WEST COAST ELECTRIC POWER TRUST AND GROUP

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2019

		Group		Parent	
	Notes	**31-Mar-19**	**31-Mar-18**	**31-Mar-19**	**31-Mar-18**
		$000	**$000**	**$000**	**$000**
Operating Revenue	5	67,670	62,509		
Other Income	6	8	82	200	191
		67,678	**62,591**	**200**	**191**
Operating Expenses	7	52,404	47,941	163	194
Depreciation, Amortisation and Impairment		5,982	5,981		
		58,386	**53,922**	**163**	**194**
Operating Profit (Loss)		**9,292**	**8,669**	**37**	**(3)**
Finance Income		475	252		
Finance Expenses		(1,034)	(1,149)		
Net Finance Cost	8	**(559)**	**(897)**		
Profit (Loss) Before Income Tax		**8,733**	**7,772**	**37**	**(3)**
Income Tax	9	2,588	2,567		
Profit (Loss) After Income Tax		**6,145**	**5,205**	**37**	**(3)**
Attributable to:					
Parent Entity		5,964	5,039	37	(3)
Minority Interest		181	166		
		6,145	**5,205**	**37**	**(3)**

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

WEST COAST ELECTRIC POWER TRUST AND GROUP

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Profit (Loss) For The Year		**6,145**	**5,205**	**37**	**(3)**
Gain on revaluation		1,101			
Fair value of cashflow hedges		(38)	147		
Income tax on other comprehensive income		(317)	(41)		
Other comprehensive income		746	106		
Total Comprehensive Income		**6,891**	**5,311**	**37**	**(3)**
Attributable to:					
Parent Entity		6,713	5,132	37	(3)
Minority Interest		178	179		
		6,891	**5,311**	**37**	**(3)**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Balance at 1 April		**128,801**	**123,610**	**31,210**	**31,213**
Total comprehensive income		6,891	5,311	37	(3)
Dividends to equity holders		(120)	(120)		
Balance at 31 March		**135,572**	**128,801**	**31,247**	**31,210**
Attributable to:					
Parent Entity		134,472	127,759	31,247	31,210
Minority Interest		1,100	1,042		
		135,572	**128,801**	**31,247**	**31,210**

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

WEST COAST ELECTRIC POWER TRUST AND GROUP

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

		Group		Parent	
	Notes	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
NON CURRENT ASSETS					
Property, Plant and Equipment	10	144,185	144,832		
Goodwill and Other Intangible Assets	11	7,707	7,642		
Investments in Subsidiaries	12			31,100	31,100
Other Investments	13	346	440		
Total Non Current Assets		**152,238**	**152,914**	**31,100**	**31,100**
CURRENT ASSETS					
Cash and Cash Equivalents	14	5,668	3,637	140	146
Short Term Deposits		15,000	9,500		
Trade and Other Receivables	15	14,480	11,263	7	6
Assets Held for Sale	16	283	1,098		
Inventories		809	688		
Current Tax Assets		14	13	14	13
Total Current Assets		**36,254**	**26,199**	**161**	**165**
TOTAL ASSETS		**188,492**	**179,113**	**31,261**	**31,265**
EQUITY					
Share Capital					
Reserves	17	11,389	10,640		
Retained Earnings	17	123,083	117,119	31,247	31,210
Minority Interest	17	1,100	1,042		
TOTAL EQUITY		**135,572**	**128,801**	**31,247**	**31,210**
NON CURRENT LIABILITIES					
Loans and Borrowings	18	21,000	22,000		
Finance Lease Payable	19	41			
Financial Derivatives	21	324	324		
Fibre IRU Liability		1,070			
Provision for Site Restoration		23	22		
Employee Benefits		721	680		
Deferred Tax Liabilities	9	18,873	18,512		
Total Non Current Liabilities		**42,052**	**41,538**		
CURRENT LIABILITIES					
Trade and Other Payables	20	6,018	4,385	14	55
Employee Benefits		2,358	2,187		
Finance Lease Payable	19	22			
Financial Derivatives	21	287	249		
Fibre IRU Liability		52			
Current Portion of Borrowings	18	700	1,200		
Income Tax Payable		1,431	753		
Total Current Liabilities		**10,868**	**8,774**	**14**	**55**
TOTAL LIABILITIES		**52,920**	**50,312**	**14**	**55**
TOTAL EQUITY AND LIABILITIES		**188,492**	**179,113**	**31,261**	**31,265**

Authorised for issue on 31 July 2019 for and on behalf of the Trust:

Greg Topp, Deputy Chair

Kevin Brown, Trustee

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

WEST COAST ELECTRIC POWER TRUST AND GROUP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

