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Independent Auditors' Report

to the members of West Coast Electric Power Trust

Report on the Financial Statements

We have audited the financial statements of West Coast Electric Power Trust on pages 1 to 35, which comprise the statements of financial position as at 31 March 2011, the statements of comprehensive income and statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Trust and the Group. The Group comprises the Trust and the entities it controlled at 31 March 2011 or from time to time during the financial year.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the 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 Trust and Group's preparation of financial statements that give a true and fair view of 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 Trust and Group'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, West Coast Electric Power Trust or any of its subsidiaries other than in our capacities as auditors and providing valuation advice to WestPower Limited.

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Independent Auditors' Report

West Coast Electric Power Trust

Opinion

In our opinion, the financial statements on pages 1 to 35:

(i) comply with generally accepted accounting practice in New Zealand;

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Trust and the Group as at 31 March 2011, and their financial performance for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2011:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Trust as far as appears from an examination of those records.

Restriction on Distribution or Use

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

PricewaterhouseCoopers

Chartered Accountants
14 September 2011

Christchurch

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2011

		Group		Parent	
	Notes	**31-Mar-11**	**31-Mar-10**	**31-Mar-11**	**31-Mar-10**
		$000	**$000**	**$000**	**$000**
Operating Revenue	5	43,634	45,586	2	3
Other Income	6	29	42		
		43,663	**45,628**	**2**	**3**
Operating Expenses	7	32,475	32,689	116	172
Depreciation, Amortisation and Impairment		4,898	4,529		
		37,373	**37,218**	**116**	**172**
Operating Profit (Loss)		**6,290**	**8,410**	**(114)**	**(169)**
Finance Income		153	538	180	188
Finance Expenses		(1,435)	(1,339)		
Net Finance Cost	8	**(1,282)**	**(801)**	**180**	**188**
Profit (Loss) Before Income Tax		**5,008**	**7,609**	**66**	**19**
Income Tax	9	1,885	2,239	-	-
Profit (Loss) After Income Tax		**3,123**	**5,370**	**66**	**19**
Attributable to:					
Parent Entity		3,129	5,356	66	19
Minority Interests		(6)	14	-	-
		3,123	**5,370**	**66**	**19**

The accounting policies and notes on pages 5 to 35 are an integral part of these financial statements.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	Group		Parent	
		31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
		$000	$000	$000	$000
Profit (Loss) For The Period		**3,123**	**5,370**	**66**	**19**
Gains on revaluation		9,375	-	-	-
Fair value of cashflow hedges		(79)	96	-	-
Income tax on other comprehensive income		(1,859)	(29)	-	-
Other comprehensive income		7,437	67	-	-
Total Comprehensive Income		**10,560**	**5,437**	**66**	**19**
Attributable to:					
Parent Entity		10,566	5,423	66	19
Minority Interest		(6)	14	-	-
		10,560	**5,437**	**66**	**19**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	Group		Parent	
		31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
		$000	$000	$000	$000
Balance at 1 April		**102,223**	**96,786**	**31,181**	**31,162**
Total comprehensive income		10,560	5,437	66	19
Contributions from equity holders		150	-	-	-
Balance at 31 March		**112,933**	**102,223**	**31,247**	**31,181**
Attributable to:					
Parent Entity		111,891	101,324	31,247	31,181
Minority Interest		1,042	899	-	-
		112,933	**102,223**	**31,247**	**31,181**

The accounting policies and notes on pages 5 to 35 are an integral part of these financial statements.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2011

	Notes	Group 31-Mar-11 $000	Group 31-Mar-10 $000	Parent 31-Mar-11 $000	Parent 31-Mar-10 $000
NON CURRENT ASSETS					
Property, Plant and Equipment	10	130,385	116,780	-	-
Goodwill and Other Intangible Assets	11	7,569	7,516	-	-
Investments in Subsidiaries	12	-	-	30,300	30,300
Other Investments	13	1,768	2,912	932	873
Finance Lease Receivable	14	26	43	-	-
Total Non Current Assets		**139,748**	**127,251**	**31,232**	**31,173**
CURRENT ASSETS					
Cash and Cash Equivalents	15	1,494	1,687	13	31
Trade and Other Receivables	16	20,479	15,765	2	1
Finance Lease Receivable	14	17	52	-	-
Inventories		1,048	1,156	-	-
Current Tax Assets		(121)	141	4	5
Total Current Assets		**22,917**	**18,801**	**19**	**37**
TOTAL ASSETS		**162,665**	**146,052**	**31,251**	**31,210**
EQUITY					
Trust Capital	18	30,300	30,300	30,300	30,300
Reserves	18	20,939	13,522	-	-
Retained Earnings	18	60,651	57,502	947	881
Minority Interest	18	1,043	899	-	-
TOTAL EQUITY		**112,933**	**102,223**	**31,247**	**31,181**
NON CURRENT LIABILITIES					
Financial Derivatives		724	645	-	-
Finance Lease Payable	20	47	134	-	-
Employee Benefits		432	389	-	-
Deferred Tax Liabilities	9	19,089	16,840	-	-
Total Non Current Liabilities		**20,292**	**18,008**	-	-
CURRENT LIABILITIES					
Trade and Other Payables	21	4,281	3,436	4	29
Employee Benefits		1,564	1,305	-	-
Finance Lease Payable	20	87	80	-	-
Current Portion of Borrowings	19	23,508	21,000	-	-
Total Current Liabilities		**29,440**	**25,821**	**4**	**29**
TOTAL LIABILITIES		**49,732**	**43,829**	**4**	**29**
TOTAL EQUITY AND LIABILITIES		**162,665**	**146,052**	**31,251**	**31,210**

The accounting policies and notes on pages 5 to 35 are an integral part of these financial statements.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2011

