

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2013

	Notes	Group		Parent	
		31-Mar-13 \$000	31-Mar-12 \$000	31-Mar-13 \$000	31-Mar-12 \$000
Operating Revenue	5	49,273	42,351		
Other Income	6	54	49	156	156
		49,327	42,400	156	156
Operating Expenses	7	35,610	32,202	123	206
Depreciation, Amortisation and Impairment		5,287	5,206		
		40,897	37,408	123	206
Operating Profit (Loss)		8,430	4,992	33	(50)
Finance Income		70	94	4	13
Finance Expenses		(891)	(1,409)		
Net Finance Cost	8	(821)	(1,315)	4	13
Profit (Loss) Before Income Tax		7,609	3,677	37	(37)
Income Tax	9	2,486	1,092		
Profit (Loss) After Income Tax		5,123	2,585	37	(37)
Attributable to:					
Company Shareholders		5,196	2,594	37	(37)
Minority Interests		(73)	(9)		
		5,123	2,585	37	(37)

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 2013

	Notes	Group		Parent	
		31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
		\$000	\$000	\$000	\$000
Profit (Loss) For The Period		5,123	2,585	37	(37)
Impairment loss on revaluation		(15,330)			
Fair value of cashflow hedges		1,139	123		
Income tax on other comprehensive income		4,116	(51)		
Other comprehensive income		(10,075)	72		
Total Comprehensive Income		(4,952)	2,657	37	(37)
Attributable to:					
Parent Entity		(4,958)	2,678	37	(37)
Minority Interest		6	(21)		
		(4,952)	2,657	37	(37)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

	Notes	Group		Parent	
		31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
		\$000	\$000	\$000	\$000
Balance at 1 April		115,960	112,933	31,210	31,247
Total comprehensive income		(4,952)	2,657	37	(37)
Contributions from equity holders			370		
Dividends to equity holders					
Balance at 31 March		111,008	115,960	31,247	31,210
Attributable to:					
Parent Entity		109,610	114,568	31,247	31,210
Minority Interest		1,398	1,392		
		111,008	115,960	31,247	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

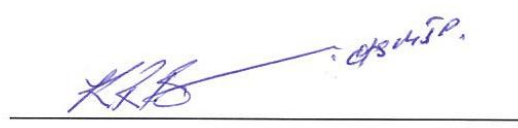
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Notes	Group		Parent	
		31-Mar-13 \$000	31-Mar-12 \$000	31-Mar-13 \$000	31-Mar-12 \$000
NON CURRENT ASSETS					
Property, Plant and Equipment	10	144,288	141,587		
Goodwill and Other Intangible Assets	11	7,578	7,647		
Investments in Subsidiaries	12			30,300	30,300
Other Investments	13	906	889		
Finance Lease Receivable	14		6		
Financial Derivatives	22	906			
Total Non Current Assets		153,678	150,129	30,300	30,300
CURRENT ASSETS					
Cash and Cash Equivalents	15	2,149	2,740	45	48
Other Investments	13	100	90	100	90
Investments in Subsidiaries	12			800	800
Trade and Other Receivables	16	9,579	10,296	12	8
Finance Lease Receivable	14	6	20		
Inventories		1,123	1,124		
Current Tax Assets		2	122	2	6
Total Current Assets		12,959	14,392	959	952
TOTAL ASSETS		166,637	164,521	31,259	31,252
EQUITY					
Reserves	18	10,869	21,023		
Retained Earnings	18	98,741	93,545	31,247	31,210
Minority Interest	18	1,398	1,392		
TOTAL EQUITY		111,008	115,960	31,247	31,210
NON CURRENT LIABILITIES					
Loans and Borrowings	19	21,300	4,250		
Financial Derivatives	22	304	347		
Contract Retentions Held			305		
Employee Benefits		506	439		
Deferred Tax Liabilities	9	15,299	18,964		
Total Non Current Liabilities		37,409	24,305		
CURRENT LIABILITIES					
Trade and Other Payables	21	4,657	4,913	12	42
Contract Retentions Held		243			
Employee Benefits		1,806	1,698		
Finance Lease Payable	20		47		
Financial Derivatives	22	62	248		
Current Portion of Borrowings	19	11,000	17,350		
Income tax payable		452			
Total Current Liabilities		18,220	24,256	12	42
TOTAL LIABILITIES		55,629	48,561	12	42
TOTAL EQUITY AND LIABILITIES		166,637	164,521	31,259	31,252

