

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Group		Parent	
		31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
Operating Revenue	5	54,833	58,928		
Other Income	6	198	57	156	156
		55,031	58,985	156	156
Operating Expenses	7	42,181	44,992	170	141
Depreciation, Amortisation and Impairment		5,743	5,501		
		47,924	50,493	170	141
Operating Profit (Loss)		7,107	8,492	(14)	15
Finance Income		118	195	5	6
Finance Expenses		(1,449)	(1,752)		
Net Finance Cost	8	(1,331)	(1,557)	5	6
Profit (Loss) Before Income Tax		5,776	6,935	(9)	21
Income Tax	9	2,420	2,442		
Profit (Loss) After Income Tax		3,356	4,493	(9)	21
Attributable to:					
Trust		3,203	4,329	(9)	21
Minority Interests		153	164		
		3,356	4,493	(9)	21

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 2016

	Notes	Group		Parent	
		31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
Profit (Loss) For The Period		3,356	4,493	(9)	21
Gains on revaluation					
Fair value of cashflow hedges		(569)	(886)		
Income tax on other comprehensive income		159	248		
Other comprehensive income		(410)	(638)		
Total Comprehensive Income		2,946	3,855	(9)	21
Attributable to:					
Parent Entity		2,843	3,771	(9)	21
Minority Interest		103	84		
		2,946	3,855	(9)	21

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Group		Parent	
		31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
Balance at 1 April		118,760	115,145	31,276	31,255
Total comprehensive income		2,946	3,855	(9)	21
Contributions from equity holders					
Dividends to equity holders		(300)	(240)		
Balance at 31 March		121,406	118,760	31,267	31,276
Attributable to:					
Parent Entity		120,345	117,502	31,267	31,276
Minority Interest		1,061	1,258		
		121,406	118,760	31,267	31,276

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 2016

	Notes	Group		Parent	
		31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
NON CURRENT ASSETS					
Property, Plant and Equipment	10	149,692	147,969		
Goodwill and Other Intangible Assets	11	7,509	7,486		
Investments in Subsidiaries	12			31,100	31,100
Other Investments	13	631	791		
Financial Derivatives	22		461		
Total Non Current Assets		157,832	156,707	31,100	31,100
CURRENT ASSETS					
Cash and Cash Equivalents	14	2,135	3,824	64	68
Other Investments	13	125	100	125	100
Trade and Other Receivables	15	10,461	10,370	6	8
Assets Held for Sale	17	549			
Financial Derivatives	22	424	16		
Inventories		941	1,094		
Current Tax Assets		113	12	13	12
Total Current Assets		14,748	15,416	208	188
TOTAL ASSETS		172,580	172,123	31,308	31,288
EQUITY					
Share Capital					
Reserves	18	10,523	10,883		
Retained Earnings	18	109,822	106,619	31,267	31,276
Minority Interest	18	1,061	1,258		
TOTAL EQUITY		121,406	118,760	31,267	31,276
NON CURRENT LIABILITIES					
Loans and Borrowings	19	24,550	24,750		
Financial Derivatives	22	782	555		
Finance Lease Payable	20	20	54		
Employee Benefits		668	601		
Deferred Tax Liabilities	9	17,630	16,639		
Total Non Current Liabilities		43,650	42,599		
CURRENT LIABILITIES					
Trade and Other Payables	21	4,765	4,320	41	12
Employee Benefits		2,034	2,226		
Finance Lease Payable	20	34	48		
Financial Derivatives	22	291			
Current Portion of Borrowings	19	400	4,000		
Income tax payable			170		
Total Current Liabilities		7,524	10,764	41	12
TOTAL LIABILITIES		51,174	53,363	41	12
TOTAL EQUITY AND LIABILITIES		172,580	172,123	31,308	31,288

Authorised for issue on 5 August 2016 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 2016

