WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2014

		Group		Parent	
	Notes	**31-Mar-14**	**31-Mar-13**	**31-Mar-14**	**31-Mar-13**
		$000	**$000**	**$000**	**$000**
Operating Revenue	5	49,274	49,273	1	
Other Income	6	46	54	156	156
		49,320	**49,327**	**157**	**156**
Operating Expenses	7	37,719	35,610	154	123
Depreciation, Amortisation and Impairment		5,086	5,287		
		42,805	**40,897**	**154**	**123**
Operating Profit (Loss)		**6,515**	**8,430**	**3**	**33**
Finance Income		115	70	5	4
Finance Expenses		(1,616)	(891)		
Net Finance Cost	8	**(1,501)**	**(821)**	**5**	**4**
Profit (Loss) Before Income Tax		**5,014**	**7,609**	**8**	**37**
Income Tax	9	1,460	2,486		
Profit (Loss) After Income Tax		**3,554**	**5,123**	**8**	**37**
Attributable to:					
Company Shareholders		3,507	5,196	8	37
Minority Interests		47	(73)		
		3,554	**5,123**	**8**	**37**

The accounting policies and notes on pages 5 to 36 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 2014

	Notes	Group		Parent	
		31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
		$000	$000	$000	$000
Profit (Loss) For The Period		**3,554**	**5,123**	**8**	**37**
Impairment gain (loss) on revaluation		613	(15,330)		
Fair value of cashflow hedges		268	1,139		
Income tax on other comprehensive income		(262)	4,116		
Other comprehensive income		619	(10,075)		
Total Comprehensive Income		4,173	(4,952)	**8**	**37**
Attributable to:					
Parent Entity		4,122	(4,958)	8	37
Minority Interest		51	6		
		4,173	(4,952)	**8**	**37**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Group		Parent	
		31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
		$000	$000	$000	$000
Balance at 1 April		**111,008**	**115,960**	**31,247**	**31,210**
Total comprehensive income		4,173	(4,952)	8	37
Contributions from equity holders					
Dividends to equity holders		(36)			
Balance at 31 March		**115,145**	**111,008**	**31,255**	**31,247**
Attributable to:					
Parent Entity		113,732	109,610	31,255	31,247
Minority Interest		1,413	1,398		
		115,145	**111,008**	**31,255**	**31,247**

The accounting policies and notes on pages 5 to 36 are an integral part of these financial statements.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

		Group		Parent	
	Notes	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
		$000	$000	$000	$000
NON CURRENT ASSETS					
Property, Plant and Equipment	10	146,961	144,288		
Goodwill and Other Intangible Assets	11	7,504	7,578		
Investments in Subsidiaries	12			30,300	30,300
Other Investments	13	956	906	50	
Finance Lease Receivable	14				
Financial Derivatives	22	870	906		
Total Non Current Assets		**156,291**	**153,678**	**30,350**	**30,300**
CURRENT ASSETS					
Cash and Cash Equivalents	15	3,596	2,149	73	45
Other Investments	13	50	100	50	100
Investments in Subsidiaries	12			800	800
Trade and Other Receivables	16	9,030	9,579	13	12
Finance Lease Receivable	14		6		
Inventories		1,057	1,123		
Current Tax Assets		91	2	12	2
Total Current Assets		**13,824**	**12,959**	**948**	**959**
TOTAL ASSETS		**170,115**	**166,637**	**31,298**	**31,259**
EQUITY					
Share Capital					
Reserves	18	11,442	10,869		
Retained Earnings	18	102,290	98,741	31,255	31,247
Minority Interest	18	1,413	1,398		
TOTAL EQUITY		**115,145**	**111,008**	**31,255**	**31,247**
NON CURRENT LIABILITIES					
Loans and Borrowings	19	24,750	21,300		
Financial Derivatives	22		304		
Finance Lease Payable	20	10			
Employee Benefits		573	506		
Deferred Tax Liabilities	9	16,004	15,299		
Total Non Current Liabilities		**41,337**	**37,409**		
CURRENT LIABILITIES					
Trade and Other Payables	21	4,124	4,657	43	12
Contract Retentions Held			243		
Employee Benefits		2,035	1,806		
Finance Lease Payable	20	22			
Financial Derivatives	22	62	62		
Current Portion of Borrowings	19	7,390	11,000		
Income tax payable			452		
Total Current Liabilities		**13,633**	**18,220**	**43**	**12**
TOTAL LIABILITIES		**54,970**	**55,629**	**43**	**12**
TOTAL EQUITY AND LIABILITIES		**170,115**	**166,637**	**31,298**	**31,259**