		Group		Parent	
	Notes	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		65,724	60,245		
Interest Received		428	134		
Dividends Received				200	191
Payments to suppliers and employees		(50,814)	(47,455)	(205)	(150)
Interest Paid		(1,032)	(1,167)		
Income Tax (Paid) Received		(1,865)	(1,403)	(1)	(2)
Net GST Paid		23	(186)		
Net cash inflows/(outflows) from operating activities	25	**12,464**	**10,168**	**(6)**	**40**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		1,085	200		
Loan payments received		94	57		
Investments repaid		12,000	4,000		
Acquisition of property, plant and equipment		(3,951)	(3,489)		
Acquisition of investments		(17,500)	(13,500)		
Purchase of goodwill and intangibles		(505)	(267)		
Net cash inflows/(outflows) from investing activities		**(8,777)**	**(12,999)**		
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1,150	800		
Repayment of borrowings		(2,650)	(2,150)		
Finance lease repayments		(5)	(23)		
Dividends paid		(151)	(81)		
Net cash inflows/(outflows) from financing		**(1,656)**	**(1,454)**		
Net increase (decrease) in cash and cash equivalents		**2,031**	**(4,285)**	**(6)**	**40**
Cash and cash equivalents at 1 April		3,637	7,922	146	106
Cash and cash equivalents at 31 March	14	**5,668**	**3,637**	**140**	**146**

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 Trust is domiciled in New Zealand. The Trust's registered office is at 146 Tainui Street, Greymouth.

The Westpower Limited 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 2019 (see note 27), 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. Neither the Trustees nor any others have the power to amend the financial statements after issue.

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.
- equity instruments designated at fair value through other comprehensive income.
- 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.

Significant Judgement

It is expected that the current DoC concession will be extended in line with the useful lives of the hydro generation assets. The areas affected are:

- Depreciation (assessment of the useful lives)
- Restoration liability provision

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) Financial Assets

Financial assts are classified, at initial recognition, and subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI).

Financial assets 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 financial assets are measured as described below.

Financial Assets at Amortised Cost

Financial assets at amortised cost include cash and cash equivalents, short term deposits, trade and other receivables and other loans receivable.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or losses when the asset is derecognised, modified or impaired.

Financial Assets Measured at FVOCI
The Group's investment in non subsidiary equity securities are classified as fair value through other comprehensive income. 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 FVOCI, is based on the non-market valuation techniques.

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.

(ii) Financial Liabilities

Financial liabilities are classified, at initial recognition as loans and borrowings, payables, or derivatives designated as hedging instruments. All financial liabilities are recognised initially at fair value.

Loans and Borrowings

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

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.

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

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

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

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

(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	2.5-67% DV
- furniture and fitting including computers	5-67% DV
- hydro generation assets	5-70 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 based on either a depreciated replacement cost or a market based approach. Land and buildings were revalued as at 31 March 2019 by Preston Rowe Paterson, registered valuers at $12,896,500. 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 2017 at $94,796,000 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	10-67% DV

(g) Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for good or services transferred to the customer. If the Group performed by transferring goods or services before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. 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.

Trade Receivables

A receivable represents the Group's right to an amount of consideration which is unconditional.

Standard payment terms are for payment due 20th of the month following the date of invoice. As a practical expedient, the Group has made no adjustment for the effect of the financing component of the of contract if the Group expects, at contract inception that the period between the transfer of goods and service and payment will be less than one year.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers the goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

(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

(i) Impairment of Financial Assets

The carrying amounts of the Group's financial assets are reviewed at each balance date and an allowance for any expected credit losses recognised. Expected credit losses are based on the difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expects to receive discounted at an effective interest rate.

Expected credit losses directly reduce the carrying amount of assets and are recognised in the profit or loss.

Trade 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.

(ii) 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 FVOCI is not reversed through profit or loss.

(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 from Contracts with Customer

(i) Lines Charges
The Group provides electricity distribution services to energy. This revenue is recognised at the time of supply under the output method based on the quantity, time and capacity provided. This reflects the physical transfer of the services to the customer.

(ii) Electricity Generation
Electricity generation revenue is recognised at the time of supply under the output method based on the date, time and quantity of electricity generated. This reflects the physical transfer of the services to the customer.

(iii) Contracting and Consulting Revenue
The Group provides electrical engineering consultancy and contracting services. The Group satisfies the performance obligations and recognises revenue over time. Revenue is recognised under the input method based on the costs incurred to date with reference to stage of completion of the contract and the contract value.

Performance obligations are considered to be satisfied over time on the basis that performance creates or enhances an asset that the customer controls and which has no alternative use (i.e. is a customised solution). The fact that another supplier would not need to re-preform the services provided to date demonstrates that the performance obligations are satisfied over time.

The transaction price is normally fixed at the start of the project, However changes to job scope, performance against contract timeframes or quality provisions, result in elements of variable consideration. Variable consideration is estimated based on the most likely amount. The variable consideration is not considered constrained based on the defined underlying contract provisions, the Group's historical performance and that the uncertainty will be resolved within a short timeframe.

As a practical expedient, the Group need not disclose the transaction price allocated to remaining performance obligations on the basis that:
the Group has a right to consideration from a customer in amount equal to the value transferred to the customer for the performance completed i.e.lines charges and electricity generation; or the performance obligation is part of a contract that has an original expected duration of one year or less i.e. contracting and consulting revenues.

