

# COUNTIES POWER CONSUMER TRUST

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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## AUDIT REPORT

### To the Readers of the Financial Report of Counties Power Consumer Trust

We have audited the financial report as detailed on pages 5 to 13. The financial report provides information about the past financial performance of the organisation and its financial position as at 31 March 2010. This information is stated in accordance with the accounting policies detailed on pages 10a and 10b.

## TRUSTEES RESPONSIBILITIES

The Trustees are responsible for the preparation of a financial report which gives a true and fair view of the financial position of the organisation as at 31 March 2010 and of the results of operations for the year ended 31 March 2010.

## AUDITORS' RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by the Trustees and report our opinion to you.

## BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Trustees in the preparation of the financial report, and
- whether the accounting policies are appropriate to Counties Power Consumer Trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to obtain sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than in our capacity as auditors we have no relationship with or interests in Counties Power Consumer Trust.

RSM Prince is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms. RSM Prince is a member of NZCA Ltd, an association of Independent Chartered Accountants.

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## UNQUALIFIED OPINION

We have obtained all the information we have required.

### In our opinion:

- Proper accounting records have been kept by Counties Power Consumer Trust as far as appears from our examination of those records and
- The financial report as detailed on pages 5 to 13,
  - complies with generally accepted accounting practice in New Zealand, and
  - gives a true and fair view of the financial position of Counties Power Consumer Trust as at 31 March 2010 and the results of its operations for year ended on that date.

Our audit was completed on 21 July 2010 and our unqualified opinion is expressed as at that date.



**RSM PRINCE**

Chartered Accountants, Auckland

# COUNTIES POWER CONSUMER TRUST

## DIRECTORY

**Nature of Business** The Trustees have 100 % ownership of Counties Power Limited. The shares of the company are held in Trust for the users of the Company Lines network – the beneficiaries of the Trust.

The Counties Power Trust was constituted on 17 May 1993 by a Trust Deed dated 10 May 1993. By a Deed of Resettlement, dated 14 September 1995, all the assets of the Counties Power Trust were resettled on the Trustees of the Counties Power Consumer Trust.

<b>Trustees</b>	Mr A D Eyes - Chairman	M Com, Dip Mgt, CA, CMA
	Mrs C P Rupp	JP, Post Grad Dip Sc
	Mr G Singh	QSM, JP
	Mr P S Beston	
	Mr D W Thomson	

<b>Secretary</b>	Gail Riddell	CA
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<b>Contact Address</b>	Office 10, Professional House, 12 - 18 Seddon St, PUKEKOHE P O Box 580, PUKEKOHE Telephone: 09 2383780
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<b>Solicitors</b>	Simpson Grierson, AUCKLAND
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<b>Bankers</b>	National Bank of New Zealand, PUKEKOHE
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<b>Auditors</b>	RSM Prince, AUCKLAND
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**COUNTIES POWER CONSUMER TRUST  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2010**

<b>Budget for 2010</b>	<b>Note</b>	<b>2010</b>	<b>2009</b>
<b>Income</b>			
300,000	Dividend Received	300,000	300,000
164,000	Interest - all Banks	185,230	297,737
6,000	Sundry Income	10,714	1,000
<b>470,000</b>	<b>Total Income</b>	<b>495,944</b>	<b>598,737</b>
<b>Less Expenses</b>			
9,690	Accountancy	10,478	11,219
9,413	Audit Fees	9,915	9,408
96	Bank Fees	130	107
7,000	Communication & Public Relations	7,186	2,948
330	Depreciation	330	390
63,225	Election Expenses	21,485	-
3,403	Energy Trust Levies	2,552	5,105
5,800	General Expenses	5,799	5,769
3,800	Insurance	3,750	3,706
7,200	Post, Stationery, Phone & Fax, Internet	6,459	6,531
15,000	Professional Fees	12,040	10,367
19,688	Rent	17,647	17,647
61,513	Secretarial Fees	55,234	56,588
-	Security	-	39
10,000	Training	-	272
3,396	Travel & Accommodation	4,494	5,532
<b>219,554</b>		<b>157,498</b>	<b>135,630</b>
82,283	Trustees' Fees	85,881	78,534
3,300	Trustees' General Expenses	1,931	878
2,200	Trustee Meeting & Seminar Exp	2,563	2,854
<b>87,783</b>		<b>90,374</b>	<b>82,265</b>
<b>307,337</b>	<b>Total Expenses</b>	<b>247,872</b>	<b>217,895</b>
<b>\$ 162,663</b>	<b>Comprehensive Income for the Year</b>	<b>\$ 248,073</b>	<b>\$ 380,842</b>

The financial statements have been audited and should be read in conjunction with the notes to the accounts and the auditor's report.