Authorised for issue on 31 July 2014 for and on behalf of the Trust:

The accounting policies and notes on pages 5 to 36 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 2014

		Group		Parent	
	Notes	**31-Mar-14**	**31-Mar-13**	**31-Mar-14**	**31-Mar-13**
		$000	**$000**	**$000**	**$000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		49,743	49,729	1	
Interest Received		102	46	5	3
Dividends Received		10	11	156	156
Payments to suppliers and employees		(36,999)	(35,368)	(124)	(156)
Interest Paid		(1,572)	(944)		
Income Tax (Paid) Received		(1,559)	(1,462)	(10)	4
Net GST Paid		227	47		
Net cash inflows/(outflows) from operating activities	26	**9,952**	**12,059**	**28**	**7**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		87	71		
Loan payments received		18			
Proceeds from sale of investments		100	90	100	90
Acquisition of property, plant and equipment		(8,323)	(23,271)		
Acquisition of investments		(121)	(100)	(100)	(100)
Purchase of goodwill and intangibles		(47)	(93)		
Net cash inflows/(outflows) from investing activities		**(8,286)**	**(23,303)**		**(10)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		4,690	27,450		
Contributions from equity holders					
Repayment of borrowings		(4,850)	(16,797)		
Finance lease repayments		(23)			
Dividends paid		(36)			
Net cash inflows/(outflows) from financing		**(219)**	**10,653**		
Net increase (decrease) in cash and cash equivalents		**1,447**	**(592)**	**28**	**(3)**
Cash and cash equivalents at 1 April		2,149	2,740	45	48
Cash and cash equivalents at 31 March	15	**3,596**	**2,149**	**73**	**45**

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 36 are an integral part of these financial statements

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 generation and 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 2014 (see note 28), 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 IFRSs) and other applicable financial reporting standards appropriate for profit-oriented entities.

The Group is a Tier 1 For-profit entity and has reported in accordance with Tier 1 For-profit accounting standards.

(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 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.

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 determined by an evaluation of the exposures of individual receivable balances.

Interest Bearing Borrowings
Interest bearing borrowings are classified as other non-derivative financial instruments. Borrowings are recognised at cost. After initial recognitions, all borrowings are measured at amortised cost using the effective interest rate method.

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 initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

(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.

(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 fitting including computers	6-48% DV
- hydro generation assets	15-70 years SL

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 31 Marchl 2014 by Coast Valuations Limited, registered valuers at $7,446,500. 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).

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

(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.

Electricity generation revenue is measured and billed by calendar month for half hourly metered generation.

(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. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at balance date as measured by progress invoices raised to customers in conjunction with an assessment of costs incurred to date.

(iii) Vested Assets and Capital Contribution

Vested assets are recognised as revenue at the fair value of the assets at the point that assets are connected to the network.
Capital contribution payments are calculated in line with Westpower's capital contribution policy. Capital contributions are recognized as revenue when payable at the point that the 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 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 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. Where GST is not recoverable as input tax then it is recognized as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cashflows.

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

The Group has adopted the following new and amended standards for the year ended 31 March 2014:
NZ IFRS 13 Fair Value Measurement

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

	Effective for the financial year ending 31 March
NZ IFRS 9 Financial Instruments – Classification and Measurements	2016

(s) Changes in accounting policies and disclosures

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

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 a discounted cashflow methodology. The significant valuation inputs are outlined in Note 23.

The fair value of land and buildings (excluding specialised buildings) are determined using a market comparable method. This means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location or condition of the specific property.

Where buildings are of a specialised nature such as substation and depot buildings, these have been valued on a depreciated replacement cost basis. The significant valuation inputs are outlined in Note 23.

(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) 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.