	Notes	Group		Parent	
		31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		54,187	58,015		
Interest Received		126	207	5	3
Dividends Received		6	22	156	156
Payments to suppliers and employees		(41,040)	(44,616)	(140)	(164)
Interest Paid		(1,478)	(1,767)		
Income Tax (Paid) Received		(1,545)	(1,311)		
Net GST Paid		97	(178)		
Net cash inflows/(outflows) from operating activities	26	10,353	10,372	21	(5)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		320	64		
Loan payments received		139	115		800
Proceeds from sale of investments		150	100	150	100
Acquisition of property, plant and equipment		(8,259)	(6,547)		
Acquisition of investments		(175)	(100)	(175)	(900)
Purchase of goodwill and intangibles		(69)	(87)		
Net cash inflows/(outflows) from investing activities		(7,894)	(6,455)	(25)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1,550	1,400		
Contributions from equity holders					
Repayment of borrowings		(5,350)	(4,790)		
Purchase of Westpower shares					
Finance lease repayments		(48)	(59)		
Dividends paid		(300)	(240)		
Net cash inflows/(outflows) from financing		(4,148)	(3,689)		
Net increase (decrease) in cash and cash equivalents		(1,689)	228	(4)	(5)
Cash and cash equivalents at 1 April		3,824	3,596	68	73
Cash and cash equivalents at 31 March	14	2,135	3,824	64	68

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

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 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 2016 (see note 28), together referred to as the Group.

The financial statements have been prepared in accordance with the requirements of the Electricity Industry Act 2010.

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.

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. 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.

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 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.

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 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 March 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).

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

(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) 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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

(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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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.

(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.

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. 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 amendments to the following standards and interpretations issued but not yet effective or early adopted, are not expected to have a significant impact on the group's operations.

	Effective for the financial year ending 31 March
NZ IFRS 9 Financial Instruments – Recognition and Measurement	2018
NZ IFRS 15 Revenue from Contracts with Customers	2018

(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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

(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.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING REVENUE

	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Line Charges	21,045	20,489		
Less Special Discount	(2,961)	(1,979)		
Rentals & Sundry Income	1,444	776		
Vested Assets	721	462		
Capital Contributions	594	50		
Generation Revenue	4,193	4,294		
Contracting and Consulting Income	29,797	34,836		
Total Operating Revenue	54,833	58,928		

6. OTHER INCOME

	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Gain on sale of property, plant and equipment	192	35		
Dividends from subsidiaries			156	156
Dividend income on available for sale financial assets	6	22		
Total Other Income	198	57	156	156

7. OPERATING EXPENSES

	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Loss on disposal of property, plant and equipment	881	99		
Loss on revaluation				
Reversal of previous loss on revaluation				
Trustees Honoraria	93	88	93	88
Directors' Fees	284	290		
Auditor's remuneration to Audit New Zealand:				
- Audit of financial statements	142	153	7	7
- Other audit related services	19	18		
Operating Lease Expense	341	347		
Transmission Charges	5,185	4,706		
Maintenance and Operations	5,635	6,387		
Employee Related Expenses				
- Defined contribution schemes	630	645		
- Other employee benefits	20,065	19,490		
Other Expenses	8,906	12,769	70	46
	42,181	44,992	170	141

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCE INCOME AND EXPENSES

	Group		Parent	
	31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
Interest income	118	195	5	6
Finance Income	118	195	5	6
Interest expense on financial liabilities measured at amortised cost	1,449	1,752		
Finance Expense	1,449	1,752		
Net Finance Costs	(1,331)	(1,557)	5	6

9. INCOME TAX

	Group		Parent	
	31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
Current Tax Expense				
Current Period	1,274	1,562		
Adjustment for prior period	(4)	(1)		
	1,270	1,561		
Deferred Tax Expense				
Origination and reversal of temporary differences	1,148	882		
Adjustment for prior period	2	(1)		
	1,150	881		
Income Tax Expense Recognised in Profit	2,420	2,442		

Reconciliation of Effective Tax Rate				
	Group		Parent	
	31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
Profit before income tax	5,776	6,935	(9)	21
Prima facie tax at 28%	1,617	1,941	(3)	6
Non deductible expenses	54	67		
Tax exempt income	332	524		
Change in temporary differences	421	37	3	(6)
Under (over) provided in prior periods	(2)	(2)		
Imputation credits received	(2)	(125)		
Income Tax Expense Recognised in Profit	2,420	2,442		