		Group		Parent	
	Notes	**31-Mar-11**	**31-Mar-10**	**31-Mar-11**	**31-Mar-10**
		$000	**$000**	**$000**	**$000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		38,230	38,205	2	3
Interest Received		104	537	24	31
Dividends Received		-	30	156	156
Payments to suppliers and employees		(30,950)	(30,411)	(142)	(153)
Interest Paid		(1,396)	(1,284)	-	-
Income Tax (Paid) Received		(1,233)	(1,000)	-	3
Net GST Paid		(64)	72	-	-
Net cash inflows/(outflows) from operating activities	25	**4,691**	**6,149**	**40**	**40**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		95	33	-	-
Loan and sinking fund payments received		1,857	645	-	-
Acquisition of property, plant and equipment		(8,697)	(8,061)	-	-
Acquisition of investments		(61)	(67)	(58)	(67)
Purchase of goodwill and intangibles		(381)	(77)	-	-
Net cash inflows/(outflows) from investing activities		**(7,187)**	**(7,527)**	**(58)**	**(67)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		42,050	17,750	-	-
Contributions from equity holders		150	-	-	-
Repayment of borrowings		(39,897)	(16,605)	-	-
Net cash inflows/(outflows) from financing activities		**2,303**	**1,145**	-	-
Net increase (decrease) in cash and cash equivalents		**(193)**	**(233)**	**(18)**	**(27)**
Cash and cash equivalents at 1 April		1,687	1,920	31	58
Cash and cash equivalents at 31 March	15	**1,494**	**1,687**	**13**	**31**

The GST (net) component of operating activities reflects the net GST paid and received with the IRD. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accounting policies and notes on pages 5 to 35 are an integral part of these financial statements

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Financial statements for the parent (separate financial statements) and consolidated financial statements are presented. West Coast Electric Power Trust (the parent) is a consumer trust, the beneficiaries of which are the electors of the areas served by Westpower Limited.

The Westpower Group (subsidiaries) is involved in the reticulation of electricity and electrical contracting. The registered offices of the Westpower Group are 146 Tainui Street, Greymouth.

The consolidated financial statements comprise the parent and its subsidiaries as at and for the year ended 31 March 2011 (see note 27), together referred to as the Group.

The financial statements have been prepared in accordance with the requirements of the Financial Report Act 1993 as required by the Electricity Amendments Act 2001 clause 15(8)(a)

2 BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value.
- available for sale financial assets are measured at fair value.
- distribution assets and land and buildings are measured at fair value.

The methods used to measure fair value are discussed further in Note 4.

(c) Functional and Presentation Currency

These financial statements are presented in New Zealand dollars ($), which is the parent's functional currency. All financial information has been rounded to the nearest thousand.

(d) Use of Estimates, Judgments and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:
- Note 3(j)(iii) Measurement of the recoverable amount of cash generating units.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the profit or loss in the period in which they arise.

(c) Financial Instruments

(i) Non-Derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, customer deposits and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Investments in Subsidiaries
Investments in equity securities of subsidiaries, associates and joint ventures are measured at cost in the separate financial statements of the Parent.

Available For Sale Financial Assets
The Group's investment in non subsidiary equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(j)(i)), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

The fair value of equity investments that are not traded in an active market and are classified as available for sale, is based on the non-market valuation techniques.

Other
Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and Other Receivables
Trade and other receivables are stated at their cost less impairment losses.

A provision for impairment of receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest method**.**

Interest Bearing Borrowings
Interest bearing borrowings are classified as other non-derivative financial instruments. Borrowings are recorded at amortised cost.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and Other Payables
Trade and other payables are stated at cost.

(ii) Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each balance date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship (see below).

Cash Flow Hedges
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

(iii) Trust Capital

Ordinary Shares
Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Preference Share Capital
Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Parent's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss.

(d) Property, Plant and Equipment

(i) Recognition and Measurement

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 April 2006, the date of transition to NZ IFRS, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

- electricity distribution system	15-70 years SL
- buildings	5-50 years SL
- motor vehicles	10-50% DV
- plant and equipment	7-50% DV
- furniture and fittings including computers	6-48% DV

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(iv) Subsequent Measurement

Land and buildings are subsequently measured at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers. Land and buildings were revalued as at 1 April 2010 by Coast Valuations Limited, registered valuers at $6,970,500. These are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from fair value.

The distribution system is subsequently measured at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on a discounted cashflow approach. Distribution system assets were revalued by PricewaterhouseCoopers as at 1 April 2010 at $114,286,000 within the financial statements of Westpower Limited which were independently audited by Audit New Zealand. These are reviewed at the end of each reporting period to ensure that the carrying value of the distribution system is not materially different from fair value. Consideration is given as to whether the distribution system is impaired as detailed in note 3(j)(iii).

Any revaluation increase arising on the revaluation of land and buildings and the distribution system is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings and the distribution system is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and the distribution system is charged to profit or loss. On the subsequent sale or retirement of a revalued item, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

(e) Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the assets and liabilities of the acquiree. Goodwill is measured at cost less accumulated impairment losses.

(f) Other Intangible Assets

Other intangible assets that are acquired by the group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of the intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- software	20-40% DV

(g) Work In Progress

Work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Work in progress is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

(h) Leased Assets (as lessor)

Leases in terms of which the Group transfers substantially all the risks and rewards of ownership are classified as finance leases. These assets are disposed of by the Group and a receivable recognised at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

(i) Inventories

Inventories consist of construction materials. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

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 profit or loss.

(i) Impairment of Equity Instruments

Equity instruments are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. For this purpose prolonged is regarded as any period longer than nine months and significant as more than 20 percent of the original purchase price of the equity instrument.

Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

(ii) Impairment of Receivables

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

(iii) Impairment of Non Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee Benefits

(i) Defined Contribution Plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Other Long Term Employee Benefits
The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the risk free interest rate. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Short Term Benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Revenue

(i) Goods Sold
Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Lines charges represent income charged to energy retailers based on their meter readings during the period. An allowance is made for unbilled line charges from energy retailers to the end of the period.

(ii) Services
Revenue from services rendered comprises the amounts received and receivable by the Group for services supplied to customers in the ordinary course of business.

(iii) Vested Assets and Capital Contribution
Vested assets and capital contributions are recognised as revenue at the fair value of the assets at the point that assets are connected to the network.

