



# 2023

## Financial Statements

**King Country Trust**



CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND

# King Country Trust

## Contents of Financial Statements

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For the Year Ended 31 March 2023

Contents of Financial Statements	1
Directory	2
Statement of Responsibility	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to and forming part of the Financial Statements	8 - 20
Audit Report	21 - 22

## King Country Trust

### Directory

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As at 31 March 2023

<b>Nature of Business</b>	Energy Consumer Trust
<b>Address</b>	P O Box 421 TAUMARUNUI 3946
<b>Trustees</b>	Jo Bransgrove, Omori Robert Carter, Kirikau Adie Doyle, Taumarunui (Chair) Sandra Greenslade, Turangi Uwe Kroll, Ohakune
<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>	Peak Chartered Accountants Limited Chartered Accountants 37 Miriama Street Taumarunui
<b>Auditor</b>	Spooner, Hood & Redpath Ltd Chartered Accountants PO Box 765 Wanganui 4540
<b>Bankers</b>	Bank of New Zealand ANZ Bank ASB
<b>Solicitors</b>	Simpson Grierson
<b>IRD Number</b>	061-599-983

King Country Trust

Statement of Responsibility

For the Year Ended 31 March 2023

The Board of Trustees has pleasure in presenting the annual report of King Country Trust incorporating the financial statements and the auditor's report, for the year ended 31 March 2023.

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.

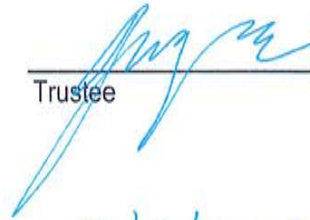
The Trust's 2023 financial statements are authorised for issue by the Trustees.



Chairperson

8/8/2023.

Date



Trustee

8/8/2023

Date



## King Country Trust

### Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March 2023

	Note	2023	2022
		\$	\$
Revenue	2	(415,560)	(329,937)
Trust administration expenses	3	(197,729)	(173,679)
Beneficiary & community expenses	4	(217,443)	(304,301)
Investment costs	5	(82,586)	(83,360)
Strategic and consultancy expenses	6	(102,201)	(132,371)
Depreciation & losses on disposal of assets	7	(4)	(5)
<b>Operating Loss</b>		<b>(1,015,523)</b>	<b>(1,023,653)</b>
Share of net profit from investment in associate accounted for using the equity method	8	4,532,371	2,606,663
<b>Profit before Income tax</b>		<b>3,516,848</b>	<b>1,583,010</b>
Income tax	10	(78,073)	(691,231)
<b>Profit for the Period</b>		<b>3,438,775</b>	<b>891,779</b>
<b>Other Comprehensive Income</b>			
Share of other comprehensive income from investment in associate accounted for using the equity method	8	2,929,904	-
<b>Total Comprehensive Income for the Period</b>		<b>6,368,679</b>	<b>891,779</b>

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

## King Country Trust

### Statement of Changes in Equity

For the Year Ended 31 March 2023

Note	2023	2022
	\$	\$
<b>Revenues and Expenses</b>		
Net Profit	3,438,775	891,779
Share of other comprehensive income	2,929,904	-
<b>Total Recognised Revenues and Expenses</b>	<b>6,368,679</b>	<b>891,779</b>
Distributions	-	<b>(1,218,581)</b>
Trust Funds at the Beginning of the Year	44,378,061	44,704,863
<b>Trust Funds at the End of the Year</b>	<b>50,746,740</b>	<b>44,378,061</b>

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

# King Country Trust

## Statement of Financial Position

As at 31 March 2023

	Note	2023	2022
		\$	\$
<b>Trust Funds</b>			
Trust Capital	11	6,675,100	6,675,100
Retained Earnings	12	44,071,641	37,702,961
<b>Total Trust Funds</b>		<b>50,746,741</b>	<b>44,378,061</b>
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	13	845,159	1,431,846
Other Receivables	14	3,153	-
Income Tax Receivable		163,352	152,563
Prepayments	15	8,908	8,486
Current Investments	16	1,213,601	247,715
<b>Total Current Assets</b>		<b>2,234,173</b>	<b>1,840,610</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	17	13	16
Investments	18	48,543,992	42,638,514
<b>Total Non-Current Assets</b>		<b>48,544,005</b>	<b>42,638,530</b>
<b>Total Assets</b>		<b>50,778,178</b>	<b>44,479,140</b>
<b>Current Liabilities</b>			
Payables & Accruals		31,437	101,079
<b>Total Liabilities</b>		<b>31,437</b>	<b>101,079</b>
<b>Net Assets</b>		<b>50,746,741</b>	<b>44,378,061</b>