Income Tax Recognised Directly in Equity				
	Group		Parent	
	31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
Deferred tax liability on revaluation of land and building assets (distribution assets)				
Movement in fair value of derivatives	(159)	(248)		
Total Income Tax Recognised Directly In Equity	(159)	(248)		

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

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	Charged to Income	Charged to Equity	Closing Balance	
	31-Mar-15			31-Mar-16	
	\$000	\$000	\$000	\$000	
<i>Deferred Tax Liabilities</i>					
Property, plant and equipment	17,650	1,008		18,658	
Available for sale assets	21			21	
Construction contracts	2			2	
Derivatives	(24)		(159)	(183)	
	<u>17,649</u>	<u>1,008</u>	<u>(159)</u>	<u>18,498</u>	
<i>Deferred Tax Assets</i>					
Employee Provisions	528	28		556	
Provision for Doubtful Debts	26	(1)		25	
Tax losses	456	(169)		287	
	<u>1,010</u>	<u>(142)</u>		<u>868</u>	
Net Deferred Tax Liability	<u>16,639</u>	<u>1,150</u>	<u>(159)</u>	<u>17,630</u>	
Attributable to:					
Parent					
Subsidiaries	16,639	1,150	(159)	17,630	
	<u>16,639</u>	<u>1,150</u>	<u>(159)</u>	<u>17,630</u>	

Group	Opening Balance	Charged to Income	Charged to Equity	Closing Balance	
	31-Mar-14			31-Mar-15	
	\$000	\$000	\$000	\$000	
<i>Deferred Tax Liabilities</i>					
Property, plant and equipment	16,993	657		17,650	
Available for sale assets	21			21	
Construction contracts	2			2	
Derivatives	224		(248)	(24)	
	<u>17,240</u>	<u>657</u>	<u>(248)</u>	<u>17,649</u>	
<i>Deferred Tax Assets</i>					
Employee Provisions	492	36		528	
Provision for Doubtful Debts	24	2		26	
Tax Losses	720	(264)		456	
	<u>1,236</u>	<u>(226)</u>		<u>1,010</u>	
Net Deferred Tax Liability	<u>16,004</u>	<u>883</u>	<u>(248)</u>	<u>16,639</u>	
Attributable to:					
Parent					
Subsidiaries	16,004	883	(248)	16,639	
	<u>16,004</u>	<u>883</u>	<u>(248)</u>	<u>16,639</u>	

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX (continued)

Imputation Credits	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Imputation credits are available to shareholders of Westpower:				
Through the Parent				
Through subsidiaries	23,375	21,558		
	<u>23,375</u>	<u>21,558</u>		

10. PROPERTY, PLANT AND EQUIPMENT

Group	Electricity	Hydro	Land and	Other	Total
	Distribution System	Generation	Buildings		
	\$000	\$000	\$000	\$000	\$000
<i>Cost or deemed cost</i>					
Balance at 31 March 2014	102,437	35,854	7,526	11,698	157,515
Additions	2,681	135	2,443	1,235	6,494
Disposals	(109)			(245)	(354)
Gain on revaluation					
Balance at 31 March 2015	105,009	35,989	9,969	12,688	163,655
Additions	3,420	75	2,922	2,318	8,735
Disposals and Impairments	(738)		(81)	(575)	(1,394)
Transferred to Assets Held for Sale	(634)				(634)
Balance at 31 March 2016	107,057	36,064	12,810	14,431	170,362
<i>Accumulated Depreciation, Amortisation and Impairment</i>					
Balance at 31 March 2014	3,296	526	1	6,731	10,554
Depreciation for the year	3,387	655	235	1,081	5,358
Disposals	(11)			(215)	(226)
Balance at 31 March 2015	6,672	1,181	236	7,597	15,686
Depreciation for the year	3,473	658	290	1,156	5,577
Disposals and Impairments	(40)			(468)	(508)
Transferred to Assets Held for Sale	(85)				(85)
Balance at 31 March 2016	10,020	1,839	526	8,285	20,670
Net Book Value at 31 March 2015	98,337	34,808	9,733	5,091	147,969
Net Book Value at 31 March 2016	97,037	34,225	12,284	6,146	149,692