Authorised for issue on 26 July 2013 for and on behalf of the Trust:





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 2013

	Notes	31-Mar-13 \$000	31-Mar-12 \$000	31-Mar-13 \$000	31-Mar-12 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		49,729	52,162		
Interest Received		46	41	3	10
Dividends Received		11	20	156	156
Payments to suppliers and employees		(35,368)	(31,337)	(156)	(175)
Interest Paid		(944)	(1,466)		
Income Tax (Paid) Received		(1,462)	(1,509)	4	3
Net GST Paid		47	(65)		
Net cash inflows/(outflows) from operating activities	25	12,059	17,846	7	(6)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		71	47		
Loan and sinking fund payments received			952		952
Proceeds from sale of investments		90		90	
Acquisition of property, plant and equipment		(23,271)	(15,635)		
Acquisition of investments		(100)	(110)	(100)	(910)
Purchase of goodwill and intangibles		(93)	(230)		
Net cash inflows/(outflows) from investing activities		(23,303)	(14,976)	(10)	42
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		27,450	49,650		
Contributions from equity holders			370		
Repayment of borrowings		(16,797)	(51,645)		
Dividends paid					
Net cash inflows/(outflows) from financing		10,653	(1,625)		
Net increase (decrease) in cash and cash equivalents		(592)	1,246	(3)	36
Cash and cash equivalents at 1 April		2,740	1,494	48	12
Cash and cash equivalents at 31 March	15	2,149	2,740	45	48

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 consolidated financial statements comprise the parent and its subsidiaries as at and for the year ended 31 March 2013 (see note 27), together referred to as the Group.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting 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) 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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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.

(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 less impairment losses 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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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 amortised 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 amortised cost.

(ii) Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks and electricity price risk 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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

(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 31 March 2013 at \$101,728,000 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).

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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. Where impairment losses are recognized these are not reversible.

(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
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(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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

(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) Trade and Other Payables

Trade and other payables are stated at amortised cost.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

(l) 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.

(m) 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.

(n) 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.

(o) 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 the commencement 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 certainty 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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

(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.

(p) 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.

(q) Borrowings

Borrowings are recognised at cost. After initial recognition, all borrowings are measured at amortised cost using the effective interest rate method.

(r) 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.

(s) 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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

(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.

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

The Group has adopted the following new and amended standards as of 1 April 2012:

NZ IFRS 7 Disclosures – Transfers of Financial Assets (amendments) effective 1 January 2013

FRS 44 NZ Additional Disclosure effective 1 December 2012

Harmonisation Amendments effective for the financial year ended 31 March 2013

Adoption of the above standards did not have a material impact on the financial statements of the Group. The amendments to the following standards and interpretations are not expected to have a significant impact on the Group's operations.

	Effective for the financial year ending 31 March 2014
NZ IAS 1 Presentation of items of Other Comprehensive Income – Amendment to NZ IAS 1	
NZ IAS 12 Income Taxes: Deferred Tax Recovery of Underlying Assets (amendments)	2014
NZ IAS 19 Employee Benefits (Revised)	2014
NZ IFRS 12 Disclosures of Interests in Other Entities	2014
NZ IFRS 13 Fair Value Measurement	2014
NZ IFRS 9 Financial Instruments – Classification and Measurements	2016

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 discounted cashflow methodology.

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 amortised cost less impairment losses.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

(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.

The fair value of electricity swaps is calculated as the present value of estimated future cash flows of the instruments. Where possible observable market data is used in preparing these valuations including:

- forward electricity price curve generated using Australian Securities Exchange (ASX) quoted priced adjustment using location factors published by the Electricity Authority; and
- discount rates derived from market interest rates.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING REVENUE

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Line Charges	19,554	19,465		
Less Special Discount	(997)	(2,062)		
Rentals & Sundry Income	362	807		
Vested Assets	433	726		
Capital Contributions	81	35		
Contracting and Consulting Income	29,840	23,380		
Total Operating Revenue	49,273	42,351		

6. OTHER INCOME

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Gain on sale of property, plant and equipment	43	29		
Dividends from subsidiaries			156	156
Dividend income on available for sale financial assets	11	20		
Total Other Income	54	49	156	156

