

Hawke's Bay Power Consumers' Trust

CHAIRMAN'S REPORT and FINANCIAL STATEMENTS of the Trust

**For the year ended
31 March 2016**

TRUSTEES

**J Newland
A Buntain
H Francis
D Kirton
K Gilligan**

HAWKE'S BAY POWER CONSUMERS' TRUST

DIRECTORY

Trust's Office:

C/- Brown Webb Richardson Ltd
111E Avenue Road
Hastings

Phone: (06) 873 8037
Facsimile (06) 876 5211
Email hbpct@bwr.co.nz

Trustees:

John Newland (Chairman)
Arch Buntain
Diana Kirton
Ken Gilligan
Helen Francis

Secretary and Accountant:

Stephen Dine

Bankers:

Westpac - Hastings

Auditors:

BDO Central (NI)
Napier

TRUSTEES' REPORT

On the operations and financial affairs of the

HAWKE'S BAY POWER CONSUMERS' TRUST

For the year ended 31 March 2016

ANNUAL REPORT TO CONSUMERS

THE TRUST

The Trust, set up in 1993, holds all the shares in Unison Networks Limited, on behalf of consumers who are connected to Unison's electricity lines network in Hawke's Bay – generally the areas of the Hastings District Council and the Napier City Council.

The Trust has five Trustees who are elected every three years. The current Trustees are John Newland, Arch Buntain, Diana Kirton, Ken Gilligan and Helen Francis.

This is an annual report on the operations and financial results of the Hawke's Bay Power Consumers' Trust for the year ended 31 March 2016. The financial statements of the Trust are summarised later in this report.

WHAT THE TRUST DOES

The Trustees role is to hold the shares for the benefit of its consumer-owners and also to ensure the value of their investment is protected and enhanced. We monitor the operational and financial performance of the Company by measuring results against the Company's business plan and Statement of Corporate Intent progressively during the year. In this way we are alert to any variations to the outcomes that have been agreed with the Board.

As well as sharing in financial dividends from Company profits, consumer-owners have the benefit of knowing their interests are looked after, from a customer perspective that provides a high quality network and delivers a secure and reliable supply of electricity.

Key tasks of the Trust are to:

- Act in the best interests of the consumers, as owners, and exercise their rights as shareholders.
- Appoint Unison's Board of Directors and monitor their performance and the performance of the Company.
- Determine annually the amount of Trust funds to be paid to consumer-owners as a dividend or in other ways.
- Approve Unison's annual business goals and financial objectives.
- Manage and account for the financial affairs of the Trust.
- Hold a public meeting each year to report on the operations and financial performance of the Trust.
- Review the ownership of Unison's shares every five years, through a public consultative process.

TRUST ACTIVITIES

Communications - The Trust communicates matters of interest to consumers, through local media.

Home insulation supported – Again this year, the Trust joined with Smart Energy Solutions to facilitate insulation and energy efficiency advice in a selection of older Hawke's Bay homes. The Trust's contribution of just over \$383,000 gave access to EECA funded programmes, to enable the retrofit of approximately 500 homes across the region. The commitment to this programme is continuing.

Grant for electric blanket tests – For the last seven years the Trust has offered a 50% discount on the normal price for testing electric blankets for consumers connected to Unison's network in the Hastings District and Napier City areas. This operates throughout the year to give consumers flexibility when they choose to have blankets tested.

Consumer Dividends \$9.9 million in 2015 – At the Trust's annual public meeting on 24 July 2015 we received a cheque from Unison for \$9.550 million, exclusive of imputation credits. In November 2015 Trustees distributed a dividend of \$9.9 million to consumer-owners. Just under 60,000 dividend cheques were paid to consumers. Each payment was for \$170, with tax credits attached – to a maximum of three cheques per customer.

Working with Directors - During the year Trustees have been updated on Company activities and held meetings with Directors as opportunities for further developing the business have been considered.

Another Successful Year for Unison in 2016: More Dividends for Consumers - Unison Networks has had another successful year to 31 March 2016 in both operational activities and financial outcomes. Therefore, we are pleased to announce there will be another distribution to consumers by cheque later this year.

When we paid out dividend cheques to consumers last year we had hundreds of consumers with different names on the power account, and on the bank account, into which the cheque was to be banked. This caused delays to people getting use of the money. A special message to consumers - the name on the power account must be that of the person (or business) connected to Unison's Hawke's Bay network, and who is responsible for paying the account. Therefore, that person must have a bank account in the same name. Only those persons (or businesses) are beneficiaries of the Trust and we can only pay dividends to them. **We urge consumers to make sure the same name is on the power account and at the bank when we pay out the next cheque later in the year.**

\$135 Million to Consumers in 17 years – With another dividend to be distributed this year the direct financial benefits consumers have had from Trust ownership since 1999 will be more than \$135 million. Trust ownership has also brought other benefits through increased investment in the safety and security of the network, ongoing and major improvements in reliability of supply, progressive undergrounding of overhead power lines, improvement to rural networks and energy efficiency and safety initiatives – such as the ongoing subsidised electric blanket testing.