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

# King Country Trust

## Statement of Cash Flows

For the Year Ended 31 March 2023

Note	2023	2022
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Cash was provided from:		
Interest Received	37,294	11,828
Dividends Received	1,259,870	3,779,239
Other Investment Income Received	91,784	16,830
	<b>1,388,948</b>	<b>3,807,897</b>
Cash was disbursed to:		
Payment to suppliers and employees	452,579	298,697
Income tax paid	274,592	873,764
	<b>727,171</b>	<b>1,172,461</b>
<b>Net Cash Flows from Operating Activities</b>	<b>661,777</b>	<b>2,635,436</b>
<b>Cash Flows from Investing Activities</b>		
Cash was provided from:		
Proceeds from disposal of short term investments	-	4,072,107
	<b>-</b>	<b>4,072,107</b>
Cash was disbursed to:		
Purchases of fair value financial assets through profit & loss	65,134	6,537,440
Purchases of short term investments	965,887	6,866
	<b>1,031,021</b>	<b>6,544,306</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(1,031,021)</b>	<b>(2,472,199)</b>
<b>Cash Flows from Financial Activities</b>		
Cash was disbursed to:		
Distributions to Beneficiaries (Direct)	-	1,218,581
Distributions to Beneficiaries (In-Direct)	217,443	304,301
	<b>217,443</b>	<b>1,522,882</b>
<b>Net Cash Flows from Financial Activities</b>	<b>(217,443)</b>	<b>(1,522,882)</b>
Net Decrease in Cash Held	<b>(586,687)</b>	<b>(1,359,645)</b>
Cash at the Beginning of the Year	1,431,846	2,791,491
<b>Cash at the End of the Year</b>	<b>845,159</b>	<b>1,431,846</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 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 Trust (KCT) have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). KCT 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). KCT 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 Profit or Loss and Other 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.

There is no revenue from contracts with customers.

(b) Expenses

Expenses have been classified by their business nature.

For the Year Ended 31 March 2023

(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 Profit or Loss and Other 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 Profit or Loss and Other 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.

There are no material deferred tax or future tax benefits.

(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.

(f) Financial Instruments

(i) Recognition and Derecognition

Financial assets and financial liabilities are recognised when the trust becomes a party to the contractual provisions of the financial instrument.

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, waived, cancelled or expires.

(ii) Classification and Initial Measurement of Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with Revenue from Contracts with Customers (NZ IFRS 15), all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- \* amortised cost
- \* fair value through profit or loss (FVTPL)
- \* fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- \* the entity's business model for managing the financial asset
- \* the contractual cash flow characteristics of the financial asset.

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.

(iii) Subsequent Measurement of Financial Assets

*Financial Assets at Amortised Cost*

A financial asset is measured at amortised cost if the asset meets both of the following conditions (and are not designated as FVTPL):

- \* the financial asset is held within a business model whose objective is to hold the financial assets to collect contractual cash flows
- \* the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables 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. Discounting is omitted where the effect of discounting is immaterial. The trust cash and cash equivalents, trade and most other receivables fall into this category of financial instruments .

*Financial Assets at Fair Value through Profit or Loss (FVTPL)*

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

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.

*Financial Assets at Fair Value through other Comprehensive Income (FVOCI)*

The trust accounts for a financial asset at FVOCI if the asset meets both the following conditions:

- \* the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- \* the contractual terms of the financial asset gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

(iv) Impairment of Financial Assets

Impairment applies to financial assets measured at amortised cost, contract assets and debt-type financial assets at FVOCI, but not to investments in equity instruments.

Recognition of credit losses is no longer dependent on the trust first identifying a credit loss event. Instead the trust considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

\* financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

\* financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the trust's financial assets fall into this category.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

*Trade and Other Receivables and Contract Assets*

The trust makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the trust uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The trust recognises 12-month expected credit losses for financial assets at FVOCI. As most of these instruments have an outstanding credit rating, the likelihood of default is deemed to be small. However, at each reporting date there is an assessment whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, reliance is on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The trust only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the trust would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, other indicators are considered such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, lifetime ECL is recognised for this instrument or class of instruments.