(iv) 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 recognised 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) Changes in accounting policies and disclosures

(i) NZ IFRS 9 (2014) Financial Instruments

The Group adopted NZ IFRS 9 (2014) Financial Instruments (“NZ IFRS 9”) with a date of initial application of 1 April 2018. NZ IFRS 9 sets out new requirements for classification and measurement, impairment and hedge accounting for financial instruments. It replaces NZ IAS 39 Financial Instruments: Recognition and Measurement (“NZ IAS 39”). The adoption of NZ IFRS 9 did not have a material impact to the Group as summarised below:

Classification and Measurement

NZ IFRS 9 contains three principal classification for financial assets; amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under NZ IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The new requirements for determining the classification of financial assets did result in a change to the classification and measurement of financial assets as a result of adoption of NZ IFRS 9. The classification of financial liabilities under NZ IFRS 9 is largely consistent with NZ IAS 39 so the adoption of NZ IFRS 9 had no impact on the classification of financial liabilities.

Hedge Accounting

The Group has elected to adopt the new hedge accounting model in NZ IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with the risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. The Group enters into interest rate swaps (pay fix, receive float) to manage its interest rate exposure on its floating rate debt. The adoption of NZ IFRS 9 did not result in a material impact to the Group's hedge accounting relationships.

Impairment

NZ IFRS 9 impairment requirements are based on an expected credit loss (ECL) model replacing the incurred loss model under NZ IAS 39. The new impairment model applies to the Group's financial assets measured at amortised cost and contract assets. The adoption of NZ IFRS 9 did not have a material impact on the impairment assessment for the Group's financial assets.

The classification of financial assets and financial liabilities on the date of initial application of NZ IFRS 9 is set out in the table below:

	Classification under NZ IAS 39	**Classification under NZ IFRS 9**	**Carrying value under NZ IAS 39**	**Carrying value under NZ IFRS 9**
Financial Asset			$000	$000
Cash and cash equivalents	Loans and receivable	Amortised cost	3,637	3,637
Short Term Deposits	Loans and receivable	Amortised cost	9,500	9,500
Trade and other receivables	Loans and receivable	Amortised cost	8,524	8,524
Other Equity Investments	Available for Sale	FVOCI	103	103
Other Loans	Loans and receivable	Amortised cost	337	337
Total financial assets			**22,101**	**22,101**
Financial Liabilities				
Trade and other payables	Amortised cost	Amortised cost	3,879	3,879
Financial Derivatives	FVOCI – hedging instrument	FVOCI – hedging instrument	573	573
Loans and Borrowings	Amortised cost	Amortised cost	23,200	23,200
Total financial liabilities			**27,652**	**27,652**

(ii) NZ IFRS 15 Revenue from Contracts with Customers

The Group adopted NZ IFRS 15 Revenue from Contracts with Customer ("NZ IFRS 15") with a date of initial application of 1 April 2018. NZ IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer. The adoption of NZ IFRS 15 did not have a material impact to the Group. No restatement of prior year balances was required.

(iii) 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 16 Leases	2020

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 22.
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 22.

(b) Investments in Equity

The fair value of equity instruments designated at fair value through other comprehensive income 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.

5. OPERATING REVENUE

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Line Charges		21,067	20,952		
Less Special Discount		(2,971)	(1,992)		
Rentals & Sundry Income		817	507		
Vested Assets		318	602		
Capital Contributions					
Generation Revenue		4,013	3,773		
Consulting Income		11,265	9,728		
Contracting Income		33,161	28,939		
Total Operating Revenue		67,670	62,509		

6. OTHER INCOME

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Gain on sale of property, plant and equipment		8	82		
Dividends from subsidiaries				200	191
Dividend income on available for sale financial assets					
Total Other Income		8	82	200	191

7. OPERATING EXPENSES

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Loss on disposal of property, plant and equipment		178	68		
Loss on revaluation		63			
Trustees Honoraria		101	99	101	99
Directors' Fees		354	328		
Auditor's remuneration to Audit New Zealand:					
- Audit of financial statements		146	141	7	7
- Other audit related services		19	19		
Operating Lease Expense		367	341		
Transmission Charges		3,765	4,502		
Maintenance and Operations		5,168	5,752		
Employee Related Expenses					
- Defined contribution schemes		646	685		
- Other employee benefits		23,310	22,204		
Other Expenses		18,287	13,802	55	88
		52,404	47,941	163	194

8. FINANCE INCOME AND EXPENSES

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Interest income		475	252		
Finance Income		**475**	**252**		
Interest expense on financial liabilities measured at amortised cost		1,034	1,149		
Finance Expense		**1,034**	**1,149**		
Net Finance Costs		**(559)**	**(897)**		