**COUNTIES POWER CONSUMER TRUST  
ACCUMULATED INCOME ACCOUNT and  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2010**

**ACCUMULATED INCOME ACCOUNT**

	Note	2010	2009
Opening Balance		4,255,630	3,874,788
Comprehensive Income		<u>248,073</u>	<u>380,842</u>
		4,503,703	4,255,630
Unclaimed Distributions	(1)	<u>-</u>	<u>-</u>
<b>Closing Balance</b>		<b><u>\$ 4,503,703</u></b>	<b><u>\$ 4,255,630</u></b>

**STATEMENT OF CHANGES IN EQUITY**

	Note	2010	2009
Equity at Beginning of the Year		<u>35,052,730</u>	<u>34,671,888</u>
Comprehensive Income		<u>248,073</u>	<u>380,842</u>
<b>Closing Balance</b>		<b><u>\$ 35,300,803</u></b>	<b><u>\$ 35,052,730</u></b>

The financial statements have been audited and should be read in conjunction with the notes to the accounts and the auditor's report.

**COUNTIES POWER CONSUMER TRUST  
BALANCE SHEET  
AS AT 31 MARCH 2010**

	Note	2010	2009
<b>Equity</b>			
Opening Balance	(1)	30,797,100	30,797,100
Trust Accumulated Income		4,503,703	4,255,630
<b>Closing Equity</b>		<b>\$ 35,300,803</b>	<b>\$ 35,052,730</b>
<b>Represented by:</b>			
<b>Current Assets</b>			
Bank & Short Term Investments	(2)	4,351,630	3,030,352
Prepayments		5,029	1,821
Receivables		25,917	48,207
Taxation Refund	(3)	108,956	62,631
		<u>4,491,532</u>	<u>3,143,011</u>
<b>Less: Current Liabilities</b>			
Accounts Payable		17,922	19,493
		<u>4,473,609</u>	<u>3,123,518</u>
<b>Working Capital</b>			
<b>Non Current Assets</b>			
Website Development		1,330	1,330
Prepayments		27,000	28,688
Office Equipment & Furniture		6,079	6,079
Less: Accumulated Depreciation		(4,215)	(3,885)
		<u>30,194</u>	<u>32,212</u>
<b>Investments</b>			
Shares – Counties Power Ltd	(1)	30,797,000	30,797,000
Term Investments	(2)	-	1,100,000
		<u>30,797,000</u>	<u>31,897,000</u>
		<b>\$ 35,300,803</b>	<b>\$ 35,052,730</b>

Chairman

Secretary

Date

21/7/10

The financial statements have been audited and should be read in conjunction with the notes to the accounts and the auditor's report.

**COUNTIES POWER CONSUMER TRUST  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2010	2009
<b>Cash Flows from Operating Activities</b>			
Cash was provided from:			
Interest		207,521	311,692
Taxation Refund		-	53,566
Dividends		300,000	300,000
Sundry		10,714	1,000
		<u>518,235</u>	<u>666,258</u>
Cash was disbursed to:			
Administration expenses		250,632	227,005
Taxation		46,325	62,631
Purchase of Furniture & Web site Development		-	-
		<u>296,957</u>	<u>289,636</u>
<b>Net Cash Inflows from Operating Activities</b>		<u>221,278</u>	<u>376,622</u>
<b>Net Increase in Cash Held</b>		<b>221,278</b>	<b>376,622</b>
Add: Opening Cash		<u>4,130,352</u>	<u>3,753,730</u>
<b>Closing Cash (Bank and Investments)</b>	(2)	<u><b>\$ 4,351,630</b></u>	<u><b>\$ 4,130,352</b></u>
<b>RECONCILIATION OF NET INCREASE IN CASH HELD TO NET SURPLUS FOR THE YEAR</b>			
Net Surplus for the Year		<u>248,073</u>	<u>380,842</u>
<b>Less:</b>			
Increase/(Decrease) in Accrued Interest		(22,289)	(13,955)
Increase/(Decrease) in Taxation Refund		46,325	9,065
Increase/(Decrease) in Prepayments		1,519	(1,904)
Decrease/(Increase) in Accounts Payable		1,571	11,403
		<u>27,125</u>	<u>4,609</u>
<b>Add back:</b>			
Depreciation		330	390
Loss on Disposal		-	-
		<u>330</u>	<u>390</u>
<b>Net Increase in Cash Held</b>		<u><b>\$ 221,278</b></u>	<u><b>\$ 376,622</b></u>

The financial statements have been audited and should be read in conjunction with the notes to the accounts and the auditor's report.