7. OPERATING EXPENSES

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Loss on disposal of property, plant and equipment	272	476		
Trustees Honoraria	74	84	74	84
Directors' Fees	211	216		
Auditor's remuneration to PriceWaterhouseCoopers:				
- Audit of financial statements		7		7
- Other services		53		32
Auditor's remuneration to Audit New Zealand:				
- Audit of financial statements	144	141	7	7
- Other audit related services	12	12		
Operating Lease Expense	287	221		
Transmission Charges	3,867	3,973		
Maintenance and Operations	4,783	4,697		
Employee Related Expenses				
- Defined contribution schemes	513	445		
- Other employee benefits	15,784	14,209		
Other Expenses	9,663	7,668	42	76
	35,610	32,202	123	206

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCE INCOME AND EXPENSES

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Interest income	47	43	4	13
Unwinding of discount	23	53		
Finance Income	70	96	4	13
Interest expense on financial liabilities measured at amortised cost	891	1,411		
Finance Expense	891	1,411		
Net Finance Costs	(821)	(1,315)	4	13

Parent interest income March 2012 included an additional \$4,501 being recovered Resident Withholding Tax in respect of year ended 31 March 2010 not previously accrued.

9. INCOME TAX

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Current Tax Expense				
Current Period	2,123	1,261		
Adjustment for prior periods	5			
	2,128	1,261		
Deferred Tax Expense				
Origination and reversal of temporary differences	358	(111)		
Deferred tax expense - removal of depreciation on buildings		(58)		
	358	(169)		
Income Tax Expense Recognised in Profit	2,486	1,092		
Reconciliation of Effective Tax Rate				
	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Profit before income tax	7,609	3,677	37	(37)
Prima facie tax at 28%	2,131	1,030	10	(11)
Non deductible expenses	249	74		
Change in temporary differences	101	54	(10)	11
Under (over) provided in prior periods	11			
Imputation credits received	(5)	(8)		
Effect on deferred tax balances of - removal of depreciation on buildings		(58)		
Income Tax Expense Recognised in Profit	2,486	1,092		

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX (continued)

	Income Tax Recognised Directly in Equity		Group		Parent	
			31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
			\$000	\$000	\$000	\$000
Reversal of deferred tax liability on revaluation of distribution system assets			(4,416)			
Movement in fair value of derivatives			300	52		
Total Income Tax Recognised Directly In Equity			(4,116)	52		

Recognised Deferred Tax Assets and Liabilities					
Deferred tax assets and liabilities are attributable to the following:					
Group	Opening Balance	Charged to Income	Charged to Equity	Closing Balance	
	31-Mar-12			31-Mar-13	
	\$000	\$000	\$000	\$000	
<i>Deferred Tax Liabilities</i>					
Property, plant and equipment	19,686	713	(4,416)	15,983	
Available for sale assets	21			21	
Construction contracts	2			2	
Derivatives	(151)		300	149	
	19,558	713	(4,116)	16,155	
<i>Deferred Tax Assets</i>					
Employee Provisions	441	14		455	
Provision for Doubtful Debts	25	14		39	
Tax losses	128	234		362	
	594	262		856	
Net Deferred Tax Liability	18,964	451	(4,116)	15,299	
Attributable to:					
Parent					
Subsidiaries	18,964	451	(4,116)	15,299	
	18,964	451	(4,116)	15,299	

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX (continued)

Group	Opening	Charged	Charged to	Closing
	Balance	to Income	Equity	Balance
	31-Mar-11			31-Mar-12
	\$000	\$000	\$000	\$000
<i>Deferred Tax Liabilities</i>				
Property, plant and equipment	19,419	267		19,686
Available for sale assets	21			21
Construction contracts	306	(304)		2
Tax Losses	(43)	(85)		(128)
	19,703	(122)		19,581
<i>Deferred Tax Assets</i>				
Employee Provisions	388	53		441
Provision for Doubtful Debts	24	1		25
Derivatives	202		(51)	151
	614	54	(51)	617
Net Deferred Tax Liability	19,089	(176)	51	18,964
Attributable to:				
Parent				
Subsidiaries	19,089	(176)	51	18,964
	19,089	(176)	51	18,964
Imputation Credits				
	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Imputation credits are available to shareholders of the Company:				
Through the Parent				
Through subsidiaries	18,845	17,443		
	18,845	17,443		