9. INCOME TAX

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Current Tax Expense					
Current Period		2,583	2,150		
Adjustment for prior period		(39)	(2)		
		2,544	2,148		
Deferred Tax Expense					
Origination and reversal of temporary differences		5	410		
Adjustment for prior period		39	9		
		44	419		
Income Tax Expense Recognised in Profit		**2,588**	**2,567**		

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Profit before income tax		8,733	7,772	37	(3)
Prima facie tax at 28%		2,445	2,176	10	(1)
Non deductible expenses		97	79		
Tax exempt income			248		
Change in temporary differences		46	55	(10)	1
Under (over) provided in prior periods			9		
Imputation credits received					
Income Tax Expense Recognised in Profit		**2,588**	**2,567**		

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Deferred tax liability on revaluation of electricity distribution assets		328			
Movement in fair value of derivatives		(11)	41		
Total Income Tax Recognised Directly In Equity		**317**	**41**		

9. INCOME TAX (continued)

Group	Opening Balance 31-Mar-18 $000	Charged to Income $000	Charged to Equity $000	Closing Balance 31-Mar-19 $000
Deferred Tax Liabilities				
Property, plant and equipment	19,204	114	328	19,646
Available for sale assets	21			21
Construction contracts	2	61		63
Derivatives	(161)		(11)	(172)
	19,066	175	317	19,558
Deferred Tax Assets				
Employee Provisions	528	(2)		526
Provision for Impairment	28	11		39
Tax losses	(2)	122		120
	554	131		685
Net Deferred Tax Liability	18,512	44	317	18,873
Attributable to:				
Parent				
Subsidiaries	18,512	44	317	18,873
	18,512	44	317	18,873

Group	Opening Balance 31-Mar-17 $000	Charged to Income $000	Charged to Equity $000	Closing Balance 31-Mar-18 $000
Deferred Tax Liabilities				
Property, plant and equipment	18,804	400		19,204
Available for sale assets	21			21
Construction contracts	2			2
Derivatives	(202)		41	(161)
	18,625	400	41	19,066
Deferred Tax Assets				
Employee Provisions	501	27		528
Provision for Impairment	17	11		28
Tax Losses	(9)	7		(2)
	509	45		554
Net Deferred Tax Liability	18,116	355	41	18,512
Attributable to:				
Parent				
Subsidiaries	18,116	355	41	18,512
	18,116	355	41	18,512

9. INCOME TAX (continued)

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Imputation credits are available for use in subsequent periods					
Through the Parent					
Through subsidiaries		28,989	26,223		
		28,989	26,223		

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 2017		94,689	36,468	13,099	15,672	159,928
Additions		2,221	154	334	1,192	3,901
Disposals and impairments		(58)			(725)	(783)
Transferred to Assets Held for Sale		(831)				(831)
Balance at 31 March 2018		**96,021**	**36,622**	**13,433**	**16,139**	**162,215**
Additions		2,274	23	109	1,864	4,270
Disposals and Impairments		(150)			(68)	(218)
Revaluation				(535)		(535)
Balance at 31 March 2019		**98,145**	**36,645**	**13,007**	**17,935**	**165,732**
Accumulated Depreciation, Amortisation and Impairment						
Balance at 31 March 2017			2,515	866	8,827	12,208
Depreciation for the year		3,433	706	349	1,350	5,838
Disposals and Impairments		(2)			(645)	(647)
Transferred to Assets Held for Sale		(16)				(16)
Balance at 31 March 2018		**3,415**	**3,221**	**1,215**	**9,532**	**17,383**
Depreciation for the year		3,398	707	358	1,346	5,809
Disposals and Impairments		(10)			(62)	(72)
Revaluation				(1,573)		(1,573)
Balance at 31 March 2019		**6,803**	**3,928**		**10,816**	**21,547**
Net Book Value at 31 March 2018		**92,606**	**33,401**	**12,218**	**6,607**	**144,832**
Net Book Value at 31 March 2019		**91,342**	**32,717**	**13,007**	**7,119**	**144,185**

Capital work in progress is contained in the following categories:

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Electricity Distribution System		645	504		
Hydro Generation		21			
Land and Buildings		111	44		
Other		114	111		
		891	659		

Security
At 31 March 2019, the assets of the group are subject to a guarantee to secure bank loans.

11. GOODWILL AND OTHER INTANGIBLES

Group		Goodwill	Software	Total
		$000	$000	$000
Cost or deemed cost				
Balance at 31 March 2017		6,993	2,310	9,303
Additions			334	334
Disposals			(29)	(29)
Balance at 31 March 2018		**6,993**	**2,615**	**9,608**
Additions			238	238
Disposals				
Balance at 31 March 2019		**6,993**	**2,853**	**9,846**
Depreciation and impairment losses				
Balance at 31 March 2017			1,851	1,851
Amortisation for the year			144	144
Disposals			(29)	(29)
Balance at 31 March 2018			**1,966**	**1,966**
Amortisation for the year			173	173
Disposals				
Balance at 31 March 2019			**2,139**	**2,139**
Net Book Value 31 March 2018		**6,993**	**649**	**7,642**
Net Book Value 31 March 2019		**6,993**	**714**	**7,707**