No borrowing costs have been capitalised during the period (2015 nil)

Capital work in progress is contained in the following categories:

	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Electricity Distribution System	217	248		
Hydro Generation	22	95		
Land and Buildings		1,941		
Other	180	333		
	<u>419</u>	<u>2,617</u>		

Security

At 31 March 2016, 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 2014	6,993	1,892	8,885
Additions		125	125
Disposals			
Balance at 31 March 2015	6,993	2,017	9,010
Additions		189	189
Disposals			
Balance at 31 March 2016	6,993	2,206	9,199
<i>Depreciation and impairment losses</i>			
Balance at 31 March 2014		1,381	1,381
Amortisation for the year		143	143
Disposals			
Balance at 31 March 2015		1,524	1,524
Amortisation for the year		166	166
Impairment losses			
Disposals			
Balance at 31 March 2016		1,690	1,690
Net Book Value 31 March 2015	6,993	493	7,486
Net Book Value 31 March 2016	6,993	516	7,509

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

Capital work in progress is contained in the following categories:

	Group		Parent	
	31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
Software	33			

12. INVESTMENT IN SUBSIDIARIES

	Group		Parent	
	31-Mar-16 \$000	31-Mar-15 \$000	31-Mar-16 \$000	31-Mar-15 \$000
Current Assets				
Loan to Westpower Limited				
Non Current Assets				
Ordinary Shares - Westpower Limited			25,800	25,800
Preference Shares - Westpower Limited			5,300	5,300
			31,100	31,100
			31,100	31,100

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

13. OTHER INVESTMENTS

	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Current Assets				
Available for sale financial assets				
- Term deposits	125	100	125	100
	125	100	125	100
Non Current Assets				
Available for sale financial assets				
- International Panel & Lumber (West Coast) Limited	103	103		
- Term deposits				
- Other investments		21		
Other Loans	528	667		
	631	791		
	756	891	125	100

14. CASH AND CASH EQUIVALENTS

	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Bank Balances	375	371	10	11
Call Deposits	1,760	3,453	54	57
Cash and Cash Equivalents in Statement of Cashflows	2,135	3,824	64	68

15. TRADE AND OTHER RECEIVABLES

	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Trade and other receivables	8,602	8,225	6	8
Trade receivables due from related parties				
Prepayments	220	280		
Construction work in progress	1,687	1,921		
	10,509	10,426	6	8
less provision for impairment	(48)	(56)		
	10,461	10,370	6	8

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

16. CONSTRUCTION CONTRACTS

	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Construction costs incurred	788	4,973		
Recognised profits (less recognised losses to date)	208	1,997		
	996	6,970		
Less progress billings	(911)	(6,618)		
Due from customers	85	352		

The balance due from customers is included in Construction Work In Progress (Note 15). No advances have been received and no retentions have been included in Progress Billings.

17. ASSETS HELD FOR SALE

Pike substation assets were decommissioned and are held for sale at 31 March 2016.

	Group	
	31-Mar-16	31-Mar-15
	\$000	\$000
Assets Held for Sale	865	
Impairment	(316)	
	549	

