
Assets at fair value through profit or loss	15,857,644	15,310,231
Available for sale	-	22,251,424
Trade and other receivables excluding prepayments	116,027	292,870
Investment in Associate	25,138,890	-
	46,455,434	42,145,774

Liabilities as per Balance Sheet

	2018	2017
	\$	\$
Trade and other payables excluding non-financial liabilities	16,637	18,807
	16,637	18,807

21 Related Party

Current year: Robert Carter is a director of King Country Energy Limited (Prior Year: \$nil)

22 Capital Commitments

The trust has no capital commitments as at 31 March 2018, (2017 Nil).

23 Contingent Liabilities

The trust has no contingent liabilities and no guarantees as at 31 March 2018. (2017: Contingent Liabilities Nil. Guarantees Nil.)

24 Events Occurring After Balance Date

There have been no material events after Balance Date.

These financial statements have been audited.

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 2018, and the statement of profit or loss and other 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 (NZIFRS 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 NZIFRS 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.

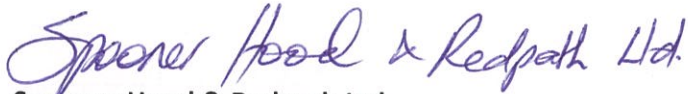
As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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:

A handwritten signature in purple ink that reads "Spooner Hood & Redpath Ltd." in a cursive style.

Spooner Hood & Redpath Ltd

Chartered Accountants

22 August 2018

Whanganui