



Whakarato Te Rohe Pōtae

## **KING COUNTRY TRUST (KCT)**

# **ANNUAL REPORT 2022**

The Trustees have great pleasure in presenting this twenty eighth annual report to the consumer beneficiaries of KCT.

### **THE TRUST**

The 2021 AGM for the Trust was held via zoom due to Covid, with an excellent turnout and discussion occurring.

Twenty one (21) Trust meetings were held in the year, either via zoom or in person and only three apologies were received for all meetings. Trustee fees are adjusted for inflation annually in accordance with the CPI.

Trustees constantly review costs of the Trust in order to maximize distributions. This year, there was a \$5,311 (3%) increase in regular administration expenses. Strategic and consultancy expenses have increased due to continuing legal fees incurred reviewing the Trust Deed and ownership review costs as required under the Trust Deed.

It was agreed that KCT was not benefiting from their membership of the Energy Trusts of New Zealand, resigned from that organisation and joined the New Zealand Institute of Directors instead.

Trustees have continued their work on revising the Trust Deed, to bring it into line with the Trusts Act 2019 and present it in plain English. Trustees have worked closely with legal advisors Simpson & Grierson and conducted public consultations across the three areas. A new logo was introduced, Trustee elections were held and an Emergency Funding Policy was adopted.

Sandra Greenslade is the KCT representative on the Maru Energy Trust, a Trust which provides insulation and energy saving initiatives within the KCT district.

## **WHERE THE INCOME IS GENERATED**

The Trust received reports from the Trust appointed director of King Country Energy, Robert Carter, each month and a KCE General Manager's presentation every six months.

KCE's profit is reflected in the accounts rather than the dividends. Underlying operating performance continues to be strong with a 4% increase in generation revenue and an increase in earnings before depreciation (& amortization), interest, hedging and tax, of 6% Net profit before tax rebounded without the significant negative impact of the derivate revaluations in 2021.

As part of Trustpower's accounting practices, KCE was not revalued this year. The Trustees remain confident in the ongoing financial performance of KCE and the dividends that will result.

The BNZ portfolio account is reviewed monthly, with our adviser visiting in July, October, January and February to review the portfolio in person. Principal documents were updated and the Trust continued with its balanced portfolio within the BNZ investment framework. The annual return of -1.76% after tax and fees was recorded. Whilst this level of return is not desirable, Trustees are cognizant of the fact that returns in previous years have been spectacular, investing in equities is subject to volatility and given the long term view of the Trust, no significant change in direction is necessary.

## **HOW THE INCOME IS DISTRIBUTED**

The Trust continues with a distribution policy that provides a structured process to distributions and is reviewed annually.

The vision and goal of the distribution policy remains:

*Vision* - To Make a Significant Difference to the Lives of Our Consumer Beneficiaries

*Goal* - To increase distributions on \$1.3M by 5% p.a. from 2019 and for the foreseeable future

The Trust distributed \$1,218,581 directly to beneficiaries last financial year, Another \$304,301 was provided as donations to community organisations or via initiatives such as the Ecobulb project, Maru Energy Trust and Heartland Fund.



The investment in associate (King Country Energy Limited) reflected in the financial statements decreased in value by \$766k. This is calculated by:

<b>Reason</b>	<b>Amount (\$000's)</b>
Opening Value	\$18,526
Increase in value of KCE due to underlying profit (after tax)	\$1,987
Decrease in value of KCE due to revaluation of hedges (after tax)	\$619
Dividend paid to KCEPT (net of ICA)	(\$3,372)
Closing Value	\$17,760

As at 31 March 2022 KCT's share of the unaudited balance sheet of KCE is \$20.739m (2020 \$21.505m). No asset revaluation was performed in 2021 or 2022.

The financial statements are subject to a qualified audit. This will continue to be the case as King Country Energy Limited is a significant component of KCT's financial position and their accounts are unaudited. An agreed upon procedures engagement has been undertaken on the information provided which gives the Directors confidence in the results presented to their shareholders.

Information in detail is set out in the audited set of accounts.

Signed on behalf of the Trustees:



Adie Doyle  
Chairman