(n) Leases (as lessee)

(i) Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At commence of the lease term, the Group recognises finance leases as assets and liabilities in the balance sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainly as to whether the Group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

(ii) Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised as an expense on a straight-line basis over the term of the lease.

(o) Finance Income and Expenses

Finance income comprises interest income on funds invested, unwinding of the discount on assets and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings and dividends on preference shares classified as liabilities. Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is defined as a separate asset where the construction period exceeds twelve months and costs in excess of $2m. All other borrowing costs are recognised in profit or loss using the effective interest method.

(p) Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Goods and Services Tax

(i) Parent

The West Coast Electric Power Trust (parent) is not registered for Goods and Services Tax (GST). All items in the financial statements are inclusive of GST.

(ii) Subsidiaries

All items in the financial statements are net of Goods and Services Tax except for debtors and creditors which are shown in the balance sheet inclusive of GST.

(r) Changes in accounting policies and disclosures

There have been no changes in accounting policies and disclosures during the financial year.

(s) New Standards adopted and interpretations on issue but not yet effective

The following standards are relevant to the group's operations:

NZ IFRS 9 Financial Instruments (will replace NZ IAS 39)
At present only phase 1 of NZ IFRS 9 has been issued. It covers classification and measurement of financial assets. The group has not yet assessed the impact of this standard that will become mandatory for the group's 2014 financial statements.

NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (issued 2004).
The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, Plant and Equipment

The fair value of the distribution system assets is based on Depreciated Replacement Cost methodology, which incorporates an engineering optimisation of the system.

The fair value of property, plant and equipment recognised is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(b) Investments in Equity

The fair value of financial assets at available-for-sale financial assets is determined by non-market valuation techniques at the reporting date.

(c) Trade and Other Receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at cost less impairment losses.

(d) Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING REVENUE

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Line Charges	17,167	18,374	-	-
Rentals & Sundry Income	486	357	2	3
Vested Assets	342	469	-	-
Contracting and Consulting Income	25,639	26,386	-	-
Total Operating Revenue	43,634	45,586	2	3

6. OTHER INCOME

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Gain on sale of property, plant and equipment	17	12	-	-
Dividend income on available for sale financial assets	12	30	-	-
Total Other Income	29	42	-	-

7. OPERATING EXPENSES

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Loss on disposal of property, plant and equipment	662	265	-	-
Loss on revaluation	90	-	-	-
Donations	50	-	-	-
Trustees Honoraria	60	59	60	59
Directors' Fees	184	143	-	-
Auditor's remuneration to PricewaterhouseCoopers				
- Audit of financial statements	7	8	7	8
- Other services [1]	8	-	-	-
Auditor's remuneration to Audit New Zealand comprises:				
- Audit of financial statements	115	109	-	-
- Other audit related services	15	33	-	-
Operating Lease Expense	446	469	-	-
Transmission Charges	3,502	4,380	-	-
Maintenance and Operations	4,873	5,046	49	105
Employee Related Expenses				
- Defined contribution schemes	420	408	-	-
- Other employee benefits	13,528	12,609	-	-
Other Expenses	8,515	9,160	-	-
	32,475	32,689	116	172

[1] The fee for the valuation of the distribution network of Westpower Limited undertaken by PricewaterhouseCooper of $58,000 was not invoiced in full in the year ended 31 March 2011.

8. FINANCE INCOME AND EXPENSES

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Interest income	104	538	24	32
Unwinding of discount	49	-	-	-
Dividends received	-	-	156	156
Finance Income	**153**	**538**	**180**	**188**
Interest expense on financial liabilities measured at amortised cost	1,435	1,339	-	-
Finance Expense	**1,435**	**1,339**	-	-
Net Finance Costs	**(1,282)**	**(801)**	**180**	**188**

9. INCOME TAX

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Current Tax Expense				
Current Period	1,495	1,709	-	-
Adjustment for prior periods	2	-	-	-
	1,497	1,709	-	-
Deferred Tax Expense				
Origination and reversal of temporary differences	130	530	-	-
Deferred tax income - change in tax rate	(799)	-	-	-
Deferred tax expense – removal of depreciation on buildings	1,057	-	-	-
	388	530	-	-
Income Tax Expense Recognised in Profit	**1,885**	**2,239**	-	-

Reconciliation of Effective Tax Rate

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Profit before income tax	5,008	7,609	66	19
Prima facie tax at 30%	1,502	2,283	20	6
Non deductible expenses	101	167	-	-
Change in temporary differences	28	(196)	(20)	(6)
Under (over) provided in prior periods	2	-	-	-
Imputation credits received	(6)	(15)	-	-
Effect on deferred tax balances of				
- change in tax rate	(799)	-	-	-
- removal of depreciation on buildings	1,057	-	-	-
Income Tax Expense Recognised in Profit	**1,885**	**2,239**	-	-

9. INCOME TAX (continued)

In May 2010, the Government announced a reduction in the rate of company tax from 30% to 28% effective from 1 April 2011. The effect of this change on the deferred tax balances has been reflected in the tax expense for the year show above.

The group deferred tax expense and deferred tax liability were also affected as a result of a provision in the 2010 Government Budget that removed the ability to claim tax depreciation on buildings with a useful life of 50 years or greater with effect from the 2012 financial year. This change has resulted in a substantial increase in the deferred tax expense for the year and a corresponding increase in the deferred tax liability.

Income Tax Recognised Directly in Equity

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Revaluation of property, plant and equipment	2,375	-	-	-
Derivatives	(24)	29	-	-
Impact of change in tax rate	(492)	-	-	-
Total Income Tax Recognised Directly In Equity	**1,859**	**29**	-	-

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Opening Balance 31-Mar-10 $000**	**Charged to Income $000**	**Charged to Equity $000**	**Closing Balance 31-Mar-11 $000**
Deferred Tax Liabilities				
Property, plant and equipment	17,043	508	1,868	19,419
Available for sale assets	22	(1)	-	21
Construction contracts	338	(32)	-	306
Tax Losses	-	(43)	-	(43)
	17,403	432	1,868	19,703
Deferred Tax Assets				
Employee Provisions	360	28	-	388
Provision for Doubtful Debts	10	14	-	24
Derivatives	193	-	9	202
	563	42	9	614
Net Deferred Tax Liability	16,840	390	1,859	19,089
Attributable to:				
Parent	-	-	-	-
Subsidiaries	16,840	390	1,859	19,089
	16,840	390	1,859	19,089

Included in the amount charged to income is $(799,000) relating to the reduction in the company tax rate from 30% to 28% with effect from 1 April 2011 and $1,057,000 in relation to the removal of tax depreciation for buildings with lives of 50 years or greater.