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						
		Hedging	Revaluation	Retained		Minority	Total
		Reserve	Reserve	Earnings	Total	Interest	Equity
		\$000	\$000	\$000	\$000	\$000	\$000
Balance at 31 March 2014		510	10,932	102,290	113,732	1,413	115,145
Profit for the period				4,329	4,329	164	4,493
<i>Other comprehensive income:</i>							
Gain on revaluation							
Fair value of cashflow hedges		(776)			(776)	(110)	(886)
Income tax on items taken directly to equity		217			217	31	248
Total other comprehensive income		(559)			(559)	(79)	(638)
Total comprehensive income for the period		(559)		4,329	3,770	85	3,855
Transfer to Retained Earnings							
Dividends to Equity Holders						(240)	(240)
Balance at 31 March 2015		(49)	10,932	106,619	117,502	1,258	118,760
Profit for the period				3,203	3,203	153	3,356
<i>Other comprehensive income:</i>							
Gain on revaluation							
Fair value of cashflow hedges		(500)			(500)	(69)	(569)
Income tax on items taken directly to equity		140			140	19	159
Total other comprehensive income		(360)			(360)	(50)	(410)
Total comprehensive income for the period		(360)		3,203	2,843	103	2,946
Dividends to Equity Holders						(300)	(300)
Balance at 31 March 2016		(409)	10,932	109,822	120,345	1,061	121,406

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 \$000	Total Equity \$000
	<i>Hedging Reserve \$000</i>	<i>Revaluation Reserve \$000</i>	<i>Retained Earnings \$000</i>	<i>Total \$000</i>			
Balance at 31 March 2014			31,255	31,255		31,255	
Profit for the period			21	21		21	
Other comprehensive income							
Total comprehensive income for the period			21	21		21	
Balance at 31 March 2015			31,276	31,276		31,276	
Profit for the period			(9)	(9)		(9)	
Other comprehensive income							
Total comprehensive income for the period			(9)	(9)		(9)	
Balance at 31 March 2016			31,267	31,267		31,267	

19. LOANS AND BORROWINGS

	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Non Current Liabilities				
Non current portion of secured bank loans	24,550	24,750		
	24,550	24,750		
Current Liabilities				
Current portion of secured bank loans	400	4,000		
Other loans - subsidiaries				
	400	4,000		
	24,950	28,750		

	Weighted Average		Face Value 2016 \$000	Carrying	
	Interest Rate			Value	Face Value
	2015	2016		2016	2015
<i>Less than one year</i>					
Secured bank loan-call		3.70%	400	400	
Secured bank loans	4.30%				4,000
<i>Longer than one year</i>					
Secured bank loans	5.17%	5.17%	24,550	24,550	24,750
Total Interest Bearing Liabilities - Group			24,950	24,950	28,750

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-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
No longer than one year	37	54	34	48
Later than one year and not later than five years	20	57	20	54
Minimum lease payments	57	111	54	102
Less future finance charges	(3)	(9)		
Present value of minimum lease payments	54	102	54	102
Comprising:				
Current			34	48
Non Current			20	54
			54	102

21. TRADE AND OTHER PAYABLES

	Group		Parent	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Trade payables due to related parties				1
Other trade payables	4,684	4,210	41	11
Accrued interest	81	110		
	<u>4,765</u>	<u>4,320</u>	<u>41</u>	<u>12</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, electricity generation sales and other contract works and Transpower in relation to contract works. Trustpower and Transpower represent 16% and 27% respectively of receivables as at 31 March 2016 (2015 14% and 27% 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-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Not past due	9,700	9,569	6	8
Past due 0-30 days	527	415		
Past due 31-60 days	69	318		
Past due more than 60 days	213	124		
	<u>10,509</u>	<u>10,426</u>	<u>6</u>	<u>8</u>
Allowance for impairment	(48)	(56)		
	<u>10,461</u>	<u>10,370</u>	<u>6</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.

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 2016 (2015 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-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000	\$000	\$000
Outstanding floating to fixed contracts:						
Less than 1 year		3.23%		6,400	(291)	16
1 to 3 years	3.45%	3.45%	7,000	7,000	(493)	15
3 to 5 years	4.84%		7,900		(289)	
More than 5 years		4.84%		7,900		(555)
			14,900	21,300	(1,073)	(524)

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 2016 was 8.9 MWh with a fair value of \$423,682 (2015 46.5 MWh with a fair value of \$445,863). 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.

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 2016 it is estimated that a general increase of one percentage point in interest rates could decrease the Group's profit by \$100,500 (2015 \$74,500) and increase equity (excluding retained earnings) by \$465,236 (2015 \$592,649)

A decrease of one percentage point in interest rates would have the opposite impact on profit and decrease equity by \$486,581 (2015 \$623,559).