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

Group	Electricity	Hydro	Land and	Other	Total
	Distribution	Generation	Buildings		
	System				
	\$000	\$000	\$000	\$000	\$000
<i>Cost or deemed cost</i>					
Balance at 31 March 2011	117,030	6,141	7,007	8,807	138,984
Revaluations					
Additions	5,201	10,453	15	1,079	16,748
Disposals	(506)			(230)	(736)
Balance at 31 March 2012	121,726	16,594	7,022	9,656	154,996
Revaluations					
Additions	5,181	16,695	7	1,542	23,426
Disposals	(450)			(370)	(820)
Impairment loss on revaluation	(26,817)				(26,817)
Balance at 31 March 2013	99,640	33,289	7,029	10,828	150,785
<i>Accumulated Depreciation, Amortisation and Impairment</i>					
Balance at 31 March 2011	3,761		129	4,709	8,599
Depreciation for the year	3,990		129	934	5,053
Impairment loss on revaluation					
Revaluations					
Disposals	(78)			(165)	(243)
Balance at 31 March 2012	7,673		258	5,478	13,409
Depreciation for the year	4,004		130	962	5,096
Impairment loss on revaluation	(11,487)				(11,487)
Revaluations					
Disposals	(190)			(331)	(521)
Balance at 31 March 2013			388	6,109	6,497
Net Book Value at 31 March 2012	114,053	16,594	6,764	4,178	141,587
Net Book Value at 31 March 2013	99,639	33,289	6,642	4,719	144,288

Borrowing costs of \$666,591 have been capitalised during the period at a weighted average interest rate of 4.48% (2012 \$102,743 4.59%)

Capital work in progress is contained in the following categories:

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Electricity Distribution System	634	1,289		
Hydro Generation	33,289	16,594		
Land and Buildings	7			
Other	128	166		
	34,058	18,049		

Security

At 31 March 2013, the assets of the group are subject to a guarantee to secure bank loans.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

11. GOODWILL AND OTHER INTANGIBLES

Group	Goodwill \$000	Software \$000	Total \$000
<i>Cost or deemed cost</i>			
Balance at 31 March 2011	6,993	1,459	8,452
Additions		230	230
Disposals			
Balance at 31 March 2012	6,993	1,689	8,682
Additions		122	122
Disposals			
Balance at 31 March 2013	6,993	1,811	8,804
<i>Depreciation and impairment losses</i>			
Balance at 31 March 2011		883	883
Amortisation for the year		152	152
Impairment losses			
Disposals			
Balance at 31 March 2012		1,035	1,035
Amortisation for the year		191	191
Impairment losses			
Disposals			
Balance at 31 March 2013		1,226	1,226
Net Book Value 31 March 2012	6,993	654	7,647
Net Book Value 31 March 2013	6,993	585	7,578

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

12. INVESTMENT IN SUBSIDIARIES

	Group		Parent	
	31-Mar-13 \$000	31-Mar-12 \$000	31-Mar-13 \$000	31-Mar-12 \$000
Current Assets				
Loan to Westpower Limited			800	800
			800	800
Non Current Assets				
Ordinary Shares - Westpower Limited			25,000	25,000
Preference Shares - Westpower Limited			5,300	5,300
			30,300	30,300
			31,100	31,100

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

13. OTHER INVESTMENTS

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Current Assets				
Available for sale financial assets				
- Term deposits	100	90	100	90
	<u>100</u>	<u>90</u>	<u>100</u>	<u>90</u>
Non Current Assets				
Available for sale financial assets				
- International Panel & Lumber (West Coast) Limited	103	103		
- Other investments	3	9		
Other Loans	800	777		
	<u>906</u>	<u>889</u>		
	<u>1,006</u>	<u>979</u>	<u>100</u>	<u>90</u>

14. FINANCE LEASE RECEIVABLE (GROUP)

	Minimum Future Lease Payments		Present Value of Future Lease Payments	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
No longer than one year	6	24	6	20
Later than one year and not later than five years		6		6
Minimum lease payments	<u>6</u>	<u>30</u>	<u>6</u>	<u>26</u>
Less future finance charges		(4)		
Present value of minimum lease payments	<u>6</u>	<u>26</u>	<u>6</u>	<u>26</u>
Comprising:				
Current			6	20
Non Current				<u>6</u>
			<u>6</u>	<u>26</u>

15. CASH AND CASH EQUIVALENTS

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Bank Balances	499	518	5	48
Call Deposits	1,650	2,222	40	
Cash and Cash Equivalents in Statement of Cashflows	<u>2,149</u>	<u>2,740</u>	<u>45</u>	<u>48</u>

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Trade and other receivables	7,060	7,967	12	8
Trade receivables due from related parties				
Construction work in progress	2,557	2,378		
	9,617	10,345	12	8
less provision for impairment	(38)	(49)		
	9,579	10,296	12	8