9. INCOME TAX (continued)

Group	Opening Balance 31-Mar-09 $000	Charged to Income $000	Charged to Equity $000	Closing Balance 31-Mar-10 $000
Deferred Tax Liabilities				
Property, plant and equipment	16,830	213	-	17,043
Available for sale assets	22	-	-	22
Construction contracts	-	338	-	338
Tax Losses	(138)	138	-	-
	16,714	689		17,403
Deferred Tax Assets				
Employee Provisions	307	53	-	360
Provision for Doubtful Debts	18	(8)	-	10
Derivatives	222	-	(29)	193
	547	45	(29)	563
Net Deferred Tax Liability	16,167	644	29	16,840
Attributable to:				
Parent	-	-	-	-
Subsidiaries	16,167	644	29	16,840
	16,167	644	29	16,840

Imputation Credits

	Group 31-Mar-11 $000	Group 31-Mar-10 $000	Parent 31-Mar-11 $000	Parent 31-Mar-10 $000
Imputation Credits at 1 April	**16,110**	**14,978**	**1,333**	**1,259**
UOMI interest	7	114	-	-
NZ tax payments, net of refunds	1,231	1,003	5	(3)
Imputation credits attached to dividends received	6	15	67	77
Prior period adjustment	(98)	-	-	-
Imputation Credits at 31 March	**17,256**	**16,110**	**1,405**	**1,333**
Imputation credits are available to shareholders of the Company:				
Through the parent	1,405	1,333	1,405	1,333
Through subsidiaries	15,851	14,777	-	-
	17,256	16,110	1,405	1,333

10. PROPERTY, PLANT AND EQUIPMENT

Group	Electricity Distribution System $000	Land and Buildings $000	Other $000	Total $000
Cost or deemed cost				
Balance at 31 March 2009	109,313	6,415	8,256	123,984
Revaluations	-	-	-	-
Additions	5,528	424	1,386	7,338
Disposals	(342)	-	(185)	(527)
Balance at 31 March 2010	**114,499**	**6,839**	**9,457**	**130,795**
Revaluations	(957)	233	-	(724)
Additions	4,050	37	5,716	9,803
Disposals	(562)	(102)	(226)	(890)
Balance at 31 March 2011	**117,030**	**7,007**	**14,947**	**138,984**
Accumulated Depreciation, Amortisation and Impairment				
Balance at 31 March 2009	6,326	247	3,290	9,863
Depreciation for the year	3,406	128	859	4,393
Impairment losses	-	-	-	-
Revaluations	-	-	-	-
Disposals	(97)	-	(144)	(241)
Balance at 31 March 2010	**9,635**	**375**	**4,005**	**14,015**
Depreciation for the year	3,761	129	880	4,770
Impairment losses	-	-	-	-
Revaluations	(9,635)	(373)	-	(10,008)
Disposals	-	(2)	(176)	(178)
Balance at 31 March 2011	**3,761**	**129**	**4,709**	**8,599**
Net Book Value at 31 March 2010	**104,864**	**6,464**	**5,452**	**116,780**
Net Book Value at 31 March 2011	**113,269**	**6,878**	**10,238**	**130,385**

Capital work in progress is contained in the following categories:

	Group		Parent	
	31-Mar-11 $000	31-Mar-10 $000	31-Mar-11 $000	31-Mar-10 $000
Electricity Distribution System	1,289	2,173	-	-
Land and Buildings	-	-	-	-
Other	6,244	1,600	-	-
	7,533	3,773	-	-

Security

At 31 March 2011, the assets of the group are subject to a guarantee to secure bank loans.

11. GOODWILL AND OTHER INTANGIBLES

Group	Goodwill $000	Software $000	Total $000
Cost or deemed cost			
Balance at 31 March 2009	6,793	1,201	7,994
Additions	200	77	277
Disposals	-	-	-
Balance at 31 March 2010	**6,993**	**1,278**	**8,271**
Additions	-	181	181
Disposals	-	-	-
Balance at 31 March 2011	**6,993**	**1,459**	**8,452**
Depreciation and impairment losses			
Balance at 31 March 2009	-	620	620
Amortisation for the year	-	135	135
Impairment losses	-	-	-
Disposals	-	-	-
Balance at 31 March 2010	-	**755**	**755**
Amortisation for the year	-	128	128
Impairment losses	-	-	-
Disposals	-	-	-
Balance at 31 March 2011	-	**883**	**883**
Net Book Value 31 March 2010	**6,993**	**523**	**7,516**
Net Book Value 31 March 2011	**6,993**	**576**	**7,569**

Goodwill has been assessed based on profitability forecasts for these entities and no impairment has occurred.