At 31 March 2016, it is estimated that an increase of ten percentage points in forward electricity prices will decrease equity (excluding retained earnings) by \$37,686 (2015 \$302,403). 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 2016 (2015 less than \$10,000).

Classification of Financial Instruments

GROUP - 2016	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	14		2,135				2,135
Other investments	13			125			125
Trade and other receivables	15		10,461				10,461
Financial derivatives	22	424					424
		424	12,596	125			13,145
Non Current Assets							
Other investments	13				103	528	631
Financial derivatives	22						
					103	528	631
Total Financial Assets		424	12,596	125	103	528	13,776
Current Liabilities							
Trade and other payables	21					4,765	4,765
Finance lease payable	20					34	34
Loans and borrowings	19					400	400
Financial derivatives	22	291					291
		291				5,199	5,490
Non Current Liabilities							
Loans and borrowings	19					24,550	24,550
Finance lease payable	20					20	20
Financial derivatives	22	782					782
		782				24,570	25,352
Total Financial Liabilities		1,073				29,769	30,842

GROUP - 2015		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	\$000	\$000	\$000	\$000
Current Assets							
Cash and cash equivalents	14		3,824				3,824
Other investments	13			100			100
Trade and other receivables	15		10,370				10,370
Financial derivatives	22	16					16
		16	14,194	100			14,310
Non Current Assets							
Other investments	13				124	667	791
Financial derivatives	22	461					461
		461			124	667	1,252
Total Financial Assets		477	14,194	100	124	667	15,562
Current Liabilities							
Trade and other payables	21					4,320	4,320
Finance lease payable	20					48	48
Loans and borrowings	19					4,000	4,000
Financial derivatives	22						
						8,368	8,368
Non Current Liabilities							
Loans and borrowings	19					24,750	24,750
Finance lease payable	20					54	54
Financial derivatives	22	555					555
		555				24,804	25,359
Total Financial Liabilities		555				33,172	33,727

PARENT - 2016		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	\$000	\$000	\$000	\$000
Current Assets							
Cash and cash equivalents	14		64				64
Other investments	13			125			125
Trade and other receivables	15		6				6
			70	125			195
Non Current Assets							
Other investments	13						
Total Financial Assets			70	125			195
Current Liabilities							
Trade and other payables	21					41	41
						41	41
Total Financial Liabilities						41	41

PARENT - 2015	Note	Designated	Loans and	Held to	Available	Other	Total
		at fair value	receivables	maturity	for sale	Amortised	Carrying
		\$000	\$000	\$000	\$000	Cost	Value
							\$000
Current Assets							
Cash and cash equivalents	14		68				68
Other investments	13			100			100
Trade and other receivables	15		8				8
			76	100			176
Non Current Assets							
Other investments	13						
Total Financial Assets			76	100			176
Current Liabilities							
Trade and other payables	21					12	12
						12	12
Total Financial Liabilities						12	12

Maturity Analysis of Financial Liabilities

Group 2016	Balance Sheet	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years	5-7 Years
	\$000	\$000	\$000	\$000	\$000	\$000
Secured bank loans	24,950	25,118	25,118			
Trade and other payables	4,765	4,765	4,765			
Total Non Derivative Liabilities	29,715	29,883	29,883			
Interest Rate Swaps:						
Net Interest Settled Outflow (Inflow)	1,073	1,073	291	300	482	
Electricity Swaps (inflow/asset)	(424)	(428)	(428)			
	30,364	30,528	29,746	300	482	

Group 2015	Balance Sheet	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years	
	\$000	\$000	\$000	\$000	\$000	
Secured bank loans	28,750	29,041	29,041			
Trade and other payables	4,320	4,320	4,320			
Total Non Derivative Liabilities	33,070	33,361	33,361			
Interest Rate Swaps:						
Net Interest Settled Outflow (Inflow)	524	524	82	108	269	65
Electricity Swaps (Inflow/asset)	(446)	(474)	(277)	(197)		
	33,148	33,411	33,166	(89)	269	65