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING REVENUE

	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Line Charges	19,718	19,554		
Less Special Discount	(1,991)	(997)		
Rentals & Sundry Income	387	362	1	
Vested Assets	273	433		
Capital Contributions	162	81		
Generation Revenue	2,674			
Contracting and Consulting Income	28,051	29,840		
Total Operating Revenue	49,274	49,273	1	

6. OTHER INCOME

	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Gain on sale of property, plant and equipment	36	43		
Dividends from subsidiaries			156	156
Dividend income on available for sale financial assets	10	11		
Total Other Income	46	54	156	156

7. OPERATING EXPENSES

	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Loss on disposal of property, plant and equipment	241	272		
Loss on revaluation	2			
Reversal of previous loss on revaluation	(90)			
Trustees Honoraria	74	74	74	74
Directors' Fees	290	211		
Auditor's remuneration to Audit New Zealand:				
- Audit of financial statements	153	144	7	7
- Other audit related services	39	12		
Operating Lease Expense	403	287		
Transmission Charges	4,425	3,867		
Maintenance and Operations	5,119	4,783		
Employee Related Expenses				
- Defined contribution schemes	588	513		
- Other employee benefits	17,723	15,784		
Other Expenses	8,752	9,663	73	42
	37,719	35,610	154	123

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCE INCOME AND EXPENSES

	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Interest income	115	47	5	4
Unwinding of discount		23		
Finance Income	**115**	**70**	**5**	**4**
Interest expense on financial liabilities measured at amortised cost	1,616	891		
Finance Expense	**1,616**	**891**		
Net Finance Costs	**(1,501)**	**(821)**	**5**	**4**

9. INCOME TAX

	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Current Tax Expense				
Current Period	1,019	2,123		
Adjustment for prior period		5		
	1,019	2,128		
Deferred Tax Expense				
Origination and reversal of temporary differences	441	358		
	441	358		
Income Tax Expense Recognised in Profit	**1,460**	**2,486**		

Reconciliation of Effective Tax Rate				
	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Profit before income tax	5,014	7,609	8	37
Prima facie tax at 28%	1,404	2,131	2	10
Non deductible expenses	27	249		
Change in temporary differences	33	101	(2)	(10)
Under (over) provided in prior periods		11		
Imputation credits received	(4)	(5)		
Income Tax Expense Recognised in Profit	**1,460**	**2,486**		

Income Tax Recognised Directly in Equity				
	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Deferred tax liability on revaluation of land and building assets (distribution assets)	187	(4,416)		
Movement in fair value of derivatives	75	300		
Total Income Tax Recognised Directly In Equity	**262**	**(4,116)**		

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX (continued)

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Opening Balance 31-Mar-13 $000	Charged to Income $000	Charged to Equity $000	Closing Balance 31-Mar-14 $000
Deferred Tax Liabilities				
Property, plant and equipment	15,983	823	187	16,993
Available for sale assets	21			21
Construction contracts	2			2
Derivatives	149		75	224
	16,155	823	262	17,240
Deferred Tax Assets				
Employee Provisions	455	37		492
Provision for Doubtful Debts	39	(15)		24
Tax losses	362	358		720
	856	380		1,236
Net Deferred Tax Liability	15,299	443	262	16,004
Attributable to:				
Parent				
Subsidiaries	15,299	443	262	16,004
	15,299	443	262	16,004

Group	Opening Balance 31-Mar-12 $000	Charged to Income $000	Charged to Equity $000	Closing Balance 31-Mar-13 $000
Deferred Tax Liabilities				
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
Deferred Tax Assets				
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

9. INCOME TAX (continued)

Imputation Credits					
		Group		**Parent**	
		31-Mar-14	**31-Mar-13**	**31-Mar-14**	**31-Mar-13**
		$000	**$000**	**$000**	**$000**
Imputation credits are available to shareholders of the Company:					
Through the Parent					
Through subsidiaries		20,322	18,845		
		20,322	18,845		