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-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Software		48	250		

12. INVESTMENT IN SUBSIDIARIES

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
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

13. OTHER INVESTMENTS

	Group		Parent	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	$000	$000	$000	$000
Non Current Assets				
Equity instruments designated at fair value through OCI				
- International Panel & Lumber (West Coast) Limited	103	103		
- Other Loans	243	337		
	346	440		

14. CASH AND CASH EQUIVALENTS

	Group		Parent	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	$000	$000	$000	$000
Bank Balances	353	284	11	7
Call Deposits	5,315	3,353	129	139
Cash and Cash Equivalents in Statement of Cashflows	5,668	3,637	140	146

15. TRADE AND OTHER RECEIVABLES

	Group			Parent		
	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-19	31-Mar-18	31-Mar-17
	$000	$000	$000	$000	$000	$000
Trade and other receivables	11,178	8,579	7,032			
Trade receivables due from related parties	1	4				
Prepayments	316	273	239	7	6	6
Contract assets	3,041	2,469	1,981			
	14,536	11,325	9,252	7	6	6
less provision for impairment	(56)	(62)	(23)			
	14,480	11,263	9,229	7	6	6

16. ASSETS HELD FOR SALE

	Group	
	31-Mar-19	31-Mar-18
	$000	$000
Assets Held for Sale	283	1,098
	283	1,098

17. 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 equity instruments designated at fair value through other comprehensive income, until the investment is derecognised.

Revaluation Reserve

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

17. EQUITY (continued)

GROUP	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 2017	(455)	11,002	112,080	122,627	983	123,610
Profit for the year			5,039	5,039	166	5,205
Other comprehensive income:						
Impairment loss on revaluation						
Fair value of cashflow hedges	129			129	18	147
Income tax on items taken directly to equity	(36)			(36)	(5)	(41)
Total other comprehensive income	93			93	13	106
Total comprehensive income for the year	93		5,039	5,132	179	5,311
Dividends to Equity Holders					(120)	(120)
Balance at 31 March 2018	**(362)**	**11,002**	**117,119**	**127,759**	**1,042**	**128,801**
Profit for the year			5,964	5,964	181	6,145
Other comprehensive income:						
Fair value of cashflow hedges	(33)			(33)	(5)	(38)
Revaluation		1,101		1,101		1,101
Income tax on items taken directly to equity	9	(328)		(319)	2	(317)
Total other comprehensive income	(24)	773		749	(3)	746
Total comprehensive income for the year	(24)	773	5,964	6,713	178	6,891
Dividends to Equity Holders					(120)	(120)
Balance at 31 March 2019	**(386)**	**11,775**	**123,083**	**134,472**	**1,100**	**135,572**

17. EQUITY (continued)

PARENT	Attributable to Equity Holders of the Trust				Minority	Total
	Hedging Reserve	*Revaluation Reserve*	*Retained Earnings*	*Total*	Interest	Equity
	$000	*$000*	*$000*	*$000*	*$000*	*$000*
Balance at 31 March 2017			31,213	31,213		31,213
Profit for the year			(3)	(3)		(3)
Other comprehensive income						
Total comprehensive income for the year			(3)	(3)		(3)
Balance at 31 March 2018			**31,210**	**31,210**		**31,210**
Profit for the year			37	37		37
Other comprehensive income						
Total comprehensive income for the year			37	37		37
Balance at 31 March 2019			**31,247**	**31,247**		**31,247**

18. LOANS AND BORROWINGS

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Non Current Liabilities					
Non current portion of secured bank loans		21,000	22,000		
		21,000	22,000		
Current Liabilities					
Current portion of secured bank loans		700	1,200		
		700	1,200		
		21,700	23,200		

	Weighted Average Interest Rate		*Face Value 2019*	*Carrying Value 2019*	*Face Value 2018*
	2018	*2019*	*$000*	*$000*	*$000*
Less than one year					
Secured bank loan-call	2.95%	3.05%	700	700	1,200
Longer than one year					
Secured bank loans	4.18%	4.22%	21,000	21,000	22,000
Total Interest Bearing Liabilities - Group			**21,700**	**21,700**	**23,200**

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

19. FINANCE LEASE PAYABLE (GROUP)

		Minimum Future Lease		Present Value of Future	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
No longer than one year		25		22	
Later than one year and not later than five years		43		41	
Minimum lease payments		68		63	
Less future finance charges		(5)			
Present value of minimum lease payments		63		63	
Comprising:					
Current				22	
Non Current				41	
				63	

20. TRADE AND OTHER PAYABLES

		Group			Parent		
		31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-19	31-Mar-18	31-Mar-17
		$000	$000		$000	$000	
Trade payables due to related parties		3	3	3	1	1	
Other trade payables		5,278	3,782	3,962	13	54	11
Accrued interest		90	91	107			
Contract Liabilities		647	509	203			
		6,018	4,385	4,275	14	55	11

21. 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 8% and 27% respectively of receivables as at 31 March 2019 (2018 11% and 19% respectively).