17. CONSTRUCTION CONTRACTS

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Construction costs incurred	2,824	2,460		
Recognised profits (less recognised losses to date)	756	798		
	3,580	3,258		
Less progress billings	(3,307)	(2,883)		
Due from customers	273	375		

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

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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

18. EQUITY (continued)

GROUP	Attributable to Equity Holders of the Company						Minority Interest	Total Equity
	<i>Hedging Reserve</i>	<i>Revaluation Reserve</i>	<i>Retained Earnings</i>	<i>Total</i>				
	\$000	\$000	\$000	\$000	\$000	\$000		
Balance at 31 March 2011	(524)	21,463	90,951	111,890	1,043	112,933		
Profit for the period			2,594	2,594	(9)	2,585		
<i>Other comprehensive income:</i>								
Fair value of cashflow hedges	137			137	(14)	123		
Income tax on items taken directly to equity	(53)			(53)	2	(51)		
Total other comprehensive income	84			84	(12)	72		
Total comprehensive income for the period	84		2,594	2,678	(21)	2,657		
Contributions from Minority Interest					370	370		
Balance at 31 March 2012	(440)	21,463	93,545	114,568	1,392	115,960		
Profit for the period			5,196	5,196	(73)	5,123		
<i>Other comprehensive income:</i>								
Impairment loss on revaluation		(15,330)		(15,330)		(15,330)		
Fair value of cashflow hedges	1,032			1,032	107	1,139		
Income tax on items taken directly to equity	(272)	4,416		4,144	(28)	4,116		
Total other comprehensive income	760	(10,914)		(10,154)	79	(10,075)		
Total comprehensive income for the period	760	(10,914)	5,196	(4,958)	6	(4,952)		
Balance at 31 March 2013	320	10,549	98,741	109,610	1,398	111,008		

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

18. EQUITY (continued)

PARENT	Attributable to Equity Holders of the Company						Minority Interest	Total Equity
	<i>Hedging Reserve</i>	<i>Revaluation Reserve</i>	<i>Retained Earnings</i>	<i>Total</i>				
	\$000	\$000	\$000	\$000	\$000	\$000		
Balance at 31 March 2011			31,247	31,247			31,247	
Profit for the period			(37)	(37)			(37)	
Other comprehensive income								
Total comprehensive income for the period			(37)	(37)			(37)	
Balance at 31 March 2012			31,210	31,210			31,210	
Profit for the period			37	37			37	
Other comprehensive income								
Total comprehensive income for the period			37	37			37	
Balance at 31 March 2013			31,247	31,247			31,247	

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

19. LOANS AND BORROWINGS

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Non Current Liabilities				
Non current portion of secured bank loans	21,300	4,250		
	21,300	4,250		
Current Liabilities				
Current portion of secured bank loans	11,000	17,350		
Other loans - subsidiaries				
	11,000	17,350		
	32,300	21,600		

	Weighted	Face Value		Carrying	Face Value
	Average	2013	2013	2013	2012
	Interest	\$000	\$000	\$000	\$000
	Rate				
<i>Less than one year</i>					
Secured bank loans	6.01%	11,000	11,000	17,350	
Other loans - subsidiaries					
<i>Longer than one year</i>					
Secured bank loans	4.59%	21,300	21,300	4,250	
Total Interest Bearing Liabilities - Group		32,300	32,300	21,600	

Westpower's Westpac loan facility is due to roll over in December 2013. 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.

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

20. FINANCE LEASE PAYABLE (GROUP)

	Minimum Future Lease		Present Value of Future	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
No longer than one year		48		47
Later than one year and not later than five years				
Minimum lease payments		48		47
Less future finance charges		(1)		
Present value of minimum lease payments		47		47
Comprising:				
Current				47
Non Current				
				47

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER PAYABLES

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Trade payables due to related parties				
Other trade payables	4,549	4,768	12	42
Accrued interest	108	145		
	<u>4,657</u>	<u>4,913</u>	<u>12</u>	<u>42</u>

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 potentially 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 16% and 28% respectively of receivables as at 31 March 2013 (2012 14% and 21% 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:

Credit Risk	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Not past due	8,437	8,150	12	8
Past due 0-30 days	626	1,366		
Past due 31-60 days	210	91		
Past due more than 60 days	350	758		
	<u>9,623</u>	<u>10,365</u>	<u>12</u>	<u>8</u>
Allowance for impairment	(38)	(49)		
	<u>9,585</u>	<u>10,316</u>	<u>12</u>	<u>8</u>

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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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.