Compliance with Guidelines for access to information by beneficiaries

The Guidelines, which all electricity trusts are required to adopt, provide for Trust beneficiaries to have access to information, to attend public meetings of the Trust, and to have access to a complaints process for dealing with refusals to supply information or allow access to public meetings.

COMPANY PERFORMANCE 2015-2016

Compliance: In the 2015-2016 year trading results were down on the previous year. Total group revenue for the year was \$213.5 million, an increase of \$3.1 million on the previous year, however the net profit before tax decreased to \$33.9 million from \$38.2 million in the previous year. The main reason for this decrease was an unrealised loss of \$11.2 million from unfavourable valuation movements on financial instruments.

Shareholder value showed a solid increase of \$16 million or 4.7% increasing to \$359 million. The investment in the Smart Grid strategy has resulted in a very good network performance result, surpassing the targets for the year.

Ratio of Consolidated Shareholders' Funds to Total Assets

- The minimum target ratio of consolidated shareholders' funds to total assets is set at not less than 40%.
- Target goal for 2016 – 50%

Compliance: The minimum target ratio was achieved and the target goal was substantially achieved. The actual ratio met was 49.5%.

Performance Targets

Unison's 2016 Statement of Corporate Intent sets targets for both financial and network performance.

Compliance: The Company met all but one of its performance targets. The Trustees are satisfied with the trading results and the network performance.

	Statement of Corporate Intent	
	2016 Targets	Actual Results
		2016
FINANCIAL		
Profit before interest, taxation, depreciation, amortisation and financial instruments as a percentage of average assets employed	12.0%	12.7%
Profit before interest, taxation and financial instruments as a percentage of average assets employed	7.7%	8.4%
Total line operating costs per consumer	\$328	\$320
NETWORK PERFORMANCE		
SAIDI – System Average Interruption Index (Minutes)	<99.1	82.7
SAIFI – System Average Interruption Frequency Index	<1.94	1.937
HEALTH AND SAFETY PERFORMANCE		
• Medical Treatment Injuries	<14	14
• Number of Public Accidents	Nil	Nil

COMPLIANCE WITH OTHER MATTERS

The Statement of Corporate Intent also details matters relating to the Company's scope of activities, dividend distributions, accounting policies, information to be provided to shareholders and administrative matters relating to procedures and communications with the Trust, as the sole shareholder. We are satisfied that in all these matters the Company has complied with the Statement of Corporate Intent.

Additional information on Unison's performance for the year ended 31 March 2016 can be found in the company's Annual Report or on Unison's website at www.unison.co.nz, or obtained from Unison direct.

LOOKING AHEAD

The Company is responding very capably in changing times and conditions within the electricity sector and there will be ongoing challenges and opportunities ahead. Trustees will continue to support initiatives that improve Unison's business to the extent necessary to meet the needs of consumers and which also enhance the value returns to the shareholders.

THANKS

We commend and thank the Board of Directors, the Chief Executive and all employees for their achievements and ongoing commitment to the performance and success of Unison. We value the assistance and support that has been given to us. Our special thanks to the Trust Secretary, Stephen Dine, and his team at Brown Webb Richardson, for the courtesies and help readily given to us.

TRUSTEES' CONTRIBUTIONS

The current Trustees are operating well as a team and I thank each of them for their contributions on behalf of consumers, during the year.



JOHN NEWLAND
CHAIRMAN

On behalf of the Trustees – Arch Buntain, Helen Francis, Ken Gilligan and Diana Kirton.

MORE TRUST INFORMATION

Detailed information about the Trust and its work is accessible on the internet, under **www.hbpowertrust.co.nz**, or can be viewed or is available from the Trust's offices, C/- Brown Webb Richardson, 111E Avenue Road, Hastings and also at Unison's offices, corner Omahu Road and Oak Avenue, Hastings.