When determining changes in the credit risk of a financial asset since initial recognition, the Group considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due and the party is unlikely to pay its obligations to the Group in full.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write off. However, financial assets that are written off may still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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		Trade Receivables				
		Days Past Due				
31 March 2019	**Contract Assets**	**Current**	**<30 days**	**30-60 days**	**>61 days**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Expected credit loss rate					19%	
Estimated total gross carrying amount at default	3,041	9,404	1,242	236	297	11,179
Expected credit loss					56	56

GROUP		Trade Receivables				
		Days Past Due				
31 March 2018	**Contract Assets**	**Current**	**<30 days**	**30-60 days**	**>61 days**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Expected credit loss rate					43%	
Estimated total gross carrying amount at default	2,469	8,015	268	155	145	8,583
Expected credit loss					62	62

As at 31 March 2019 the Group has contract assets of $3,041,000 (2018 $2,469,000). There are no expected credit losses on contract assets (2018 nil).

A provision for expected credit losses relates to receivables past due by more than 60 days and is based on an analysis of individual balances. Set out below is the movement in the allowance for expected credit losses for trade receivables and contract assets.

	31-Mar-19	31-Mar-18
	$000	$000
As at 1 April	62	23
Provision for expected credit losses		51
Write-off	(6)	(12)
As at 31 March	56	62

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.

As at 31 March 2019 the Group had exposure to Australian dollar receivables of $200,564 NZD (2018 $183,257 NZD). The Group had in place no foreign exchange contracts to purchase Australian dollars at 31 March 2019 (2018 $13,990.76).

Interest Rate Risk

The Group manages its exposures to changes in interest rates on borrowings in line with the policy parameters set in its Treasury Policy. The Treasury Policy sets minimum and maximum parameters allowing the Group to have up to between 60% and 90% of its borrowings at fixed rates for terms up to 7 years to achieve an appropriate mix of fixed and floating interest rate exposures This is achieved by borrowing at a floating rate and using interest rate swaps as hedges of the variability of cashflows attributable to movements in interest rates. The Group applies a hedge ratio 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedging item based on the reference interest rates, tenors, repricing dates and maturities and notional amounts. The Group assesses whether the derivatives designated in each hedging relationship if expected to be effective in offsetting changes in cashflows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cashflows attributable to the change in interest rates.

HEDGE TYPE		Notional Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line item in Statement of Financial Position	Change in Fair Value
			Assets	Liabilities		
		$	$	$		$
Cashflow Hedge						
Interest Rate Risk						
NZD interest rate swaps	31-Mar-19	11,900,000	-	610,763	Financial Derivatives	(37,797)
(terms 1 - 4 years 2.80 - 4.85%)						
NZD interest rate swaps	31-Mar-18	11,900,000	-	572,965	Financial Derivatives	147,064
(terms 2 - 5 years 2.80 - 4.85%)						

These swap contracts have been designated as cashflow hedges The above interest rate swaps provide fixed rate cover for $11.9m of the Group's non-current borrowings.

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 a Power Purchase Agreement under which Trustpower agrees to purchase all electricity produced by the Group at specified fixed prices. Currently there is an agreement with a term of three years from 1 July 2016 to 30 June 2019. An agreement has been entered into for a further three year term from 1 July 2019 to 30 June 2022.

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 under the Trust Deed 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 2019 it is estimated that a general increase of one percentage point in interest rates could decrease the Group's profit by $98,000 (2018 $113,000) and increase equity (excluding retained earnings) by $267,527 (2018 $370,258).

A decrease of one percentage point in interest rates would have the opposite impact on profit and decrease equity by $276,482 (2018 $386,597).

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 2019 (2018 less than $10,000).

Classification of Financial Instruments

GROUP - 2019	Note	FVOCI Hedging Instruments	FVOCI	Amortised Cost	Total Carrying Value
		$000	$000	$000	$000
Current Assets					
Cash and cash equivalents	14			5,668	5,668
Short Term Deposits				15,000	15,000
Trade and other receivables	15			11,123	11,123
				31,791	31,791
Non Current Assets					
Other investments	13		103	243	346
			103	243	346
Total Financial Assets			103	32,034	32,137
Current Liabilities					
Trade and other payables	20			5,371	5,371
Finance lease payable	19			22	22
Loans and borrowings	18			700	700
Financial derivatives	21	287			287
		287		6,093	6,380
Non Current Liabilities					
Loans and borrowings	18			21,000	21,000
Finance lease payable	19			41	41
Financial derivatives	21	324			324
		324		21,041	21,365
Total Financial Liabilities		611		27,134	27,745