12. INVESTMENT IN SUBSIDIARIES

	Group		Parent	
	31-Mar-11 $000	31-Mar-10 $000	31-Mar-11 $000	31-Mar-10 $000
Ordinary Shares – Westpower Limited	-	-	25,000	25,000
Preference Shares – Westpower Limited	-	-	5,300	5,300
	-	-	30,300	30,300

13. OTHER INVESTMENTS

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Non Current Investments				
Available for sale financial assets				
- International Panel & Lumber (West Coast) Limited	103	103	-	-
- Other investments	9	7	-	-
Other Loans	724	1,929	-	-
Term Deposits	932	873	932	873
	1,768	2,912	932	873

14. FINANCE LEASE RECEIVABLE (GROUP)

	Minimum Future Lease Payments		Present Value of Future Lease Payments	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
No longer than one year	24	64	17	52
Later than one year and not later than five years	30	54	26	43
Minimum lease payments	54	118	43	95
Less future finance charges	(11)	(23)	-	-
Present value of minimum lease payments	43	95	43	95
Comprising:				
Current			17	52
Non Current			26	43
			43	95

15. CASH AND CASH EQUIVALENTS

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Bank Balances	581	493	13	31
Call Deposits	913	1,194	-	-
Cash and Cash Equivalents in Statement of Cashflows	1,494	1,687	13	31

16. TRADE AND OTHER RECEIVABLES

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Trade and other receivables	6,012	4,947	2	1
Trade receivables due from related parties				
Other loans receivable – current portion	-	602	-	-
Construction work in progress	14,550	10,253	-	-
	20,562	15,802	2	1
less provision for impairment	(83)	(37)	-	-
	20,479	15,765	2	1

17. CONSTRUCTION CONTRACTS

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Construction costs incurred	10,435	8,047	-	-
Recognised profits (less recognised losses to date)	4,437	3,313	-	-
	14,872	11,360	-	-
Less progress billings	(1,494)	(1,894)	-	-
Due from customers	13,378	9,466	-	-

The balance due from customers is included in Construction Work In Progress (Note 16). No advances have been received and no retentions have been included in Progress Billings.

18. EQUITY

Trust Capital

The initial trust equity is represented by the value associated with the 25,000,000 (2010 25,000,000) ordinary shares and 300,000 (2010 300,000) 7.25% redeemable preference shares which were transferred from the Crown to the Trust at inception. Subsequent to this 5,000,000 (2010 5,000,000) preference shares were issued by Westpower Limited to the Trust. There have been no movements in shares since the issue of the preference shares.

Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.

Revaluation Reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

18. EQUITY (continued)

GROUP	Attributable to Equity Holders of the Company						
	Share Capital $000	*Hedging Reserve $000*	*Revaluation Reserve $000*	*Retained Earnings $000*	*Total $000*	Minority Interest *$000*	Total Equity *$000*
Balance at 31 March 2009	30,300	(521)	13,976	52,146	95,901	885	96,786
Profit for the period	-	-	-	5,356	5,356	14	5,370
Other comprehensive income:							
Fair value of cashflow hedges	-	96	-	-	96	-	96
Income tax on items taken directly to equity	-	(29)	-	-	(29)	-	(29)
Total other comprehensive income	-	67	-	-	67	-	67
Total comprehensive income for the period	-	67	-	5,356	5,423	14	5,437
Balance at 31 March 2010	**30,300**	**(454)**	**13,976**	**57,502**	**101,324**	**899**	**102,223**
Profit for the period	-	-	-	3,129	3,129	(6)	3,123
Other comprehensive income:							
Gain on Revaluation	-	-	9,375	-	9,375	-	9,375
Fair value of cashflow hedges	-	(79)	-	-	(79)	-	(79)
Income tax on items taken directly to equity	-	9	(1,868)	-	(1,859)	-	(1,859)
Total other comprehensive income	-	(70)	7,507	-	7,437	-	7,437
Total comprehensive income for the period		(70)	7,507	3,129	10,566	(6)	10,560
Transfer to Retained Earnings	-	-	(20)	20	-	-	-
Contributions from Equity Holders	-	-	-	-	-	150	150
Balance at 31 March 2011	**30,300**	**(524)**	**21,463**	**60,651**	**111,890**	**1,043**	**112,933**

18. EQUITY (continued)

PARENT	Attributable to Equity Holders of the Company						
	Share Capital $000	*Hedging Reserve $000*	*Revaluation Reserve $000*	*Retained Earnings $000*	*Total $000*	Minority Interest *$000*	Total Equity *$000*
Balance at 31 March 2009	30,300	-	-	862	31,162	-	31,162
Profit for the period	-	-	-	19	19	-	19
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	19	19	-	19
Balance at 31 March 2010	**30,300**	-	-	**881**	**31,181**	-	**31,181**
Profit for the period	-	-	-	66	66	-	66
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	66	66	-	66
Balance at 31 March 2011	**30,300**	-	-	**947**	**31,247**	-	**31,247**

19. LOANS AND BORROWINGS

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Non Current Liabilities				
Secured bank loans	-	-	-	-
Current Liabilities				
Current portion of secured bank loans	23,450	21,000	-	-
Other loans	58	-	-	-
	23,508	21,000	-	-
	23,508	21,000	-	-

	Weighted Average Interest Rate	*Face Value 2011 $000*	*Carrying Value 2011 $000*	*Face Value 2010 $000*
Less than one year				
Secured bank loans	6.11%	23,450	23,450	21,000
Other loans – subsidiaries	10.66%	58	58	-
Total Interest Bearing Liabilities – Group		**23,508**	**23,508**	**21,000**

The Westpac loan facility is due to roll over in December 2011. The roll over of this facility is at the discretion of the Bank and therefore is required to be disclosed as current. However the Company expects that this facility will be rolled over for at least another year and is currently in negotiation with Westpac for the renewal of the facility.

The bank loans are secured over all the assets of the Group.

20. FINANCE LEASE PAYABLE (GROUP)

	Minimum Future Lease Payments		Present Value of Future Lease Payments	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
No longer than one year	94	94	87	80
Later than one year and not later than five years	49	143	47	134
Minimum lease payments	143	237	134	214
Less future finance charges	(9)	(23)	-	-
Present value of minimum lease payments	134	214	134	214
Comprising:				
Current			87	80
Non Current			47	134
			134	214

21. TRADE AND OTHER PAYABLES

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Trade payables due to related parties				
Other trade payables	4,097	3,291	4	29
Accrued interest	184	145	-	-
	4,281	3,436	4	29

22. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, foreign currency, and liquidity risks arises in the normal course of the Group's business.

Credit Risk

Financial instruments which potential subject the Group to credit risk are cash and cash equivalents, trade receivables and investments. The Group places its cash with high quality financial institutions and limits the amount of exposure to any one financial institution. The Group has a high concentration of credit risk to Trustpower in relation to distribution line charges to the electricity retailer and other contract works and Transpower in relation to contract works. Trustpower and Transpower represent 8% and 70% respectively of receivables as at 31 March 2011 (2010 9% and 57% respectively).

Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and delivery terms and conditions are offered. The parent company has debtors who have damaged network assets. Many of these debtors are unable to settle their accounts immediately and payment arrangements have been entered into through the Courts.

The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

The Group's exposure to geographical credit risk is almost entirely within New Zealand, with some transactions to Australia.

The status of trade and finance lease receivables at the reporting date is as follows:

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Not past due	19,853	15,302	1	1
Past due 0-30 days	462	291	-	-
Past due 31-60 days	69	62	-	-
Past due more than 60 days	195	199	-	-
	20,579	15,854	1	1
Allowance for impairment	(84)	(37)	-	-
	20,495	15,817	1	1

An allowance for impairment of receivables relates to debts past due by more than 60 days and is based on an analysis of individual balances.

Loans receivable are secured by way of bond or other commercial arrangement. The value of security is at least equal to the value of the outstanding loan balance.

Liquidity Risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

Foreign Currency Risk

The Group has minimal currency risk given that financial instruments are principally transacted in New Zealand dollars. Foreign exchange contracts are employed by the Group to manage its exposure to currency fluctuations for major transactions denominated in currencies other than New Zealand dollars.

Interest Rate Risk

The Group manages its exposure to changes in interest rates on borrowings in line with policy parameters set in its Treasury Policy. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating interest rate exposures.

Interest rate swap contracts outstanding at balance date:

	Contracted Fixed Interest Rate		Notional Principal Amount		Fair Value	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000	$000	$000
Outstanding floating to fixed contracts:						
Less than 1 year	-	-	-	-	-	-
1 to 3 years	6.72%	7.26%	9,000	9,000	(550)	(570)
3 to 5 years	5.65%	5.65%	3,000	3,000	(174)	(75)
			12,000	12,000	(724)	(645)

These swap contracts have been designated as cashflow hedges.

Other Market Price Risk

The entity is not exposed to substantial other market price risk arising from financial instruments.

Capital Management

The Group's capital includes share capital, reserves, retained earnings and minority interests. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and shareholder confidence and to sustain future development of the business. The impact of the level of capital on shareholders' returns is also recognised and the Group derecognised the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business segments operations and activities is, to a large extent, driven by derecognised of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operations and activities.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's management of capital during the period.

Sensitivity Analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short term fluctuations on the Group's earnings. Over the longer term however, permanent changes in foreign exchange and interest rates will have an impact on profit.

At 31 March 2011, it is estimated that a general increase of one percentage point in interest rates could decrease the Group's profit by $114,500 (2010 $90,000) and increase equity (excluding retained earnings) by $249,000 (2010 $276,000).

It is estimated that a general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased the Group's profit before tax by less than $10,000 for the year ended 31 March 2011 (2010 less than $10,000).

A decrease in both interest rates and exchange rates would have the opposite impact on profit than that described above.

Classification of Financial Instruments

GROUP – 2011	Note	Designated at fair value $000	Loans and receivables $000	Held to maturity $000	Available for sale $000	Other Amortised Cost $000	Total Carrying Value $000
Current Assets							
Cash and cash equivalents	15	-	1,494	-	-	-	1,494
Trade and other receivables	16	-	20,479	-	-	-	20,479
Finance lease receivable	14	-	17	-	-	-	17
		-	21,990	-	-	-	21,990
Non Current Assets							
Other investments	13	-	-	932	112	724	1,768
Finance lease receivables	14	-	26	-	-	-	26
		-	26	932	112	724	1,794
Total Financial Assets		-	22,016	932	112	724	23,784
Current Liabilities							
Trade and other payables	21	-	-	-	-	4,281	4,281
Finance lease payable	20	-	-	-	-	87	87
Loans and borrowings	19	-	-	-	-	23,508	23,508
		-	-	-	-	27,876	27,876
Non Current Liabilities							
Financial derivatives		724	-	-	-	-	724
Finance lease payable	20	-	-	-	-	47	47
		724	-	-	-	47	771
Total Financial Liabilities		724	-	-	-	27,923	28,647

GROUP – 2010	Note	Designated at fair value $000	Loans and receivables $000	Held to maturity $000	Available for sale $000	Other Amortised Cost $000	Total Carrying Value $000
Current Assets							
Cash and cash equivalents	15	-	1,687	-	-	-	1,687
Trade and other receivables	16	-	15,765	-	-	-	15,765
Finance lease receivable		-	52	-	-	-	52
		-	17,504	-	-	-	17,504
Non Current Assets							
Other investments	13	-	1,254	873	110	675	2,912
Finance lease receivables	14	-	43	-	-	-	43
		-	1,297	873	110	675	2,955
Total Financial Assets		-	18,801	873	110	675	20,459
Current Liabilities							
Trade and other payables	21	-	-	-	-	3,436	3,436
Finance lease payable	20	-	-	-	-	80	80
Loans and borrowings	19	-	-	-	-	21,000	21,000
		-	-	-	-	24,516	24,516
Non Current Liabilities							
Financial derivatives		645	-	-	-	-	645
Finance lease payable		-	-	-	-	134	134
		645	-	-	-	134	779
Total Financial Liabilities		645	-	-	-	24,650	25,295

PARENT – 2011	Note	Designated at fair value $000	Loans and receivables $000	Held to maturity $000	Available for sale $000	Other Amortised Cost $000	Total Carrying Value $000
Current Assets							
Cash and cash equivalents	15	-	13	-	-	-	13
Trade and other receivables	16	-	2	-	-	-	2
		-	15	-	-	-	15
Non Current Assets							
Other investments	13	-	-	932	-	-	932
		-	-	932	-	-	932
Total Financial Assets		-	15	932	-	-	947
Current Liabilities							
Trade and other payables	21	-	-	-	-	4	4
		-	-	-	-	4	4
Total Financial Liabilities		-	-	-	-	4	4