Parent 2016	Balance	Contractual	Less than		
	Sheet	Cashflows	1 Year	1-2 Years	2-5 Years
	\$000	\$000	\$000	\$000	\$000
Trade and other payables	41	41	41		
Total Non Derivative Liabilities	41	41	41		
Parent 2015	Balance	Contractual	Less than		
	Sheet	Cashflows	1 Year	1-2 Years	2-5 Years
	\$000	\$000	\$000	\$000	\$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 - 2016					
	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-16				
Electricity Swaps (Note 22)	31-Mar-16	424		424	
Electricity Network Assets (Note 10)	31-Mar-13	97,455			97,455
Land and Buildings (Note 10)	31-Mar-14	12,284		7,713	4,571
Liabilities measured at fair value					
Interest Rate Swaps (Note 22)	31-Mar-16	1,073		1,073	
GROUP 2015					
	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-15	31		31	
Electricity Swaps (Note 22)	31-Mar-15	446		446	
Electricity Network Assets (Note 10)	31-Mar-13	98,755			98,755
Land and Buildings (Note 10)	31-Mar-14	9,733		4,961	4,772
Liabilities measured at fair value					
Interest Rate Swaps (Note 22)	31-Mar-15	555		555	

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 in 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 2014	4,877	
plus Additions	94	
less Depreciation	(199)	
Balance 31 March 2015	4,772	
plus Additions		
less Depreciation	(201)	
Balance 31 March 2016	4,571	

- **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-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Capital Commitments				
No longer than 1 year		2,794		
Operating Lease Commitments				
No longer than 1 year	191	216		
1 to 2 years	83	144		
2 to 5 years	99	89		
Longer than 5 years	12	14		
	<u>385</u>	<u>463</u>		

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 2015)

Westpower has provided a guarantee to Westpac in relation to the debts owed by Amethyst Hydro Limited (No change from 2015).

Westpower Limited has provided bank guarantees from Westpac to the value of \$600,000. (2015 \$600,000)

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-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
Profit for the period	3,356	4,493	(9)	21
<i>Adjustments for non cash items</i>				
Depreciation	5,577	5,358		
Amortisation of intangibles	166	143		
Vested assets	(721)	(462)		
Loss (Gain) on sale of property, plant and equipment	607	64		
Loss on revaluation				
Reversal of previous loss on revaluation				
Change in deferred tax	1,150	883		
Change in employee benefits (non current)	67	28		
Change in foreign exchange contracts				
	6,846	6,014		
<i>Movement in working capital items</i>				
Change in trade and other receivables	(194)	(1,237)	2	5
Change in inventories	153	(37)		
Change in trade and other payables	445	196	29	(31)
Change in employee benefits (current)	(192)	191		
Change in current tax asset	(271)	249	(1)	
<i>Adjustments for items classified as investing activities</i>				
Change in capital creditors	127	606		
Change in capital prepayments	103	(103)		
Change in other investments	(20)			
Net Cash from Operating Activities	10,353	10,372	21	(5)

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:

	Note	Transaction Value for the period ended		Balance Outstanding	
		31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
		\$000	\$000	\$000	\$000
Trustees					
Services provided to:					
G Topp	a)	12	6	-	-
D Truman	b)	-	1	-	-
B Lee	c)	-	2	-	-
Services received from:					
M Pugh	d)	7	41	-	11
Directors					
Services provided to:					
H Little	e)	132	548	8	220
S Merriman	f)	31	17	1	-
A Williams	g)	2	-	-	-
Services received from:					
S Merriman	h)	54	-	2	-
A Williams	i)	4	5	-	-

- a) The Group provided services to Greg Topp Electrical. G Topp is the managing director of this company.
- b) The Group provided services to Greymouth Paper Plus. D Truman is the managing director and a shareholder of this company.
- c) The Group provided services to Aerial Electrical. B Lee is the managing director of this company.
- d) The Group received services from Pugh Contracting. M Pugh is a shareholder of this company.
- e) The Group provided services to H Little, Westland Milk Products Limited and Development West Coast. H Little is a director and shareholder of Westland Milk products and a trustee of Development West Coast.
- f) The Group provided services to Marshall and Heaphy Limited. S Merriman is the managing director and shareholder of Marshall and Heaphy Limited
- g) The Group provided services to The Ashley Hotel Limited. A Williams is a director and shareholder of The Ashley Hotel Limited.
- h) The Group received services from Westland Consultancy Limited. S Merriman is a director and shareholder of Westland Consultancy Limited.
- i) 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.

