

Hawke's Bay Power Consumers' Trust

Income Statement for the year ended 31 March 2014

	<i>Sch</i>	<i>This Year</i> \$	<i>Last Year</i> \$
Investment and Other Income			
Dividends Received			
Unison Networks Limited		9,215,000	9,140,000
Interest Received			
Unison Networks Limited	6	16,000	96,000
ASB Bank Limited		50,368	24,660
Bank of New Zealand Limited		73,591	58,386
Kiwi Bank Limited		855	23,263
ANZ Banking Group Limited		24,548	5,099
Rabobank Ltd		15,890	-
Westpac NZ Limited		95,224	88,012
Inland Revenue Department		19,656	-
		9,511,132	9,435,420
Expenses			
Audit Fees		8,489	7,480
Consultancy		9,752	-
Distribution Expenses		56,024	54,929
Energy Efficiency Projects		391,195	383,070
General Expenses		9,566	12,491
Insurance		5,720	5,750
Interest		-	16,921
Ownership Review		-	6,537
Public Relations		28,678	27,216
Secretarial & Accounting Fees		45,540	45,540
Trustees Expenses		13,080	17,718
Trustees Remuneration		134,480	135,560
Total Expenses		702,524	713,212
Net Income before Tax		8,808,608	8,722,208
Tax Expense/(Benefit)	7	(548,121)	31,950
Net Income for Year		9,356,729	8,690,258

Statement of Comprehensive Income for the year ended 31 March 2014

	<i>Sch</i>	<i>This Year</i> \$	<i>Last Year</i> \$
Net Income for the year		9,356,729	8,690,258
Other comprehensive income			
Total Other Comprehensive Income for Year		-	-
Total comprehensive income		9,356,729	8,690,258

This Statement is to be read in conjunction with the accompanying Notes

Hawke's Bay Power Consumers' Trust

Statement of Changes in Equity
for the year ended 31 March 2014

	<i>This Year</i> \$	<i>Last Year</i> \$
Credits for year:		
Net Income For Year	9,356,729	8,690,258
Distribution Over-provided & Unclaimed Money	300,983	218,125
	<hr/> 9,657,712	<hr/> 8,908,383
Debits for year:		
Previous Distribution Cheques Presented	78,485	23,100
Distribution to Owners	9,339,213	8,130,786
	<hr/> 9,417,698	<hr/> 8,153,886
Credit for year	<hr/> 240,014	<hr/> 754,497
Opening Credit Balance	68,403,659	67,649,162
Closing Credit Balance	<hr/> <u>68,643,673</u>	<hr/> <u>68,403,660</u>

This Statement is to be read in conjunction with the accompanying Notes

Hawke's Bay Power Consumers' Trust

Balance Sheet as at 31 March 2014

	<i>Sch</i>	<i>This Year</i> \$	<i>Last Year</i> \$
ASSETS			
Current Assets			
Westpac			
Cheque Account		113,947	50,258
Distribution Account		112,296	50,109
Online Saver Account		<u>770,075</u>	<u>1,374,440</u>
		996,318	1,474,807
ASB			
Fastsaver		695	66
Savings Plus		<u>8,414</u>	-
		9,109	66
Westpac - Term Deposit		900,000	900,000
BNZ - Term Deposit		1,078,012	553,177
Kiwibank - Notice Saver		21,616	20,820
Rabobank - Term Deposit		500,000	-
ASB - Term Deposit		1,009,452	-
ANZ - Term Deposit		500,000	-
Interest Accrued		86,993	11,698
Payments in Advance		4,955	1,438
Inland Revenue Department	7	<u>31,072</u>	<u>163,605</u>
		5,137,527	3,125,611
Investments			
Unison Networks Limited			
Shares Held		64,000,000	64,000,000
Unison Networks Limited			
Advance	6	-	1,600,000
		<u>69,137,527</u>	<u>68,725,611</u>
Total Assets			
LIABILITIES			
Current Liabilities			
Accounts Payable		200,675	20,970
Dividend RWT Payable		34,954	-
Provision for Distribution		258,225	300,982
		<u>493,854</u>	<u>321,952</u>
Total Liabilities			
EXCESS ASSETS OVER LIABILITIES		<u>68,643,673</u>	<u>68,403,659</u>