PARENT – 2010	Note	Designated at fair value $000	Loans and receivables $000	Held to maturity $000	Available for sale $000	Other Amortised Cost $000	Total Carrying Value $000
Current Assets							
Cash and cash equivalents	15	-	31	-	-	-	31
Trade and other receivables	16	-	1	-	-	-	1
		-	32	-	-	-	32
Non Current Assets							
Other investments	13	-	-	873	-	-	873
		-	-	873	-	-	873
Total Financial Assets		-	32	873	-	-	905
Current Liabilities							
Trade and other payables	21	-	-	-	-	29	29
		-	-	-	-	29	29
Total Financial Liabilities		-	-	-	-	29	29

Maturity Analysis of Financial Liabilities

Group 2011	Balance Sheet $000	Contractual Cashflows $000	Less than 1 Year $000	1-2 Years $000	2-5 Years $000
Secured bank loans	23,450	24,473	24,473	-	-
Trade and other payables	4,281	4,281	4,281	-	-
Total Non Derivative Liabilities	**27,731**	**28,754**	**28,754**	**-**	**-**
Interest Rate Swaps:					
Net Interest Settled Outflow (Inflow)	724	743	441	244	58
	28,455	**29,497**	**29,195**	**244**	**58**

Group 2010	Balance Sheet $000	Contractual Cashflows $000	Less than 1 Year $000	1-2 Years $000	2-5 Years $000
Secured bank loans	21,000	21,194	21,194	-	-
Trade and other payables	3,436	3,436	3,436	-	-
Total Non Derivative Liabilities	**24,436**	**24,630**	**24,630**	**-**	**-**
Interest Rate Swaps:					
Net Interest Settled Outflow (Inflow)	645	662	433	199	30
	25,081	**25,292**	**25,063**	**199**	**30**

Parent 2011	Balance Sheet $000	Contractual Cashflows $000	Less than 1 Year $000	1-2 Years $000	2-5 Years $000
Trade and other payables	4	4	4	-	-
Total Non Derivative Liabilities	**4**	**4**	**4**	**-**	**-**

Parent 2010	Balance Sheet $000	Contractual Cashflows $000	Less than 1 Year $000	1-2 Years $000	2-5 Years $000
Trade and other payables	29	29	29	-	-
Total Non Derivative Liabilities	**29**	**29**	**29**	**-**	**-**

23. COMMITMENTS

	Group		Parent	
	31-Mar-11 $000	31-Mar-10 $000	31-Mar-11 $000	31-Mar-10 $000
Capital Commitments				
No longer than 1 year	10,108	-	-	-
Operating Lease Commitments				
No longer than 1 year	111	417	-	-
1 to 2 years	102	422	-	-
2 to 5 years	141	243	-	-

24. CONTINGENCIES

Electronet Services Limited, Mitton Electronet Limited and Electronet Transmission Limited have provided guarantees secured over the assets of the companies, to Westpac in relation to debts owed by Westpower Limited. (No change from 2010)

Electronet Services Limited has no contractor bonds held by Westpac. (2010 $45,898)

Electronet Services Limited has provided a guarantee in relation to the property leased by Mitton Electronet Limited. (No change from 2010)

Westpower Limited has provided bank guarantees from Westpac to the value of $300,000. (2010 nil)

Assets to the value of $100,000 are currently unable to be retrieved from the Mitton Electronet's offices in 151 Kilmore Street, as the offices are contained within a restricted area of Christchurch's central business district. These assets have not been derecognised in the statement of financial position. The company has confirmed that these assets were not damaged in the February 2011 earthquake. The company has recognised that there is a remote possibility that these assets will not be recoverable. Any loss of these assets will be covered by insurance.

The Group has no other contingent liabilities or contingent assets.

25. RECONCILIATION OF PROFIT FOR THE PERIOD WITH NET CASH FROM OPERATING ACTIVITIES

	Group		Parent	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	$000	$000	$000	$000
Profit for the period	**3,123**	**5,370**	**66**	**19**
Adjustments for non cash items				
Depreciation	4,770	4,393	-	-
Amortisation of intangibles	127	135	-	-
Vested assets	(342)	(469)	-	-
Unwinding of discount	(49)	49	-	-
Loss (Gain) on sale of property, plant and equipment	645	253	-	-
Loss on revaluation	90	-	-	-
Change in deferred tax	390	645	-	-
Change in employee benefits (non current)	43	39	-	-
	5,631	5,045	-	-
Movement in working capital items				
Change in trade and other receivables	(4,714)	(6,897)	(1)	-
Change in inventories	108	1,610	-	-
Change in trade and other payables	845	(702)	(25)	19
Change in employee benefits (current)	259	21	-	-
Change in current tax asset	262	595	-	2
Adjustments for items classified as investing activities				
Change in capital creditors	(471)	992	-	-
Change in capital prepayments	155	-	-	-
Change in finance lease receivable (current)	35	64	-	-
Change in finance lease receivable (non current)	17	51	-	-
Change in loan receivable (current)	(602)	-	-	-
Net Cash from Operating Activities	**4,691**	**6,149**	**40**	**40**

26. RELATED PARTIES

Parent and Ultimate Controlling Party

The immediate parent of the Group is the West Coast Electric Power Trust. See summary of group entities Note 27.

Directors Interests

Directors or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The transactions were for the purchase of electricity contracting and IT services. The terms and conditions of the transactions with directors and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm’s length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Note	Transaction Value for the period ended		Balance Outstanding	
		31-Mar-11 $000	31-Mar-10 $000	31-Mar-11 $000	31-Mar-10 $000
Director:					
H Little	(i)	10	-	-	-
S Merriman	(ii)	254	75	37	-
R Cornelius	(iii)	4	8	-	-

(i) The Group provided services to H Little and Westland Milk Products. H Little is a shareholder of this company.
(ii) The Group provides services to W Merriman, Marshall and Heaphy Limited, Top Gear Limited and High Street Business Park Limited. S Merriman is the managing director of Marshall and Heaphy Limited, shareholder and director High Street Business Park Limited and shareholder of Top Gear Limited.
(iii) The Group provides services to CMP Kokiri Limited. R Cornelius is a director of this company.