Hawke's Bay Power Consumers' Trust

Income Statement for the year ended 31 March 2016

	<i>Sch</i>	<i>This Year</i> \$	<i>Last Year</i> \$
Investment and Other Income			
Dividends Received			
Unison Networks Limited	11	9,550,310	9,446,400
Interest Received			
ASB Bank Limited		47	20,155
Bank of New Zealand Limited		36,445	51,492
Kiwi Bank Limited		322	942
ANZ Banking Group Limited		-	15,236
Rabobank Limited		22,547	21,456
Westpac NZ Limited		134,329	67,651
		<u>9,744,000</u>	<u>9,623,332</u>
Expenses			
Audit Fees		8,625	8,651
Distribution Expenses		52,986	54,317
Election Expenses		-	90,016
Energy Efficiency Projects		383,579	457,318
General Expenses		12,430	4,174
Insurance		5,400	5,405
Interest		34	320
Legal Expenses		-	853
Public Relations		23,956	25,127
Secretarial & Accounting Fees		51,060	49,680
Trustees Expenses		12,875	14,022
Trustees Remuneration		140,680	136,400
Total Expenses		<u>691,625</u>	<u>846,283</u>
Net Income for Year		<u><u>9,052,375</u></u>	<u><u>8,777,049</u></u>

Statement of Comprehensive Income for the year ended 31 March 2016

	<i>Sch</i>	<i>This Year</i> \$	<i>Last Year</i> \$
Net Income for the year		9,052,375	8,777,049
Other comprehensive income			
Other Comprehensive Income for Year		-	-
Total comprehensive income		<u><u>9,052,375</u></u>	<u><u>8,777,049</u></u>

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 2016

	<i>Trust Capital</i>	<i>Retained Earnings</i>	<i>Total Equity</i>
	\$	\$	\$
Balance as at 1 April 2014	65,000,000	3,643,673	68,643,673
Comprehensive income for the year			
Net income for year	-	8,777,049	8,777,049
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	8,777,049	8,777,049
Distributions to consumers'			
Distribution to consumers'	-	10,600,684	10,600,684
Previous distribution cheques presented	-	84,705	84,705
Distribution over-provided and unclaimed money	-	(258,225)	(258,225)
Total distributions to consumers'	-	10,427,164	10,427,164
Balance at 31 March 2015	65,000,000	1,993,558	66,993,558
Balance as at 1 April 2015	65,000,000	1,993,558	66,993,558
Comprehensive income for the year			
Net income for year	-	9,052,375	9,052,375
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	9,052,375	9,052,375
Distributions to consumers'			
Distribution to consumers'	-	10,586,066	10,586,066
Previous distribution cheques presented	-	29,524	29,524
Distribution over-provided and unclaimed money	-	(243,950)	(243,950)
Total distributions to consumers'	-	10,371,640	10,371,640
Balance at 31 March 2016	65,000,000	674,293	65,674,293





Hawke's Bay Power Consumers' Trust

Balance Sheet as at 31 March 2016

	<i>Sch</i>	<i>This Year</i> \$	<i>Last Year</i> \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	10	2,135,412	3,212,680
Interest Accrued		5,001	53,488
Payments in Advance		4,902	4,955
Inland Revenue Department	7	34	99
		<u>2,145,349</u>	<u>3,271,222</u>
Non-Current Assets			
Unison Networks Limited Shares Held		64,000,000	64,000,000
Total Assets		<u>66,145,349</u>	<u>67,271,222</u>
LIABILITIES			
Current Liabilities			
Accounts Payable		119,155	33,712
Provision for Distribution		351,902	243,952
Total Liabilities		<u>471,057</u>	<u>277,664</u>
EXCESS ASSETS OVER LIABILITIES		<u>65,674,293</u>	<u>66,993,558</u>
EQUITY			
Retained Earnings		674,293	1,993,558
Trust Capital		65,000,000	65,000,000
TOTAL EQUITY		<u>65,674,293</u>	<u>66,993,558</u>

For and on behalf of Trustees


Trustee
Date 6 July 2016


Trustee

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



Hawke's Bay Power Consumers' Trust

Cash Flow Statement for the year ended 31 March 2016

	<i>Sch</i>	<i>This Year</i> \$	<i>Last Year</i> \$
Cash Flows from Operating Activities			
Cash was provided from:			
Dividends Received		9,550,310	9,446,400
Interest Received		242,177	204,271
Taxation Refunds Received		99	-
		<u>9,792,586</u>	<u>9,650,671</u>
Cash was disbursed to:			
Expenses Paid		606,128	1,007,078
Taxation Paid		34	99
Dividend RWT Payable		-	3,883
		<u>606,162</u>	<u>1,011,060</u>
Net Cash Flow from Operations	8	<u>9,186,424</u>	<u>8,639,611</u>
Cash Flows From Financing Activities			
Cash was disbursed to:			
Previous Distribution Cheques Presented		29,525	84,705
Distributions Paid		<u>10,234,167</u>	<u>10,356,734</u>
		10,263,692	10,441,439
Net Cash Flow from Financing		<u>(10,263,692)</u>	<u>(10,441,439)</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>(1,077,268)</u>	<u>(1,801,828)</u>
Represented By:			
Opening Cash and Cash Equivalents		3,212,680	5,014,507
Net Increase (Decrease) in Cash and Cash Equivalents		(1,077,268)	(1,801,828)
Closing Cash and Cash Equivalents	10	<u><u>2,135,412</u></u>	<u><u>3,212,679</u></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 2016

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.