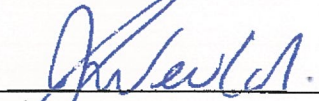
This Statement is to be read in conjunction with the accompanying Notes

Hawke's Bay Power Consumers' Trust

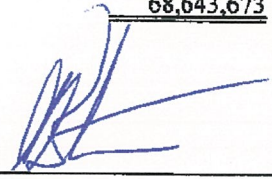
Balance Sheet
as at 31 March 2014

	<i>Sch</i>	<i>This Year</i> \$	<i>Last Year</i> \$
EQUITY			
Retained Earnings		3,643,673	3,403,659
Trust Capital		65,000,000	65,000,000
TOTAL EQUITY		<u>68,643,673</u>	<u>68,403,659</u>

For and on behalf of Trustees



Trustee
Date 23/7/14



Trustee

Hawke's Bay Power Consumers' Trust

**Cash Flow Statement
for the year ended 31 March 2014**

	<i>This Year</i> \$	<i>Last Year</i> \$
Cash Flows from Operating Activities		
Cash was provided from:		
Dividends Received	9,215,000	9,140,000
Interest Received	227,001	295,341
Taxation Refunds Received	711,725	-
	<u>10,153,726</u>	<u>9,435,341</u>
Cash was disbursed to:		
Expenses Paid	532,500	740,813
Taxation Paid	31,072	318,377
	<u>563,572</u>	<u>1,059,190</u>
Net Cash Flow from Operations	<u>9,590,154</u>	<u>8,376,151</u>
Cash Flows from Investing Activities		
Cash was provided from:		
Maturing Investments - Unison Advance	1,600,000	-
Net Cash Flow from Investing	<u>1,600,000</u>	<u>-</u>
Cash Flows From Financing Activities		
Cash was disbursed to:		
Previous Distribution Cheques Presented	78,485	23,100
Provision for Distribution	9,046,034	7,829,803
	<u>9,124,519</u>	<u>7,852,903</u>
Net Cash Flow from Financing	<u>(9,124,519)</u>	<u>(7,852,903)</u>
Net Increase (Decrease) in Cash Held	<u>2,065,635</u>	<u>523,248</u>
Represented By:		
Opening Bank Balance	2,948,872	2,425,624
Net Cash Movement	2,065,635	523,248
Closing Bank Balance	<u>5,014,507</u>	<u>2,948,872</u>

This Statement is to be read in conjunction with the accompanying Notes

Hawke's Bay Power Consumers' Trust

Notes to the Financial Statements for the year ended 31 March 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The assets and liabilities of the former Hawke's Bay Electric Power Board were vested in a new energy company (Hawke's Bay Power Distribution Limited) on 1 June 1993 in accordance with the Establishment Plan which was approved by the Governor General by Order in Council on the 10th day of May 1993. Hawke's Bay Power Distribution Limited changed its name to Hawke's Bay Network Limited on 19 January 1999 following reorganisation of the business in accordance with the Electricity Reform Act 1998. Hawke's Bay Network Limited changed its name to Unison Networks Limited on the 17 April 2003.

The Establishment Plan also provided for the establishment of the Hawke's Bay Power Consumers' Trust, the reporting entity for these financial statements, and the allocation of all shares in the Company to the Trustees.

The objective of the Trust is to hold the shares in the company on behalf of the Consumers' and distribute to the Consumers' in their capacity as owners, the benefits of ownership of the shares in the Company and to carry out future ownership reviews involving the public consultation in accordance with the terms of the Deed establishing the Trust.

These financial statements have been approved for issue by the Trustees on xx July 2014.