10. PROPERTY, PLANT AND EQUIPMENT

Group		**Electricity Distribution System**	**Hydro Generation**	**Land and Buildings**	**Other**	**Total**
		$000	**$000**	**$000**	**$000**	**$000**
Cost or deemed cost						
Balance at 31 March 2012		121,724	16,416	7,022	9,834	154,996
Additions		5,181	16,695	7	1,542	23,425
Disposals		(450)			(412)	(862)
Impairment loss on revaluation		(26,817)				(26,817)
Balance at 31 March 2013		**99,638**	**33,111**	**7,029**	**10,964**	**150,742**
Revaluations						
Additions		3,017	2,743	346	1,085	7,191
Disposals		(218)		(33)	(351)	(602)
Gain on revaluation				184		184
Balance at 31 March 2014		**102,437**	**35,854**	**7,526**	**11,698**	**157,515**
Accumulated Depreciation, Amortisation and Impairment						
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)
Disposals		(190)			(374)	(564)
Balance at 31 March 2013				**388**	**6,066**	**6,454**
Depreciation for the year		3,308	526	131	966	4,931
Gain on revaluation				(518)		(518)
Disposals		(12)			(301)	(313)
Balance at 31 March 2014		**3,296**	**526**	**1**	**6,731**	**10,554**
Net Book Value at 31 March 2013		**99,638**	**33,111**	**6,641**	**4,898**	**144,288**
Net Book Value at 31 March 2014		**99,141**	**35,328**	**7,525**	**4,967**	**146,961**

Borrowing costs of $223,688 have been capitalised during the period at a weighted average interest rate of 5.09% (2013 $666,591 4.48%)

Capital work in progress is contained in the following categories:

		31-Mar-14	**31-Mar-13**	**31-Mar-14**	**31-Mar-13**
		$000	**$000**	**$000**	**$000**
Electricity Distribution System		215	634		
Hydro Generation		2	33,289		
Land and Buildings			7		
Other		202	128		
		419	34,058		

Security

At 31 March 2014, 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 2012	6,993	1,689	8,682
Additions		122	122
Disposals			
Balance at 31 March 2013	**6,993**	**1,811**	**8,804**
Additions		81	81
Disposals			
Balance at 31 March 2014	**6,993**	**1,892**	**8,885**
Depreciation and impairment losses			
Balance at 31 March 2012		1,035	1,035
Amortisation for the year		191	191
Disposals			
Balance at 31 March 2013		**1,226**	**1,226**
Amortisation for the year		155	155
Disposals			
Balance at 31 March 2014		**1,381**	**1,381**
Net Book Value 31 March 2013	**6,993**	**585**	**7,578**
Net Book Value 31 March 2014	**6,993**	**511**	**7,504**

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

12. INVESTMENT IN SUBSIDIARIES

	Group		Parent	
	31-Mar-14 $000	31-Mar-13 $000	31-Mar-14 $000	31-Mar-13 $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

NOTES TO THE FINANCIAL STATEMENTS

13. OTHER INVESTMENTS

	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Current Assets				
Available for sale financial assets				
- Term deposits	50	100	50	100
	50	100	50	100
Non Current Assets				
Available for sale financial assets				
- International Panel & Lumber (West Coast) Limited	103	103		
- Term deposits	50		50	
- Other investments	21	3		
Other Loans	782	800		
	956	906	50	
	1,006	1,006	100	100

14. FINANCE LEASE RECEIVABLE (GROUP)

	Minimum Future Lease Payments		Present Value of Future Lease Payments	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
No longer than one year		6		6
Later than one year and not later than five years				
Minimum lease payments		6		6
Less future finance charges				
Present value of minimum lease payments		6		6
Comprising:				
Current				6
Non Current				
				6

15. CASH AND CASH EQUIVALENTS

	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Bank Balances	403	499	13	5
Call Deposits	3,193	1,650	60	40
Cash and Cash Equivalents in Statement of Cashflows	3,596	2,149	73	45

16. TRADE AND OTHER RECEIVABLES

		Group		Parent	
		31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
		$000	$000	$000	$000
Trade and other receivables		7,151	7,060	13	12
Trade receivables due from related parties					
Construction work in progress		1,926	2,557		
		9,077	9,617	13	12
less provision for impairment		(47)	(38)		
		9,030	9,579	13	12

17. CONSTRUCTION CONTRACTS

		Group		Parent	
		31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
		$000	$000	$000	$000
Construction costs incurred		2,368	2,824		
Recognised profits (less recognised losses to date)		576	756		
		2,944	3,580		
Less progress billings		(2,309)	(3,307)		
Due from customers		635	273		

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.