Other Related Party Transactions

	Transaction Value for the period ended		Balance Outstanding	
	31-Mar-11 $000	31-Mar-10 $000	31-Mar-11 $000	31-Mar-10 $000
ElectroNet Services Limited and Westpower Limited				
Services provided to Westpower	15,665	16,783	2,194	2,062
Services received from Westpower	75	77	7	7
Loan to Westpower	1,856	3,000	1,535	994
Interest paid by Westpower	74	60	7	5
Dividend paid to Westpower	2,000	2,250	-	-
Tax transfers to Electronet Services	-	456	-	-
ElectroNet Services Limited and Amethyst Hydro Limited				
Services provided to Amethyst Hydro	68	2	68	-
ElectroNet Services Limited and Mitton Electronet Limited				
Services provided to Mitton Electronet	217	101	120	37
Services received from Mitton Electronet	362	328	34	70
Dividend paid by Mitton Electronet	385	400	-	-
Mitton Electronet Limited and Westpower Limited				
Services provided to Westpower	249	400	29	31
Loan advance from Westpower	775	-	3,500	4,275
Interest paid to Westpower	174	159	13	14
Loan advance to Westpower	1,200	1,100	410	570
Interest paid by Westpower	46	21	2	3
Mitton Electronet Limited and Amethyst Hydro Limited				
Services provided to Amethyst Hydro	240	346	31	38
Mitton Electronet Limited and Electronet Transmission Limited (ETL)				
Services provided to ETL	13	-	-	-

	Transaction Value for the period ended		Balance Outstanding	
	31-Mar-11 $000	31-Mar-10 $000	31-Mar-11 $000	31-Mar-10 $000
Westpower Limited and Amethyst Hydro Limited				
Interest paid to Amethyst Hydro	59	108	3	9
Advance to Westpower	4,145	100	605	2,900
Equity Contributions from Westpower	1,850	-	-	-
ElectroNet Services Limited and Electronet Transmission Limited (ETL)				
Services provided to ETL	132	139	30	26
Services provided by ETL	97	78	-	31
Loan advance to ETL	-	30	-	-
Dividend paid by ETL	385	350	-	-
Westpower Limited and Electronet Transmission Limited				
Loan advance to ETL		-	1,500	1,500
Interest paid by ETL	60	57	6	5
Loan advance to Westpower	400	650	200	200
Interest paid by Westpower	9	8	-	1
Westpower Limited and West Coast Electric Power Trust				
Dividends paid by Westpower	156	156	-	-
Electronet Services Limited and West Coast Electric Power Trust				
Services provided by Electronet Services	4	1	-	-

Key Management Personnel Compensation

Key management personnel include the Board of Directors and senior management.

	31-Mar-11 $000	31-Mar-10 $000
Salaries and other short term benefits	1,355	1,196
Post employment benefits	-	-
Other long term benefits	-	-
	1,355	1,196

27. Group entities

Subsidiaries

	Country of Incorporation	Ownership Interest (%) 2011	2010
Westpower Limited (subsidiary of West Coast Electric Power Trust)	New Zealand	100	100
Electronet Services Limited (ENS) (subsidiary of Westpower)	New Zealand	100	100
Mitton Electronet Limited (subsidiary of ENS)	New Zealand	100	100
Electronet Transmission Limited (subsidiary of ENS)	New Zealand	100	100
Amethyst Hydro Limited (subsidiary of Westpower)	New Zealand	88	80
West Coast Options Limited	New Zealand	-	100

28. Statement of Performance

	Notes	Actual 2010/11	Target 2010/11	Target 2011/12	Target 2012/13
Safety					
Lost time injury frequency rate	a	7.32	0	0	0
Reliability					
SAIDI (System Average Interruption Duration Index)	b	297.6	130	120	118
SAIFI (System Average Interruption Frequency Index)	b	2.62	1.36	1.34	1.32
Asset Management					
Opex Ratio [1]		6.4%	6.5%	6.5%	6.6%
Capex Ratio [2]	c	3.3%	5.1%	4.8%	3.8%
Renewal Ratio [3]	d	86%	119%	131%	102%
Environment					
Number of reported breaches of resource consent conditions per annum		0	0	0	0
Number of environmental incidents		0	0	0	0
Financial Performance					
Group operating surplus before tax	e	$5.1m	$6.6m	$8.5m	$11.8m
Operating surplus after tax on consolidated shareholder funds	e	2.9%	6.2%	7.6%	9.8%
% of contracting revenue from group external parties		71%	>30%	>30%	>30%
Consolidated shareholder funds to total assets		69%	>50%	>50%	>50%

[1] Operational Expenditure/System Assets Depreciated Replacement Cost
[2] Capital Expenditure/System Assets Depreciated Replacement Cost
[3] Asset Renewal-Refurbishment Opex and Capex/Depreciation

a) The Group has a target of zero harm, however 3 lost time injury incidents occurred. The frequency rate is calculated using a formula provided by ACC.
b) As in previous years the severity of storm related damage to network infrastructure played a large part in the high SAIDI and SAIFI results for 2011; in particular severe wind conditions from Dobson to South Westland in May 2010.
c) The decrease in the capex ratio is due to reduced capital expenditure as well as the increase in the value of system assets as a result of the revaluation.
d) The difference between the actual and target renewal ratio relates in part of the changes brought about by the network revaluation and in part by classification of capital expenditure in setting the target.
e) The difference between actual and target financial performance relates to the timing of projects along with the impact of revaluations which could not reliably be forecast in the targets.

29. Post Balance Date Events

Since balance date, Amethyst Hydro Limited has let the contracts for the turbine and generator supply for the hydro development project. A loan facility for Amethyst Hydro Limited has also been agreed with Westpac Limited. This facility has been guaranteed by Westpower Limited.

In June 2011 the Trust made a loan of $800,000 to Westpower Limited.

No other significant events have occurred in the period between balance date and the authorisation of the financial statements for issue by the Board of Directors.