B. Basis of Preparation

The financial statements of the Trust have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable New Zealand Financial Reporting Standards, as appropriate for profit-orientated entities.

Statutory Basis

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993, Companies Act 1993 and Electricity Act 1992.

The financial statements have been prepared on the basis of historical cost, except where otherwise stated.

The financial statements are presented in New Zealand dollars.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the trusts accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes to the Financial Statements.

Hawke's Bay Power Consumers' Trust

Notes to the Financial Statements for the year ended 31 March 2014

C. Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

D. Cash Flows

For the purpose of the Cash Flow Statement, cash includes cash on hand and deposits held on call with banks.

E. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of one year or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

F. Investments

Investments in Unison Networks Limited are recorded at values placed on them as part of the 1993 Establishment Plan.

G. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

H. Consolidation

The Financial Statements of Unison Networks Limited are not consolidated into this financial report of the Trust. A separate set of Consolidated Financial Statements has been prepared.

Hawke's Bay Power Consumers' Trust

Notes to the Financial Statements for the year ended 31 March 2014

1. Changes in Accounting Policies

There have been no significant changes in accounting policies during the current year. Accounting policies have been applied on a basis consistent with prior year.

2. AUDIT

These financial statements have been subject to audit, please refer to Auditor's Report.

3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2013:\$0). In the event of a legitimate claim being made by a Consumer to share in the distribution made in March 1999, December 2004, October 2006, October 2007, October 2008, October 2009, October 2010, August 2011, and November 2012 the Trust will settle the claim from general funds.

4. FINANCIAL INSTRUMENTS

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, advances, accounts receivable, accounts payable. All financial instruments are recognised in the income statement. The fair values of financial instruments are considered to be their carrying value as disclosed except that the estimated fair value of shares in Unison Networks Limited based upon net tangible assets of the Company at 31 March 2014 is \$276,893,000.

No undisclosed credit risk exists.

By virtue of its objects, the Trust has a concentration of credit risk with Unison Networks Limited.

There are no undisclosed financial instruments.

5. COMMITMENTS

Hawke's Bay Power Consumers' Trust has commitments as at 31 March 2014 to Butler & Hewitt Limited and Hector Jones Limited for electric blanket testing.

6. RELATED PARTY TRANSACTIONS

The Establishment Plan that established both Unison Networks Limited and the Hawke's Bay Power Consumers' Trust also provided for the issue of a \$1,000,000 debt security from the Company (then \$1,600,000) to the Trust. Interest received for the year totals \$16,000 (2013 \$96,000). The debt security was repaid in May 2013. Dividends totalling \$9,215,000 (2013 \$9,140,000) were received from the Company during the year.

Hawke's Bay Power Consumers' Trust

Notes to the Financial Statements for the year ended 31 March 2014

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
7. INCOME TAX		
a Taxation		
Surplus (Deficit) before Tax	<u>\$8,808,608</u>	<u>\$8,722,208</u>
Prima Facie tax expense @ 33%	2,906,841	2,878,329
Adjustment for permanent differences -		
Non-deductible expenses	129,094	126,413
Distributions to Beneficiaries	(3,081,932)	(2,972,792)
Unrecognised Tax Losses	130,460	-
Prior Period Adjustment	<u>(632,584)</u>	<u>-</u>
Tax Expense/(Benefit)	<u>(\$548,121)</u>	<u>\$31,950</u>
Comprising		
Current Tax Provision	<u>(548,121)</u>	<u>31,950</u>
	<u>(\$548,121)</u>	<u>\$31,950</u>
<p>Income tax losses totalling \$395,334 (2013: nil) have not been recognised. As the dividend income received from Unison Networks Limited is usually fully imputed it is unlikely that the trustees will have future net taxable income sufficient to utilise the tax losses.</p>		
b Taxation Payable/(Receivable)		
Opening Balance	(163,605)	122,822
Taxation - Refunds Received	711,725	-
RWT Paid	(90)	(2,443)
Provisional Tax paid	(30,982)	(315,934)
Tax Provision	<u>(548,121)</u>	<u>31,950</u>
Taxation Payable/(Receivable)	<u>(\$31,072)</u>	<u>(\$163,605)</u>
8. RECONCILIATION OF THE NET SURPLUS AFTER TAXATION		
WITH THE NET CASH FLOWS FROM OPERATING ACTIVITIES		
Reported Surplus after taxation	<u>9,356,729</u>	<u>8,690,258</u>
	9,356,729	8,690,258
Add (Less) movements in working capital items:		
Increase (Decrease) in accounts payable	179,705	(27,601)
Decrease (Increase) in taxation refund due	132,533	(286,427)
(Increase) Decrease in interest accrued	(75,296)	(79)
(Increase) Decrease in pre-payments	<u>(3,517)</u>	<u>-</u>
Net Cash Flow from Operating Activities	<u>(\$9,590,154)</u>	<u>(\$8,376,151)</u>