At 31 March 2012, the Group had in place Australian dollar forward exchange contracts to cover exposure to Australian dollar receivables of \$1,079,000 NZD. The principal amount of these contracts is \$994,000 NZD (Fair Value \$5,000).

At 31 March 2012, the Group also had in place US dollar forward exchange contracts to cover exposure to future US dollar payables of \$971,000 NZD. The principal amount of these contracts is \$971,000 NZD (Fair Value \$(60,254)).

The Group did not have any forward exchange contracts in place at 31 March 2013.

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-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000	\$000	\$000
Outstanding floating to fixed contracts:						
Less than 1 year	5.74%	7.51%	4,000	5,000	(62)	(118)
1 to 3 years	3.91%	5.36%	14,100	8,438	(269)	(422)
3 to 5 years	3.45%		7,000		(35)	
			25,100	13,438	(366)	(540)

These swap contracts have been designated as cashflow hedges.

Other Market Price Risk

The Group is exposed to variability in electricity generation sales revenue due to changes in electricity spot prices. To manage this risk the Group has entered into an electricity swap to fix the price for a specified volume of generation. The notional value of the outstanding electricity swaps at 31 March 2013 was 56.4 MWh with a fair value of \$905,619. This swap contract has been designated as a cashflow hedge.

Capital Management

The Trust's capital includes Trust capital, reserves, retained earnings and minority interests. The Trust's equity is largely managed as a by-product of the decisions made by the Board of the Directors in managing the operations of the Group. The objective of managing the Trust's equity is to ensure that the Trust effectively achieves its objectives and purposes whilst remaining a going concern.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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 2013, it is estimated that a general increase of one percentage point in interest rates could decrease the Group's profit by \$72,000 (2012 \$81,625) and increase equity (excluding retained earnings) by \$551,652 (2012 \$247,000).

A decrease of one percentage point in interest rates would have the opposite impact on profit and decrease equity by \$586,948.

It is estimated that a general increase of ten percentage points 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 2013 (2012 less than \$10,000).

Classification of Financial Instruments

GROUP - 2013	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		2,149				2,149
Other investments	13			100			100
Trade and other receivables	16		9,579				9,579
Finance lease receivable	14		6				6
			11,734	100			11,834
Non Current Assets							
Other investments	13				106	800	906
Financial derivatives	22	906					906
		906			106	800	1,812
Total Financial Assets		906	11,734	100	106	800	13,646
Current Liabilities							
Trade and other payables	21					4,657	4,657
Finance lease payable	20						
Contract retentions						243	243
Loans and borrowings	19					11,000	11,000
Financial derivatives	22	62					62
		62				15,900	15,962
Non Current Liabilities							
Loans and borrowings	19					21,300	21,300
Financial derivatives	22	304					304
		304				21,300	21,604
Total Financial Liabilities		366				37,200	37,566

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

GROUP - 2012		Designated	Loans and	Held to	Available	Other	Total
	Note	at fair value	receivables	maturity	for sale	Amortised	Carrying
		\$000	\$000	\$000	\$000	Cost	Value
						\$000	\$000
Current Assets							
Cash and cash equivalents	15		2,740				2,740
Other investments	13			90			90
Trade and other receivables	16		10,296				10,296
Finance lease receivable			20				20
			13,056	90			13,146
Non Current Assets							
Other investments	13				112	777	889
Finance lease receivables	14		6				6
			6		112	777	895
Total Financial Assets			13,062	90	112	777	14,041
Current Liabilities							
Trade and other payables	21					4,913	4,913
Finance lease payable	20					47	47
Contract retentions						305	305
Loans and borrowings	19					17,350	17,350
Financial derivatives	22	248					248
		248				22,615	22,863
Non Current Liabilities							
Loans and borrowings	19					4,250	4,250
Financial derivatives	22	347					347
		347				4,250	4,597
Total Financial Liabilities		595				26,865	27,460

PARENT - 2013		Designated	Loans and	Held to	Available	Other	Total
	Note	at fair value	receivables	maturity	for sale	Amortised	Carrying
		\$000	\$000	\$000	\$000	Cost	Value
						\$000	\$000
Current Assets							
Cash and cash equivalents	15		45				45
Other investments	13			100			100
Trade and other receivables	16		12				12
			57	100			157
Total Financial Assets			57	100			157
Current Liabilities							
Trade and other payables	21					12	12
						12	12
Total Financial Liabilities						12	12