18. EQUITY (continued)

GROUP	Attributable to Equity Holders of the Company					
	Hedging Reserve	*Revaluation Reserve*	*Retained Earnings*	*Total*	Minority Interest	Total Equity
	$000	*$000*	*$000*	*$000*	*$000*	*$000*
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
Other comprehensive income:						
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**
Profit for the period			3,507	3,507	47	3,554
Other comprehensive income:						
Gain on revaluation		613		613		613
Fair value of cashflow hedges	262			262	6	268
Income tax on items taken directly to equity	(72)	(188)		(260)	(2)	(262)
Total other comprehensive income	190	425		615	4	619
Total comprehensive income for the period	190	425	3,507	4,122	51	4,173
Transfer to Retained Earnings		(42)	42			
Dividends to Equity Holders					(36)	(36)
Balance at 31 March 2014	**510**	**10,932**	**102,290**	**113,732**	**1,413**	**115,145**

18. EQUITY (continued)

PARENT	Attributable to Equity Holders of the Company					
	Hedging Reserve $000	*Revaluation Reserve $000*	*Retained Earnings $000*	*Total $000*	Minority Interest *$000*	Total Equity *$000*
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**
Profit for the period			8	8		8
Other comprehensive income						
Total comprehensive income for the period			8	8		8
Balance at 31 March 2014			**31,255**	**31,255**		**31,255**

NOTES TO THE FINANCIAL STATEMENTS

19. LOANS AND BORROWINGS

		Group		Parent	
		31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
		$000	$000	$000	$000
Non Current Liabilities					
Non current portion of secured bank loans		24,750	21,300		
		24,750	21,300		
Current Liabilities					
Current portion of secured bank loans		7,390	11,000		
Other loans - subsidiaries					
		7,390	11,000		
		32,140	32,300		

	Weighted Average Interest Rate		*Face Value*	*Carrying Value*	*Face Value*
	2013	*2014*	*2014*	*2014*	*2013*
			$000	*$000*	*$000*
Less than one year					
Secured bank loan-call		4.20%	390	390	
Secured bank loans	6.01%	5.33%	7,000	7,000	11,000
Longer than one year					
Secured bank loans	4.59%	5.11%	24,750	24,750	21,300
Total Interest Bearing Liabilities - Group			**32,140**	**32,140**	**32,300**

Westpower's Westpac loan facility is due to roll over in December 2014. 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-14	31-Mar-13	31-Mar-14	31-Mar-13
		$000	$000	$000	$000
No longer than one year		24		22	
Later than one year and not later than five years		10		10	
Minimum lease payments		34		32	
Less future finance charges		(2)			
Present value of minimum lease payments		32		32	
Comprising:					
Current				22	
Non Current				10	
				32	

21. TRADE AND OTHER PAYABLES

	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Trade payables due to related parties			1	
Other trade payables	3,995	4,549	42	12
Accrued interest	129	108		
	4,124	4,657	43	12

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, electricity gerneration sales and other contract works and Transpower in relation to contract works. Trustpower and Transpower represent 16% and 22% respectively of receivables as at 31 March 2014 (2013 16% and 28% 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-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Not past due	8,461	8,437	13	12
Past due 0-30 days	433	626		
Past due 31-60 days	74	210		
Past due more than 60 days	109	350		
	9,077	9,623	13	12
Allowance for impairment	(47)	(38)		
	9,030	9,585	13	12

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.

The Group did not have any forward exchange contracts in place at 31 March 2014 (2013 nil).

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-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000	$000	$000
Outstanding floating to fixed contracts:						
Less than 1 year	4.47%	5.74%	7,700	4,000	(62)	(62)
1 to 3 years	3.23%	3.91%	6,400	14,100	66	(269)
3 to 5 years	3.45%	3.45%	7,000	7,000	290	(35)
More than 5 years	4.84%	0.00%	7,900		(22)	
			29,000	25,100	272	(366)

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 2014 was 84.1 MWh with a fair value of $536,487 (2013 112.8 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 it objectives and purposes whilst remaining a going concern.

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 2014, it is estimated that a general increase of one percentage point in interest rates could decrease the Group's profit by $31,400 (2013 $72,000) and increase equity (excluding retained earnings) by $402,283 (2013 $551,652)

A decrease of one percentage point in interest rates would have the opposite impact on profit and decrease equity by $317,978.