GROUP - 2018	Note	FVOCI Hedging Instruments	FVOCI	Amortised Cost	Total Carrying Value
		$000	$000	$000	$000
Current Assets					
Cash and cash equivalents	14			3,637	3,637
Short Term Deposits				9,500	9,500
Trade and other receivables	15			8,521	8,521
				21,658	21,658
Non Current Assets					
Other investments	13		103	337	440
			103	337	440
Total Financial Assets			103	21,995	22,098
Current Liabilities					
Trade and other payables	20			3,876	3,876
Finance lease payable	19				
Loans and borrowings	18			1,200	1,200
Financial derivatives	21	249			249
		249		5,076	5,325
Non Current Liabilities					
Loans and borrowings	18			22,000	22,000
Finance lease payable	19				
Financial derivatives	21	324			324
		324		22,000	22,324
Total Financial Liabilities		573		27,076	27,649

PARENT - 2019	Note	FVOCI Hedging Instruments	FVOCI	Amortised Cost	Total Carrying Value
		$000	$000	$000	$000
Current Assets					
Cash and cash equivalents	14			140	140
Other investments	13				
Trade and other receivables	15			7	7
				147	147
Total Financial Assets				147	147
Current Liabilities					
Trade and other payables	20			14	14
				14	14
Total Financial Liabilities				14	14

PARENT - 2018	Note	FVOCI Hedging Instruments	FVOCI	Amortised Cost	Total Carrying Value
		$000	$000	$000	$000
Current Assets					
Cash and cash equivalents	14			146	146
Other investments	13				
Trade and other receivables	15			6	6
				152	152
Total Financial Assets				152	152
Current Liabilities					
Trade and other payables	20			55	55
				55	55
Total Financial Liabilities				55	55

Maturity Analysis of Financial Liabilities

Group 2019	Balance Sheet	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years
	$000	$000	$000	$000	$000
Secured bank loans	21,700	21,854	21,854		
Trade and other payables	5,371	5,371	5,371		
Total Non Derivative Liabilities	**27,071**	**27,224**	**27,224**		
Interest Rate Swaps:					
Net Interest Settled Outflow (Inflow)	611	632	290	251	92
	27,682	**27,856**	**27,514**	**251**	**92**

Group 2018	Balance Sheet	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years
	$000	$000	$000	$000	$000
Secured bank loans	23,200	23,362	23,362		
Trade and other payables	3,876	3,876	3,876		
Total Non Derivative Liabilities	**27,076**	**27,238**	**27,238**		
Interest Rate Swaps:					
Net Interest Settled Outflow (Inflow)	573	597	251	218	128
	27,649	**27,835**	**27,489**	**218**	**128**

Parent 2019	Balance Sheet	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years
	$000	$000	$000	$000	$000
Trade and other payables	14	14	14		
Total Non Derivative Liabilities	**14**	**14**	**14**		

Parent 2018	Balance Sheet	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years
	$000	$000	$000	$000	$000
Trade and other payables	55	55	55		
Total Non Derivative Liabilities	**55**	**55**	**55**		

22. FAIR VALUE MEASUREMENT

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

GROUP - 2019	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 Network Assets (Note 10)	31-Mar-17	91,342			91,342
Land and Buildings (Note 10)	31-Mar-19	13,007		11,379	1,628
Liabilities measured at fair value					
Interest Rate Swaps (Note 21)	31-Mar-19	611		611	

GROUP 2018	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 Network Assets (Note 10)	31-Mar-17	92,606			92,606
Land and Buildings (Note 10)	31-Mar-14	12,218		7,616	4,602
Liabilities measured at fair value					
Interest Rate Swaps (Note 21)	31-Mar-18	573		573	

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 6.5%	The impact on the midpoint valuation of change in WACC to the high or low points of the range is approximately 2.5%
Operating expenditure forecasts	A 5% movement in operating expenditure forecasts would result in a reduction/increase in the valuation of approximately 2.8%
Capital expenditure forecasts	A 5% movement in capital expenditure forecasts would result in a reduction/increase in the valuation of less than 1.0%

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

- **Building Assets - Specialised**

Westpower's 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 2017		**4,495**	
plus Additions		321	
less Depreciation		(214)	
Balance 31 March 2018		**4,602**	
plus Additions		152	
less Depreciation		(223)	
Reclassifications on Revaluation		(3,392)	
Revaluation Movement		487	
Balance 31 March 2019		**1,628**	

- **Financial Assets at fair value through other comprehensive income (FVOCI)**

As financial assets at FVOCI (note 13) are not actively traded the fair value of these investments has been assessed based on the net asset backing of these investments.

23. COMMITMENTS

		Group		Parent	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Capital Commitments					
No longer than 1 year					
Operating Lease Commitments					
No longer than 1 year		399	269		
1 to 2 years		299	228		
2 to 5 years		340	390		
Longer than 5 years		685	771		
		1,723	1,658		

24. CONTINGENCIES

ElectroNet Services Limited, Mitton ElectroNet Limited and ElectroNet Transmission Limited have provided guarantees secured over the assets of the companies, to Westpac in relation to debts owed by Westpower Limited. (No change from 2018).

Westpower Limited has provided a guarantee to Westpac in relation to the debts owed by Amethyst Hydro Limited (No change from 2018).