Other Related Party Transactions

	Transaction Value for the period ended		Balance Outstanding	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	\$000	\$000	\$000	\$000
<i>ElectroNet Services Limited and West Coast Electric Power Trust (WCEPT)</i>				
Services provided to WCEPT	12	11		1
<i>Westpower Limited and West Coast Electric Power Trust (WCEPT)</i>				
Loan from WCEPT	-	-	-	-
Shares issued to WCEPT	-	800	-	-
Dividend paid to WCEPT	156	156	-	-

Key Management Personnel Compensation

Key management personnel include the Trustees and the Board of Directors of Westpower.

	31-Mar-16	31-Mar-15
	\$000	\$000
Trustees honoraria	93	88
Trustees meetings fees	6	6
Directors fees	284	290
	<u>383</u>	<u>384</u>

28. Group entities

Subsidiaries

	Country of Ownership Incorporation	Interest (%)	
		2015	2014
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 2015/16	Target 2015/16	Target 2016/17	Target 2017/18
Safety					
Lost time injury frequency rate	a)	5.7	0	0	0
Reliability					
SAIDI (System Average Interruption Duration Index)		140	175	175	175
SAIFI (System Average Interruption Frequency Index)		1.45	1.99	1.99	1.99
Asset Management					
Opex Ratio ¹		7.7%	8.5%	7.9%	7.7%
Capex Ratio ²		2.9%	2.8%	3.2%	2.6%
Renewal Ratio ³		38%	43%	37%	38%
Electricity Generation					
Generation Availability		97.6%	95%	95%	95%
Generation Capacity		80.9%	75%	75%	75%
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	b)	\$5.9m	\$11.8m	\$10.6m	\$11.9m
Pre discount operating surplus before tax on consolidated shareholder funds	b)	7.3%	10.1%	9%	9.4%
Post discount operating surplus before tax on consolidated shareholder funds	b)	4.9%	9.6%	8.2%	8.7%
% of contracting revenue from group external parties		77%	>30%	>30%	>30%
Consolidated shareholder funds to total assets		61%	>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 3 incidents with total days lost of 72.5 against a target of zero.
- b) The targeted operating surplus was not achieved due to the actual discount to consumers being increased by \$2m over the original budget. Contracting revenues were also below target for the year.

30. Post Balance Date Events

A dividend of \$500,000 was paid by Amethyst Hydro on 20 May 2016.

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

Independent Auditor's Report

To the readers of West Coast Electric Power Trust and group's financial statements and performance information for the year ended 31 March 2016

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 and the performance information of the Trust and Group on her behalf.

Opinion on the financial statements and performance information

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 2016, 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.
- the performance information of the Group on page 36.

In our opinion:

- the financial statements of the Trust and Group:
 - present fairly, in all material respects:
 - its financial position as at 31 March 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards.
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2016.

Our audit was completed on 5 August 2016. 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 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 and the performance information 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 and the performance information. 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 and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, 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 and the performance information 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 appropriateness of the performance information within the Group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

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

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 the preparation and fair presentation of financial statements for the Trust and Group that comply with generally accepted accounting practice in New Zealand, and for the preparation and fair presentation of performance information for the Group.

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

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information, and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

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 engagement for the Group. This engagement was in respect of Westpower Limited Group's disclosure information prepared under the Electricity Distribution Information Disclosure Determination 2012. This assignment was compatible with the independence requirements

Other than the audit, and this assignment, we have no relationship with or interests in the Trust and Group.



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 2016 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 5 August 2016 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.