(v) Classification of Financial Liabilities

Financial liabilities include borrowings, trade and other payables and derivative financial instruments.

For the Year Ended 31 March 2023

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the trust designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss, are included within finance costs or finance income.

(g) Goods and Services Taxation (GST)

The Trust is not registered for GST. All items are reflected 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.

(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.

(j) Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year. A number of new and revised standards became effective for annual accounting periods beginning on or after the 1 April 2022. The nature and effect of these changes are noted below.

(i) Amendments to References to the Conceptual Framework in NZ IFRS

(ii) Annual Improvements to NZ IFRS 2018 - 2020

(iii) Covid 19 Related Rent Concessions - beyond 30.06.21

(iv) Interest Rate Benchmark Reform - Phase 2 (amendments to NZ IFRS 4, NZ IFRS 7, NZ IFRS 9, NZ IFRS 16 and NZ IAS 39)

(v) Property, Plant and Equipment – Proceeds before Intended Use (Amendments to NZ IAS 16)

(vi) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to NZ IAS 37)

## King Country Trust

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

#### For the Year Ended 31 March 2023

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

A number of new standards and interpretations have been issued but are not yet effective for the current year-end. The reported results and financial position of the trust is not expected to change on adoption of these pronouncements as they do not result in any changes to the entity's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements.

The trust does not intend to adopt any of the new pronouncements before their effective dates.

(l) Significant Judgements, Estimates and Assumptions

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:

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.

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	2023	2022
		\$	\$
Finance income - investment earnings	(i)	132,231	26,287
Finance income - other	(ii)	(547,791)	(356,224)
<b>Total Revenue</b>		<b>(415,560)</b>	<b>(329,937)</b>

	2023	2022
	\$	\$
(i) Finance income - investment earnings		
Interest Received	40,447	9,457
PIE Income	91,784	16,830
<b>Total Finance income - investment earnings</b>	<b>132,231</b>	<b>26,287</b>

These financial statements have been audited.

## King Country Trust

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

For the Year Ended 31 March 2023

(ii) Finance income - other	<b>2023</b>	<b>2022</b>
	\$	\$
Unrealised Gain (Loss) on Investments	(547,791)	(356,224)
<b>Total Finance income - other</b>	<b>(547,791)</b>	<b>(356,224)</b>
<b>3 Trust administration expenses</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Accountancy Services & Software	9,941	11,106
ACC Levies	39	28
Advertising & General	-	3,088
AGM Expenses	3,013	4,036
Audit Fees	7,159	6,986
Bank Fees & Charges	230	230
Conference Costs	1,249	-
Communication Costs	-	1,063
Computer Costs	476	1,434
Computer Allowances	1,250	2,500
Distribution Related Expenditure	14,843	-
ETNZ Levy	11,500	-
Insurance	9,296	8,493
Meeting Expenses	200	1,086
Postage	214	205
Website Costs	891	684
Salaries & Wages	26,372	24,738
Small asset purchases	-	1,007
Stationery & Photocopying	125	-
Subscriptions	2,609	4,480
Telephones & Tolls	360	383
Travelling Expenses	3,006	2,816
Trustee Fees	104,956	99,316
<b>Total Trust administration expenses</b>	<b>197,729</b>	<b>173,679</b>
<b>4 Beneficiary &amp; community expenses</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Community Projects & Contributions	-	162,541
Donations & Grants	217,443	141,760
<b>Total Beneficiary &amp; community expenses</b>	<b>217,443</b>	<b>304,301</b>
<b>5 Investment costs</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Portfolio Management Fees & Charges	82,586	83,360
<b>Total Investment costs</b>	<b>82,586</b>	<b>83,360</b>

These financial statements have been audited.

## King Country Trust

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

For the Year Ended 31 March 2023

#### 6 Strategic and consultancy expenses

Ownership Review Costs  
Trust Deed Review Costs

#### Total Strategic and consultancy expenses

2023	2022
\$	\$
2,448	70,265
99,753	62,106
<b>102,201</b>	<b>132,371</b>

#### 7 Depreciation & losses on disposal of assets

Depreciation

#### Total Depreciation & losses on disposal of assets

2023	2022
\$	\$
4	5
<b>4</b>	<b>5</b>

#### 8 Share of total comprehensive income from investment in associate accounted for using the equity method

Share of post-tax profit/(loss) of equity accounted associates  
Share of other comprehensive income from investment in associate accounted for using the equity method.