The Trust is domiciled and registered in New Zealand.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Trust is a for-profit entity. These financial statements have been approved for issue by the Trustees on 6 July 2016.

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 Electricity Industry Act 2010, the Financial Reporting Act 2013 and the Companies Act 1993, and they comply with those Acts.

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, which is also the Trust's functional currency. The financial statements are rounded to the nearest dollar.

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.

There are no new standards, interpretations or amendments, which are not yet effective and



Hawke's Bay Power Consumers' Trust

Notes to the Financial Statements for the year ended 31 March 2016

have not been adopted early in these financial statements, that will or may have a significant effect on the Trust's future financial statements.

C. Goods & Services Tax

The Trust is not registered for GST and therefore the financial statements are prepared on a GST inclusive basis.

D. Income Tax

No provision for Income Tax has been made as there is no current or deferred tax payable.

E. Revenue

Dividends received are recognised as revenue when the right to receive payment is established.

Interest received is recognised as revenue as it is earned.

F. Provision for Distribution

A provision is recognised at the time the distributions become legally payable by the Trust. The provision at balance date represents unclaimed distributions at year-end.

G. Financial Instruments

The Trust initially recognises financial instruments when it becomes a party to the contractual provisions of the instrument.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire.

The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

H. Financial Assets

The Trust classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. At balance date, the Trust only had financial assets classified as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Trust provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current assets. The Trust's loans and receivables comprise cash and cash equivalents.

Hawke's Bay Power Consumers' Trust

Notes to the Financial Statements for the year ended 31 March 2016

I. Cash and Cash Equivalents

Cash and cash equivalents includes 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.

J. Investments

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

K. Accounts 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. Accounts payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

L. 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 and is available on the Trust's website.

M. 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.



Hawke's Bay Power Consumers' Trust

Notes to the Financial Statements for the year ended 31 March 2016

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 (2015:\$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, November 2012, November 2013 and August 2014 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 balance sheet with any movements recognised in either profit or loss or other comprehensive income depending on their classification. 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 2016 is \$310,372,000.

The Trust is exposed to the following financial risks: credit risk and cash flow interest rate risk.

Credit risk is the risk of financial loss to the Trust if a counterparty to a financial instrument fails to meet its contractual obligations. The Trust's exposure to credit risk is in relation to cash and cash equivalents. All cash and cash equivalents are held with registered trading banks with a minimum credit rating of "A". Funds are spread across five trading banks to avoid a concentration of risk.

Cash flow interest rate risk arises through the fluctuation of market interest rates affecting the Trust's return on investment. Funds are held with a variety of trading banks either on call or short term deposits with an original maturity of 12 months or less. The Trust does not rely on the interest income to continue operations and therefore the overall risk is not considered significant.

5. COMMITMENTS

Hawke's Bay Power Consumers' Trust has commitments as at 31 March 2016 to Butler & Hewitt Limited and Hector Jones Limited for electric blanket testing.

6. RELATED PARTY TRANSACTIONS

Dividends totalling \$9,550,310 (2015 \$9,446,400) were received from Unison Networks Ltd during the year.