At 31 March 2014, it is estimated that an increase of ten percentage points in forward electricity prices will decrease equity (excluding retained earnings) by $565,210 (2013 $686,751). The decrease in forward electricity prices would have the opposite impact on equity than described above.

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 2014 (2013 less than $10,000).

Classification of Financial Instruments

GROUP - 2014	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		3,596				3,596
Other investments	13			50			50
Trade and other receivables	16		9,030				9,030
Finance lease receivable	14						
			12,626	50			12,676
Non Current Assets							
Other investments	13			50	124	782	956
Financial derivatives	22	870					870
		870		50	124	782	1,826
Total Financial Assets		870	12,626	100	124	782	14,502
Current Liabilities							
Trade and other payables	21					4,124	4,124
Finance lease payable	20					22	22
Contract retentions							
Loans and borrowings	19					7,390	7,390
Financial derivatives	22	62					62
		62				11,536	11,598
Non Current Liabilities							
Loans and borrowings	19					24,750	24,750
Finance lease payable	20					10	10
Financial derivatives	22						
						24,760	24,760
Total Financial Liabilities		62				36,296	36,358

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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			6				6
			11,734	100			11,834
Non Current Assets							
Other investments	13				106	800	906
Financial derivatives	14	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

PARENT - 2014	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		73				73
Other investments	13			50			50
Trade and other receivables	16		13				13
			86	50			136
Non Current Assets							
Other investments	13			50			50
				50			50
Total Financial Assets			86	100			186
Current Liabilities							
Trade and other payables	21					43	43
						43	43
Total Financial Liabilities						43	43

NOTES TO THE FINANCIAL STATEMENTS

PARENT - 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		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

Maturity Analysis of Financial Liabilities

Group 2014	Balance Sheet $000	Contractual Cashflows $000	Less than 1 Year $000	1-2 Years $000	2-5 Years $000	5-7 Years $000
Secured bank loans	32,140	32,421	32,421			
Trade and other payables	4,124	4,124	4,124			
Total Non Derivative Liabilities	**36,264**	**36,545**	**36,545**			
Interest Rate Swaps:						
Net Interest Settled Outflow (Inflow)	(272)	(271)	156	(93)	(254)	(80)
Electricity Swaps (inflow/asset)	(537)	(553)	26	(405)	(174)	
	35,455	**35,721**	**36,727**	**(498)**	**(428)**	**(80)**

Group 2013	Balance Sheet $000	Contractual Cashflows $000	Less than 1 Year $000	1-2 Years $000	2-5 Years $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)**

Parent 2014	Balance Sheet $000	Contractual Cashflows $000	Less than 1 Year $000	1-2 Years $000	2-5 Years $000	
Trade and other payables	43	43	43			
Total Non Derivative Liabilities	**43**	**43**	**43**			

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**			

23. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy for the Group's assets and liabilities:

GROUP - 2014	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset measured at fair value		$000	$000	$000	$000
Interest Rate Swaps (Note 22)	31-Mar-14	333		333	
Electricity Swaps (Note 22)	31-Mar-14	537		537	
Electricity Network Assets (Note 10)	31-Mar-13	99,141			99,141
Land and Buildings (Note 10)	31-Mar-14	7,525		2,648	4,877
Liabilities measured at fair value					
Interest Rate Swaps (Note 22)	31-Mar-14	62		62	

GROUP 2013	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset measured at fair value		$000	$000	$000	$000
Electricity Swaps (Note 22)	31-Mar-13	906		906	
Electricity Network Assets (Note 10)	31-Mar-13	99,638			99,638
Land and Buildings (Note 10)	31-Mar-10	6,642		2,627	4,015
Liabilities measured at fair value					
Interest Rate Swaps (Note 22)	31-Mar-13	366		366	

There have been no transfers between Levels 1 and 2 during the period.

Description of unobservable inputs to level 3 valuations:

- **Electricity Distribution Assets**

The Group's electricity distribution assets have been valued on a discounted cashflow basis. Below is a summary of the key unobservable inputs into this valuation.