Hawke's Bay Power Consumers' Trust

Notes to the Financial Statements for the year ended 31 March 2014

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
9. RETAINED EARNINGS MOVEMENT		
Movements in retained earnings were as follows:		
Opening Balance	<u>3,403,659</u>	<u>2,649,162</u>
Profit for Year	9,356,729	8,690,258
Distributions to Beneficiaries	(9,339,213)	(8,130,786)
Previous Distribution Cheques Presented	(78,485)	(23,100)
Distribution Over-provided & Unclaimed Money	<u>300,983</u>	<u>218,125</u>
Closing Balance	<u><u>3,643,673</u></u>	<u><u>3,403,659</u></u>

10. DIVIDEND

During the financial year an imputed dividend of \$9,215,000 (\$12,798,611 inclusive of imputation credits) was received in respect to the 2013/2014 financial year (2013: \$13,057,143 fully imputed dividend).

11. SIGNIFICANT EVENTS OCCURRING AFTER BALANCE

There have been no significant reporting events subsequent to balance date.

Hawke's Bay Power Consumers' Trust

Taxation Reconciliation
for the year ended 31 March 2014

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
Net Profit - per Statements	8,808,608	8,722,208
Add/ (Less)		
Imputation Credits		
Unison Networks Limited	3,583,611	3,917,143
	<u>12,392,219</u>	<u>12,639,351</u>
Other Adjustments		
Safety - Electric Blankets	13,251	14,151
Insulation Costs	377,944	368,918
	<u>12,783,414</u>	<u>13,022,420</u>
Taxable Income For Year	<u>12,783,414</u>	<u>13,022,420</u>
Tax Loss Brought Forward	(255,948)	-
	<u>12,527,466</u>	<u>13,022,420</u>
Taxable Income per Return	<u><u>12,527,466</u></u>	<u><u>13,022,420</u></u>

This Statement is to be read in conjunction with the accompanying Notes



Independent Auditors' Report **to the trustees of Hawke's Bay Power Consumers' Trust**

Report on the Financial Statements

We have audited the financial statements of the Hawke's Bay Power Consumers' Trust on pages 5 to 14, which comprise the balance sheet as at 31 March 2014, the income statement, and statement of movement in equity and statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Trustees Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal controls as Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the entity's preparation of financial statements that present fairly the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have no relationship with or interests in the entity other than in our capacities as auditors and the provision of taxation services. These services have not impaired our independence as auditors of the Hawke's Bay Power Consumers' Trust.

Independent Auditors' Report **Hawke's Bay Power Consumers' Trust**

Opinion

In our opinion, the financial statements on pages 5 to 14 present fairly, in all material respects, the financial position of the Trust as at 31 March 2014, and its financial performance and cash flows for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

Restriction on Use of our Report

This report is made solely to the Trustees as a body. Our audit work has been undertaken so that we might state to the Trustees 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 and the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

PrewwaterhouseLoopers

Chartered Accountants
23 July 2014

Napier