Hawke's Bay Power Consumers' Trust

Notes to the Financial Statements for the year ended 31 March 2016

	<i>This Year</i> \$	<i>Last Year</i> \$
7. INCOME TAX		
a Taxation		
Surplus (Deficit) before Tax	<u>\$9,052,375</u>	<u>\$8,777,049</u>
Prima Facie tax expense @ 33%	2,987,284	2,896,426
Adjustment for permanent differences -		
Non-deductible expenses	126,581	150,915
Distributions to Beneficiaries	(3,109,359)	(3,172,076)
Unrecognised Tax Losses	<u>(4,506)</u>	<u>124,735</u>
Tax Expense/(Benefit)	<u>\$0</u>	<u>\$0</u>
Comprising		
Income tax losses totalling \$709,881 (2015: \$773,317) 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.		
b Taxation Payable/(Receivable)		
Opening Balance	(99)	(31,072)
Taxation - Refunds Received	99	31,072
RWT Paid	<u>(34)</u>	<u>(99)</u>
Taxation Payable/(Receivable)	<u>(\$34)</u>	<u>(\$99)</u>
8. RECONCILIATION OF THE NET SURPLUS AFTER TAXATION WITH THE NET CASH FLOWS FROM OPERATING ACTIVITIES		
Reported Surplus after taxation	<u>9,052,375</u>	<u>8,777,049</u>
	9,052,375	8,777,049
Add (Less) movements in working capital items:		
Increase (Decrease) in accounts payable	85,443	(166,962)
Decrease (Increase) in taxation refund due	65	30,973
Increase (Decrease) in Dividend RWT payable	-	(34,954)
(Increase) Decrease in interest accrued	48,488	33,505
(Increase) Decrease in pre-payments	<u>53</u>	<u>-</u>
Net Cash Flow from Operating Activities	<u>\$9,186,424</u>	<u>\$8,639,611</u>



Hawke's Bay Power Consumers' Trust

Notes to the Financial Statements for the year ended 31 March 2016

	<i>This Year</i> \$	<i>Last Year</i> \$
9. RETAINED EARNINGS MOVEMENT		
Movements in retained earnings were as follows:		
Opening Balance	1,993,559	3,643,673
Profit for Year	9,052,375	8,777,049
Distributions to Beneficiaries	(10,586,066)	(10,600,684)
Previous Distribution Cheques Presented	(29,525)	(84,705)
Distribution Over-provided & Unclaimed Money	243,950	258,225
Closing Balance	674,293	1,993,558
10. NOTES SUPPORTING CASH FLOW STATEMENT		
Cash and cash equivalents for the purpose of the cash flow statement comprises:		
Cash at bank available on demand:		
Westpac Cheque Account	43,772	53,773
Westpac Distribution Account	33,428	18,403
Westpac Online Saver Account	534,215	571,550
ASB Fastsaver	2,395	2,385
Kiwibank Notice Saver	-	22,459
	613,810	668,570
Short-term Deposits:		
BNZ - Term Deposit	562,462	1,113,179
Rabobank - Term Deposit	559,141	530,931
Westpac - Term Deposit	400,000	900,000
	1,521,603	2,544,110
Total Cash and Cash Equivalents	2,135,413	3,212,680

11. DIVIDEND

During the financial year an imputed dividend of \$9,550,310 (\$13,264,319 inclusive of imputation credits) was received in respect to the 2015/2016 financial year (2015: \$13,120,000 fully imputed dividend).

12. SIGNIFICANT EVENTS OCCURRING AFTER BALANCE DATE

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 2016

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
Net Profit - per Statements	9,052,375	8,777,049
Add/ (Less)		
Imputation Credits		
Unison Networks Limited	3,714,010	3,673,600
	<u>12,766,385</u>	<u>12,450,649</u>
Other Adjustments		
Safety - Electric Blankets	9,937	12,197
Insulation Costs	373,642	445,121
	<u>13,149,964</u>	<u>12,907,967</u>
Taxable Income For Year		
Tax Loss Brought Forward	(773,317)	(395,334)
	<u>12,376,647</u>	<u>12,512,633</u>
Taxable Income per Return		

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



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INDEPENDENT AUDITOR'S REPORT

TO THE BENEFICIARIES OF HAWKE'S BAY POWER CONSUMERS' TRUST

Report on the Financial Statements

We have audited the financial statements of Hawke's Bay Power Consumers' Trust ("the Trust") on pages 5 to 14, which comprise the balance sheet as at 31 March 2016, the statement of changes in equity, income statement, statement of comprehensive income, and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trust's Beneficiaries, as a body, in accordance with the Electricity Industry Act 2010. Our audit has been undertaken so that we might state to the Trust's Beneficiaries those matters we are required to state to them in an auditor's 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 Trust's Beneficiaries, as a body, for our audit work, for this report, or for the opinion we have formed.

Trustees Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards 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.

Auditor's 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). Those standards require that we comply with 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

PARTNERS:	David Pearson	Ross Hadwin	Glenn Fan-Robertson	Heather Hallam	Lisa Townshend
ASSOCIATES:	Cary Davis	David Hopping	Sheena Mason	Matt Coulter	Billie Stanley
CONSULTANTS:	Ron Eglinton	Morris Williams			

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Other than in our capacity as auditor we have no relationship with, or interests in, the 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 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Other Matter

The financial statements of the Trust for the year ended 31 March 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 23 July 2015.

BDO Central (NI)

BDO Central (NI)
6 July 2016
Napier
New Zealand