Significant unobservable input	Sensitivity of the input to fair value.
WACC (post tax) Range 5.8% - 6.6%	The impact on the midpoint valuation of change in WACC to the high or low points of the range is approximately 2.8%
Operating expenditure forecasts	A 5% movement in operating expenditure forecasts would result in a reduction/increase in the valuation of approximately 2.4%
Revenue forecasts	The average impact on the midpoint valuation of a 1% movement is annual real prices is approximately 1.2%
Capital expenditure forecasts	A 5% movement in capital expenditure forecasts would result in a reduction/increase in the valuation of approximately 0.5%
Forecast Regulatory Asset Base (RAB)	A 5% movement in the forecast RAB would result in a reduction/increase in the valuation of approximately 3.3%.

A reconciliation of the movement in value of electricity distribution assets is provided in Note 10

- **Building Assets - Specialised**

Westpower's Tainui Street Depot and key substation buildings are considered purpose build with no reliable market evidence and so have been valued on a depreciated replacement cost basis. An optimised depreciated replacement cost methodology has been applied in line with Treasury Guidelines including development of asset registers, standard replacement costs, optimisation and assessment of useful lives.

Below is a reconciliation of the movement in the value of specialised building assets for the period:

	Group	Parent
	$000	$000
Balance 31 March 2012	**4,111**	
less Depreciation	(96)	
Balance 31 March 2013	**4,015**	
plus Additions	355	
plus Revaluation Movement through Equity	514	
plus Revaluation Movement through Profit	90	
less Depreciation	(97)	
Balance 31 March 2014	**4,877**	

- **Available for Sale Financial Assets**

As the available for sale financial assets are not actively traded the fair value of these investments has been assessed based on the net asset backing of these investments.

24. COMMITMENTS

		Group		Parent	
		31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
		$000	$000	$000	$000
Capital Commitments					
No longer than 1 year					
Operating Lease Commitments					
No longer than 1 year		216	337		
1 to 2 years		101	200		
2 to 5 years		75	121		
Longer than 5 years		17	21		
		409	679		

25. 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 2013)

Westpower has provided a guarantee to Westpac in relation to the debts owed by Amethyst Hydro Limited (No change from 2013).

Westpower Limited has provided bank guarantees from Westpac to the value of $600,000. (2013 $600,000)

Electronet Services has no performance bonds in place in relation to contract work undertaken during the period (2013 $650,000)

The Group has no other contingent liabilities or contingent assets

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

	Group		Parent	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	$000	$000	$000	$000
Profit for the period	**3,554**	**5,123**	**8**	**37**
Adjustments for non cash items				
Depreciation	4,931	5,096		
Amortisation of intangibles	155	191		
Vested assets	(273)	(433)		
Unwinding of discount		(23)		
Loss (Gain) on sale of property, plant and equipment	205	229		
Loss on revaluation	2			
Reversal of previous loss on revaluation	(90)			
Change in deferred tax	443	451		
Change in employee benefits (non current)	67	67		
Change in foreign exchange contracts		5		
	5,440	5,583		
Movement in working capital items				
Change in trade and other receivables	549	717	(1)	(4)
Change in inventories	66	1		
Change in trade and other payables	(533)	(256)	31	(30)
Change in employee benefits (current)	229	108		
Change in current tax asset	(541)	572	(10)	4
Adjustments for items classified as investing activities				
Change in capital creditors	1,200	231		
Change in capital prepayments	(18)	(40)		
Change in finance lease receivable (current)	6	14		
Change in finance lease receivable (non current)		6		
Change in loan receivable (current)				
Net Cash from Operating Activities	**9,952**	**12,059**	**28**	**7**

27. 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 28.

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:

		Transaction Value for the period ended		Balance Outstanding	
	Note	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
		$000	$000	$000	$000
Trustees					
Services provided to:					
M Pugh	a)	6	-	-	-
G Topp	b)	20	6	3	3
Services received from:					
M Pugh	c)	46	69	37	-
Directors					
Services provided to:					
H Little	d)	156	7	3	-
S Merriman	e)	6	52	1	5
Services received from:					
S Merriman	f)	84	223	-	21
A Williams	g)	4	2	-	-
H Little	h)	1	-	1	-