Westpower Limited has provided bank guarantees from Westpac to the value of $1,100,000. (2018 $600,000).

ElectroNet Services Limited has provided Contractors Performance Guarantees from Westpac to the value of $604,150 (2018 nil).

ElectroNet Transmission Limited has provided Contractors Performance Guarantees from Westpac to the value of $1,382,722 (2018 $186,782).

Mitton ElectroNet Limited has provided a bank guarantee to the value of $25,000 to the Wellington Regional Chamber of Commerce in relation to a carnet (2018 $25,000).

The Group has no other contingent liabilities or contingent assets

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

	Group		Parent	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	$000	$000	$000	$000
Profit for the year	**6,145**	**5,205**	**37**	**(3)**
Adjustments for non cash items				
Depreciation	5,809	5,838		
Amortisation of intangibles	173	144		
Vested assets	(318)	(602)		
Loss (Gain) on sale of property, plant and equipment	108	(14)		
Loss on revaluation	65			
Reversal of previous loss on revaluation	(2)			
Change in deferred tax	44	355		
Change in employee benefits (non current)	41	72		
	5,920	5,793		
Movement in working capital items				
Change in trade and other receivables	(3,217)	(2,034)	(1)	
Change in inventories	(121)	114		
Change in trade and other payables	2,755	110	(41)	44
Change in employee benefits (current)	171	104		
Change in current tax asset	678	811	(1)	(1)
Adjustments for items classified as investing activities				
Change in capital creditors	39	105		
Change in finance lease (current)	22			
Change in finance lease (non current)	41			
Adjustments for items classified as financing activities				
Change in tax creditors (RWT on dividend)	31	(40)		
Net Cash from Operating Activities	**12,464**	**10,168**	**(6)**	**40**

RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

GROUP	31-Mar-18	Cash Flows	Non-Cash Movement	31-Mar-19
Long term borrowings	22,000		(1,000)	21,000
Short term borrowings	1,200	(1,500)	1,000	700
Lease liabilities		(5)	68	63
Total liabilities from financing activities	23,200	(1,505)	68	21,763

26. RELATED PARTIES

Parent and Ultimate Controlling Party

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

Trustees and Directors Interests

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

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

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

		Transaction Value for the year ended		Balance Outstanding	
	Note	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
Trustees					
Services provided to:					
G Topp	a)	2	7	-	-
B Thomson	b)	61	-	5	-
Services received from:					
G Topp	a)	1	-	-	-
B Thomson	b)	946	-	69	-
Directors					
Services provided to:					
H Little	c)	319	24	-	-
S Merriman	d)	23	12	1	4
R Pickworth	e)	61	-	5	-
Services received from:					
A Williams	f)	6	8	-	-
R Pickworth	e)	946	-	69	-

a) The Group provided services to and received services from Greg Topp Electrical. G Topp is the managing director of this company.
b) The Group provided services to and received services from Westroads Limited. B Thomson is a director of Westroads Limited.
c) 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.
d) The Group provided services to Marshall and Heaphy Limited. S Merriman is the managing director and shareholder of Marshall and Heaphy Limited
e) The Group provided services to and received services from Westroads Limited. R Pickworth is a director of Westroads Limited.
f) 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 year ended		Balance Outstanding	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
		$000	$000	$000	$000
ElectroNet Services Limited and West Coast Electric Power Trust (WCEPT)					
Services provided to WCEPT		5	10	-	1
Westpower Limited and West Coast Electric Power Trust (WCEPT)					
Dividend paid to WCEPT		200	191	-	-
Services provided to WCEPT		6	1	-	-

Key Management Personnel Compensation

Key management personnel include the Trustees of the West Coast Electric Power Trust

		31-Mar-19	31-Mar-18
		$000	**$000**
Trustees honoraria		101	99
Trustees meetings fees		8	7
		109	106

27. Group entities

Subsidiaries

	Country of Ownership Incorporation	Interest (%) 2019	2018
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
ElectroNet Technology Limited (subsidiary of ENS)	New Zealand	100	
Amethyst Hydro Limited (subsidiary of Westpower)	New Zealand	88	88

28. Post Balance Date Events

No 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 for the year ended 31 March 2019

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

Opinion

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 2019, 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.

In our opinion:

- The financial statements of the Trust and Group:
    - present fairly, in all material respects:
        - the financial position as at 31 March 2019; and
        - the 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.

Our audit was completed on 31 July 2019. This is the date at which our opinion is expressed.

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

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust and Group for preparing the financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare the financial statements of the Trust and Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust and Group for assessing the Trust and Group's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Trustees intend to wind up the Trust and Group or to cease operations, or have no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit 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.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust and Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Trust and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we reported on an assurance engagement for a Group subsidiary pursuant to the Electricity Distribution Information Disclosure Determination 2012 for the disclosure year ended 31 March 2018. This engagement is compatible with the independence requirements.

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

Julian Tan
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 2019 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 2019 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.