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

PARENT - 2012		Designated	Loans and	Held to	Available	Other	Total
	Note	at fair value	receivables	maturity	for sale	Amortised	Carrying
		\$000	\$000	\$000	\$000	Cost	Value
						\$000	\$000
Current Assets							
Cash and cash equivalents	15		48				48
Other investments	13			90			90
Trade and other receivables	16		8				8
			56	90			146
Total Financial Assets			56	90			146
Current Liabilities							
Trade and other payables	21					42	42
						42	42
Total Financial Liabilities						42	42

Maturity Analysis of Financial Liabilities

Group 2013	Balance	Contractual	Less than		
	Sheet	Cashflows	1 Year	1-2 Years	2-5 Years
	\$000	\$000	\$000	\$000	\$000
Secured bank loans	32,300	32,541	32,541		
Trade and other payables	4,657	4,657	4,657		
Total Non Derivative Liabilities	36,957	37,198	37,198		
Interest Rate Swaps:					
Net Interest Settled Outflow (Inflow)	366	372	293	143	(63)
Electricity Swaps (inflow/asset)	(906)	(961)	(137)	(284)	(540)
	36,417	36,609	37,354	(141)	(603)

Group 2012	Balance	Contractual	Less than		
	Sheet	Cashflows	1 Year	1-2 Years	2-5 Years
	\$000	\$000	\$000	\$000	\$000
Secured bank loans	21,600	22,482	22,482		
Trade and other payables	4,913	4,913	4,913		
Total Non Derivative Liabilities	26,513	27,395	27,395		
Interest Rate Swaps:					
Net Interest Settled Outflow (Inflow)	540	554	356	150	48
Foreign Exchange Contracts					
Net Cash Outflow (Inflow)	55	(24)	(24)		
	27,108	27,925	27,727	150	48

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Parent 2013	Balance Sheet \$000	Contractual Cashflows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000
Trade and other payables	12	12	12		
Total Non Derivative Liabilities	12	12	12		
Parent 2012	Balance Sheet \$000	Contractual Cashflows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000
Trade and other payables	42	42	42		
Total Non Derivative Liabilities	42	42	42		

23. COMMITMENTS

	Group		Parent	
	31-Mar-13 \$000	31-Mar-12 \$000	31-Mar-13 \$000	31-Mar-12 \$000
Capital Commitments				
No longer than 1 year		7,372		
Operating Lease Commitments				
No longer than 1 year	280	231		
1 to 2 years	146	202		
2 to 5 years	78	110		

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 2012).

Westpower has provided a guarantee to Westpac in relation to the debts owed by Amethyst Hydro Limited.

Westpower Limited has provided bank guarantees from Westpac to the value of \$600,000. (2012 \$300,000)

Electronet Services has provided a performance bond of \$650,000 in relation to contract work undertaken during the period (2012 nil).

The Group has no other contingent liabilities or contingent assets.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Parent	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
Profit for the period	5,123	2,585	37	(37)
<i>Adjustments for non cash items</i>				
Depreciation	5,096	5,053		
Amortisation of intangibles	191	152		
Vested assets	(433)	(726)		
Unwinding of discount	(23)	(53)		
Loss (Gain) on sale of property, plant and equipment	229	447		
Change in deferred tax	451	(176)		
Change in employee benefits (non current)	67	7		
Change in foreign exchange contracts	5	(5)		
	5,583	4,699		
<i>Movement in working capital items</i>				
Change in trade and other receivables	717	10,183	(4)	(6)
Change in inventories	1	(76)		
Change in trade and other payables	(256)	632	(30)	39
Change in employee benefits (current)	108	134		
Change in current tax asset	572	(243)	4	(2)
<i>Adjustments for items classified as investing activities</i>				
Change in capital creditors	231	13		
Change in capital prepayments	(40)	(98)		
Change in finance lease receivable (current)	14	(3)		
Change in finance lease receivable (non current)	6	20		
Change in loan receivable (current)				
Net Cash from Operating Activities	12,059	17,846	7	(6)

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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.