#### Total Share of total comprehensive income from investment in associate accounted for using the equity method

2023	2022
\$	\$
4,532,371	2,606,663
2,929,904	-
<b>7,462,275</b>	<b>2,606,663</b>

#### 9 Auditor's Remuneration

The auditor of King Country Trust is Spooner, Hood & Redpath Ltd  
Audit Fees

2023	2022
\$	\$
7,159	6,986
<b>7,159</b>	<b>6,986</b>

These financial statements have been audited.



## King Country Trust

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

For the Year Ended 31 March 2023

#### 10 Tax Reconciliation

	2023	2022
	\$	\$
Profit before Income Tax	3,516,848	1,583,010
<b>Permanent Differences</b>		
Share of post-tax profit/(loss) of equity accounted associates	(4,532,371)	(2,606,663)
PIE Non Assessable Income	(91,784)	(16,830)
Community Projects & Contributions	-	162,541
Ownership Review Costs	2,448	70,265
Legal fees	99,753	-
Financial Asset Revaluations	547,791	356,224
Income from Investment in Associate subject to income tax	697,052	2,546,091
<b>Total Permanent Differences</b>	<b>(3,277,111)</b>	<b>511,628</b>
<b>Timing Differences</b>		
Other Timing Differences	(3,153)	-
<b>Taxable Income</b>	<b>236,584</b>	<b>2,094,638</b>
Tax Expense at 33%	78,073	691,231
<b>Tax Expense</b>	<b>78,073</b>	<b>691,231</b>

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.

Tax expense, as shown above, excludes tax on the share of the associates profit.

#### 11 Trust Capital

	2023	2022
	\$	\$
Opening Balance	6,675,100	6,675,100
<b>Total Trust Capital</b>	<b>6,675,100</b>	<b>6,675,100</b>

#### 12 Retained Earnings

	2023	2022
	\$	\$
Opening Balance	37,702,962	38,029,763
<b>Plus:</b>		
Profit for the Year	3,438,775	891,779
Share of other comprehensive income	2,929,904	-
	<b>6,368,679</b>	<b>891,779</b>
<b>Less:</b>		
Distributions from Retained Profit	-	1,218,581
<b>Total Retained Earnings</b>	<b>44,071,641</b>	<b>37,702,961</b>

These financial statements have been audited.

## King Country Trust

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

For the Year Ended 31 March 2023

13 Cash and Cash Equivalents	2023	2022
	\$	\$
<b>Bank Account Balances</b>		
BNZ - Current Account	6,518	7,101
BNZ Achiever Savings	827,102	1,413,108
ANZ Serious Saver	9,700	9,771
ASB Current Account	1,839	1,866
<b>Total Cash and Cash Equivalents</b>	<b>845,159</b>	<b>1,431,846</b>

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

The Trust has a BNZ Visa card with a \$10,000 credit limit.

14 Other Receivables	2023	2022
	\$	\$
Accrued Interest	3,153	-
<b>Total Other Receivables</b>	<b>3,153</b>	<b>-</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.

15 Prepayments	2023	2022
	\$	\$
Prepayments	8,908	8,486
<b>Total Prepayments</b>	<b>8,908</b>	<b>8,486</b>

16 Current Investments	2023	2022
	\$	\$
BNZ - Term Deposits	1,017,137	-
<b>Managed Portfolio - Cash Balances</b>		
Managed Portfolio - NZ Cash	196,464	247,715
<b>Total Current Investments</b>	<b>1,213,601</b>	<b>247,715</b>

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

These financial statements have been audited.