a) The Group provided services to to Pugh Contracting. M Pugh is a shareholder of this company.
b) The Group provided services to Greg Topp Electrical. G Topp is the managing director of this company.
c) The Group received services from Pugh Contracting. M Pugh is a shareholder of this company.
d) The Group provided services to Westland Milk Products Limited and Development West Coast. H Little is a shareholder of Westland Milk products and a trustee of Development West Coast.
e) The Group provides services to Marshall and Heaphy Limited, High Street Business Park Limited (nil 2014) and W Merriman. S Merriman is the managing director and shareholder of Marshall and Heaphy Limited, a shareholder and director in High Street Business Park Limited and wife of W Merriman.
f) The Group received services from Top Gear Performance Limited. S Merriman is a shareholder of Top Gear Performance Limited.
g) The Group received services from The Ashley Hotel Limited, The Ashley Hotel Christchurch Limited and The Towers on the Park Limited. A Williams is a director and shareholder of these companies.
h) The Group received services from the Stations Inn. H Little is owner/director of this company

Other Related Party Transactions

		Transaction Value for the period ended		Balance Outstanding	
		31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
		$000	$000	$000	$000
ElectroNet Services Limited and West Coast Electric Power Trust (WCEPT)					
Services provided to WCEPT		12	12	1	-
Westpower Limited and West Coast Electric Power Trust (WCEPT)					
Loan from WCEPT		-	-	800	800
Dividend paid to WCEPT		156	156	-	-

Key Management Personnel Compensation

Key management personnel include the Trustees.

		31-Mar-14	31-Mar-13		
		$000	$000		
Trustees honoraria		74	74		
Meetings fees		7	6		
		81	80		

28. Group entities

Subsidiaries

	Country of Incorporation	Ownership Interest (%) 2014	Ownership Interest (%) 2013
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

29. Statement of Performance

	Notes	Actual 2013/14	Target 2013/14	Target 2014/15	Target 2015/16
Safety					
Lost time injury frequency rate	a)	11.73	0	0	0
Reliability					
SAIDI (System Average Interruption Duration Index)	b)	108.28	175	175	175
SAIFI (System Average Interruption Frequency Index)	b)	1.71	1.99	1.99	1.99
Asset Management					
Opex Ratio [1]		8.6%	8.1%	8.7%	8.3%
Capex Ratio [2]		2.6%	2.7%	2.3%	2.4%
Renewal Ratio [3]	c)	64.5%	42%	41%	41%
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)	$5.2m	$8.9m	$10.7m	$13m
Pre discount operating surplus before tax on consolidated shareholder funds	d)	6.3%	8.8%	9.6%	10.6%
Post discount operating surplus before tax on consolidated shareholder funds	d)	4.5%	7.9%	8.8%	9.9%
% of contracting revenue from group external parties		71%	>30%	>30%	>30%
Consolidated shareholder funds to total assets		67%	>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 6 incidents with total days lost of 199 against a target of zero.
b) In terms of outages, as measured by the System Average Interruption Index (SAIDI), 2014 was the best experienced on the network in the past 14 years. The year was without the severe weather disruptions that have been experienced more often since 2009.
c) The Renewal Ratio is higher than forecast due to the lower depreciation expense following the revaluation of the network assets at 31 March 2013 as well as additional renewal expenditure during the period.
d) The targeted operating surplus was not achieved due to the actual discount to consumers being increased by $1m over the original budget, and also due to the actual timing of generation revenues not reflecting budgeted timing due to the commissioning date for the Amethyst scheme being later than planned. Contracting revenues were also below target for the year.

30. Post Balance Date Events

The West Coast was hit by Cyclone Ita in April 2014 causing approximately $1m of damage across the entire network.

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

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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 2014

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 and group on her behalf.

We have audited the financial statements of the Trust and group on pages 1 to 36, that comprise the statement of financial position as at 31 March 2014, 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 36:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's and group's:
    - financial position as at 31 March 2014; and
    - financial performance and cash flows for the year ended on that date.

Our audit was completed on 31 July 2014. 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 Trust and 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 and group'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 and group'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 Trust and 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 Trust and Trustees

The Trust and 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 Trust and 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 Trust and Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

The Trust's and Trustees' responsibilities arise from the Electricity Industry Act 2010.

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 103 of the Electricity Industry Act 2010.

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 of the annual financial statements we have carried out an assurance assignment for the Trust and group. This involved issuing an audit certificate pursuant to the Electricity Distribution Information Disclosure Determination 2012.

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 2014 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 31 July 2014 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.