Trustees and Directors Interests

Trustees and 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-13	31-Mar-12	31-Mar-13	31-Mar-12
		\$000	\$000	\$000	\$000
Trustees					
Services provided to:					
I Hustwick		-	3	-	-
M Pugh		-	2	-	-
G Topp	a)	6	4	3	-
Services received from:					
M Pugh	b)	69	53	-	39
Directors					
Services provided to:					
H Little	c)	7	7	-	-
S Merriman	d)	52	55	5	2
A Williams	e)	-	5	-	-
Services received from:					
S Merriman	f)	223	200	21	-
A Williams	e)	2	-	-	-

- a) The Group provided services to Greg Topp Electrical. G Topp is the managing director of this company.
- b) The Group received services from Pugh Contracting. M Pugh is a shareholder of this company.
- c) The Group provided services to H Little and Westland Milk Products Limited. H Little is a shareholder of this company.
- d) The Group provides services to Marshall and Heaphy Limited and High Street Business Park Limited. S Merriman is the managing director of Marshall and Heaphy Limited, and a shareholder in High Street Business Park Limited.
- e) The Group provided services to and received services from The Ashley Hotel Limited. A Williams is a director of this company.
- f) The Group received services from Top Gear Performance Limited. S Merriman is a shareholder of Top Gear Performance Limited.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

Other Related Party Transactions

	Transaction Value for the period ended		Balance Outstanding	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	\$000	\$000	\$000	\$000
<i>ElectroNet Services Limited and West Coast Electric Power Trust (WCEPT)</i>				
Services provided to WCEPT	12	3	-	1
<i>Westpower Limited and West Coast Electric Power Trust (WCEPT)</i>				
Loan from WCEPT	-	800	800	800
Dividend paid to WCEPT	156	156	-	-

Key Management Personnel Compensation

Key management personnel include the Trustees.

	31-Mar-13	31-Mar-12
	\$000	\$000
Trustees honoraria	74	84
Meetings fees	6	9
	<u>80</u>	<u>93</u>

27. Group entities

Subsidiaries

	Country of Ownership Incorporation	Interest (%)	
		2013	2012
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	88

28. Post Balance Date Events

The Amethyst hydro scheme was commissioned in June 2013.

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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

29. Statement of Performance

	Notes	Actual 2012/13	Target 2012/13	Target 2013/14	Target 2014/15
Safety					
Lost time injury frequency rate	a)	4.81	0	0	0
Reliability					
SAIDI (System Average Interruption Duration Index)	b)	212	175	175	175
SAIFI (System Average Interruption Frequency Index)	b)	3.12	1.99	1.99	1.99
Asset Management					
Opex Ratio ¹		7.8%	6.6%	8.1%	8.3%
Capex Ratio ²		4.5%	4.9%	2.7%	2.2%
Renewal Ratio ³	c)	59%	39%	42%	37%
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	d)	\$7.7m	\$6.95m	\$8.9m	\$9.6m
Pre discount operating surplus before tax on consolidated shareholder funds	d)	7.9%	6.7%	8.8%	8.7%
Post discount operating surplus before tax on consolidated shareholder funds	d)	7.0%	5.9%	7.9%	7.1%
% of contracting revenue from group external parties		68%	>30%	>30%	>30%
Consolidated shareholder funds to total assets		66%	>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

Notes

- a) The Lost Time Injury Frequency Rate reflects 2 incidents with total days lost of 15 against a target of zero.
- b) The higher SAIDI and SAIFI results for 2013 reflects a number events during the year including storm related damage, vehicle accidents, planned outages etc.
- c) The 39% target did not reflect the actual level of budgeted renewals and the target should be restated at 68%. However delays in some project meant that not all budgeted renewals were completed.
- d) The Group Operating Surplus Before Tax was up on target due to increased contracting income during the period

Independent Auditor's Report

To the readers of West Coast Electric Power Trust's and group's financial statements for the year ended 31 March 2013

The Auditor-General is the auditor of West Coast Electric Power Trust (the Trust) and group. The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on her behalf.

We have audited the financial statements of the Trust and group on pages 1 to 35, that comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Trust and group on pages 1 to 35:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust and group's:
 - financial position as at 31 March 2013; and
 - financial performance and cash flows for the year ended on that date.

Our audit was completed on 26 July 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements that fairly reflect the matters to which they relate. We consider internal control 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's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust and group's financial position, financial performance and cash flows.

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

The Trustees' responsibilities arise from the Electricity Act 1992.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 158E of the Electricity Act 1992.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have carried out an assurance assignment for the group. This involved issuing an audit certificate pursuant to the Electricity Distribution (Information Disclosure) Requirements 2008. This engagement is compatible with those independence requirements.

Other than the audit and this assignment, we have no relationship with or interests in the Trust or any of its subsidiaries.



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the West Coast Electric Power Trust (the Trust) for the year ended 31 March 2013 included on the Trust's website. The Trustees are responsible for the maintenance and integrity of the Trust's website. We have not been engaged to report on the integrity of the Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 26 July 2013 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.