King Country Trust

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

For the Year Ended 31 March 2023

17 Property, Plant & Equipment

Property, Plant & Equipment 2023

Plant & Equipment

Opening Balance

Depreciation

Closing Balance

Total Property, Plant & Equipment

	Cost or Valuation	Depreciation	Carrying Amount
	\$	\$	\$
Opening Balance	1,697	1,680	17
Depreciation		4	(4)
Closing Balance	1,697	1,684	13
<b>Total Property, Plant &amp; Equipment</b>	<b>1,697</b>	<b>1,684</b>	<b>13</b>

Property, Plant & Equipment 2022

Plant & Equipment

Opening Balance

Depreciation

Closing Balance

Total Property, Plant & Equipment

	Cost or Valuation	Accumulated Depreciation	Carrying Amount
	\$	\$	\$
Opening Balance	1,697	1,675	22
Depreciation		6	(6)
Closing Balance	1,697	1,681	16
<b>Total Property, Plant &amp; Equipment</b>	<b>1,697</b>	<b>1,681</b>	<b>16</b>

These financial statements have been audited.

## King Country Trust

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

For the Year Ended 31 March 2023

#### 18 Investments

	2023	2022
	\$	\$
<b>Managed Portfolio Investments - Fair Value</b>		
Managed Portfolio - Cash Funds	1,319,053	1,278,321
Managed Portfolio - NZ Fixed Interest	2,476,250	2,495,685
Managed Portfolio - International Fixed Interest	6,111,785	6,526,263
Managed Portfolio - Australasian Equities	4,780,973	4,901,087
Managed Portfolio - International Equity Funds	9,707,319	9,676,681
<b>Total Managed Portfolio Investments - Fair Value</b>	<b>24,395,380</b>	<b>24,878,037</b>
Investment in Associate (equity-accounted)	24,148,612	17,760,477
<b>Total Investments</b>	<b>48,543,992</b>	<b>42,638,514</b>

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.

King Country Energy Limited, an associate (incorporated and operating in New Zealand), is reflected in the financial statements using the equity method. The proportion of ownership at balance date was 24.98%.

Shares held in King Country Energy Limited were 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, King Country Trust (KCT) with its shareholding, has the right to appoint one of three directors on the Board. KCT subsequently increased its shareholding from 19.98% to 24.98% of the company. The opening value of the investment in associate (deemed purchase price) in KCT was 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. Under the equity method dividends reduce the value of the investment, and the investment is also adjusted by the share of the associate's comprehensive income. Consequently, the value of the investment will differ to both the share of the associate's balance sheet and any valuation of the investment in the entity.

Movements in the fair value of financial assets held 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.

#### 19 Related Parties

##### Donations and Grants Made

	2023	2022
	\$	\$
Jo Bansgrove is a chair of Pihanga Health 2007 Limited	-	42,760
Sandra Greenslade is a trustee of Maru Energy Trust (on behalf of King Country Trust)	55,000	50,000

Robert Carter is a director of King Country Energy Limited.

These financial statements have been audited.

## King Country Trust

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

For the Year Ended 31 March 2023

20 Commitments	2023	2022
	\$	\$
St John Waimarino		
Commitment to support St John Waimarino building construction	148,386	148,386
Ruapehu Emergency Services Charitable Trust		
Commitment to support building of garage	75,360	-

### 21 Contingent Liabilities

The trust has no contingent liabilities and no guarantees as at 31 March 2023 (2022: Contingent Liabilities Nil, Guarantees Nil).

### 22 Events Occurring After Balance Date

Volatility has occurred in investment markets impacting on the value of the BNZ investment portfolio.

### 23 Distributions

A direct distribution was deferred in 2022 due to resolving methods of payments to beneficiaries. The trustees resolved to distribute \$2,075,000 (which includes the 2022 and 2023 distribution) at their special meeting held on 17 July 2023.

These financial statements have been audited.

## INDEPENDENT AUDITOR'S REPORT

To the Trustees and Consumer Beneficiaries of the King Country Trust.

### Qualified Opinion

We have audited the financial statements of King Country Trust, which comprise the statement of financial position as at 31 March 2023, 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, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, 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 Qualified Opinion

A significant portion of the Trust's interests are now represented by their investment in King Country Energy Limited.

The financial statements of King Country Energy Limited for the period ended 31 March 2023 are unaudited. We were therefore unable to obtain sufficient appropriate audit evidence about the carrying amount of King Country Trust's investment in King Country Energy Limited as at 31 March 2023 or King Country Trust's share of income for the year. Consequently, we were unable to determine if any adjustments were necessary.

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 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 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 Consumer 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 the 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>



**Spooner Hood & Redpath Ltd**

Chartered Accountants

Whanganui

8 August 2023