**COUNTIES POWER CONSUMER TRUST  
BUDGET INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2011**

	Budget 2011	Actual 2010
<b>Income</b>		
Dividend Received	300,000	300,000
Interest Received	206,400	185,230
Sundry Income	6,000	10,714
<b>Total Income</b>	<b>512,400</b>	<b>495,944</b>
<b>Less Expenses</b>		
Accountancy	11,715	10,478
Audit Fees	9,250	9,915
Bank Fees	113	130
Communication & Public Relations	7,186	7,186
Depreciation	279	330
Election Expenses	-	21,485
Energy Trust Levies	3,403	2,552
General Expenses	5,800	5,798
Insurance	3,800	3,749
Post, Stationery, Phone & Fax, Internet	5,900	6,459
Professional Fees	15,000	12,040
Rent	19,688	17,647
Secretarial Fees	57,324	55,234
Training	10,000	-
Travel & Accommodation	8,640	4,494
	158,098	157,496
Trustees' Fees	85,000	85,881
Trustees' General Expenses	3,300	1,931
Trustee Meeting & Seminar Exp	2,200	2,563
	90,500	90,375
<b>Total Expenses</b>	<b>248,598</b>	<b>247,872</b>
<b>Surplus for the Year</b>	<b>\$ 263,802</b>	<b>\$ 248,073</b>

The financial statements have been audited and should be read in conjunction with the notes to the accounts and the auditor's report.

**Reporting Entity**

Counties Power Consumer Trust is a Trust constituted under a Deed of Resettlement dated 14 September 1995. The financial statements are for the year ended 31 March 2010. The financial statements were authorised for issue by the Trustees on 4 May 2010.

**Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with the New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to non profit oriented entities.

Counties Power Consumer Trust is designated as a non profit oriented entity for financial reporting purposes.

**Measurement Base**

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed by Counties Power Consumer Trust.

**Presentation Currency**

These financial statements are presented in New Zealand dollars (\$)

**Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Investment in Wholly owned Subsidiary

The investment is recorded at the total opening Shareholders' Funds of Counties Power Limited \$30,797,000 at the time of acquisition.

(b) Non Current Assets

The fixed assets are recorded at cost less accumulated depreciation and impairment losses. Website Development Costs have not been depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Depreciation

Depreciation is charged at the same rate as is allowed by the Income Tax Act 2007. Depreciation is charged to the Income Statement. The following rates have been used.

Office Equipment & Furniture	12% - 60% Diminishing Value
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- (d) **GST**  
The financial statements are GST inclusive as the Trust is not eligible to register for GST
- (e) **Receivables**  
These are measured at their cost. There are no impairments as the Receivables consist of overpaid RWT.
- (f) **Revenue recognition**  
Dividends are recognised when received.  
Interest is recognised when received. Interest on any unexpired investment at balance date is accrued at the rate of the particular investment.

Notes

(1) Trust Equity	2010	2009
(i) Cash received from Counties Power Ltd	100	100
(ii) 15,000,000 fully paid ordinary shares in Counties Power Ltd vested in the Trust in terms of the Energy Companies (Counties Power Limited) Vesting Order 1993, represented by shares and reserves being Opening Shareholders' Funds of Counties Power Ltd.	30,797,000	30,797,000
The investment in the subsidiary has been accounted for at cost.	<u>\$ 30,797,100</u>	<u>\$ 30,797,100</u>

The latest valuation of the shares in Counties Power Ltd. was made by Ernst and Young Chartered Accountants. As at 23 August 2000, the fair market value was fixed at between \$85,000,000 and \$90,000,000.

(2) Bank & Investments		
Cheque Account – National Bank of NZ Ltd	5,689	9,367
On Call Deposit – National Bank of NZ Ltd	60,423	201,532
Short Term Deposits – National Bank of NZ Ltd	1,500,000	1,300,000
ASB - Fastsaver	10,606	4,492
ASB - Short Term Deposit	1,200,000	
KiwiBank	-	1,009,188
Rabobank	518,072	505,773
RaboPlus Call account	56,840	-
RaboPlus - Short Term Deposit	1,000,000	-
	<u>4,351,630</u>	<u>3,030,352</u>
ASB Long Term Investment	-	1,000,000
National Bank Term Investment	-	100,000
	<u>4,351,630</u>	<u>4,130,352</u>
Add: Interest accrued on short term investments	25,917	48,207
	<u>\$ 4,377,547</u>	<u>\$ 4,178,559</u>

(See Note 4)

Notes

<b>(3) Taxation</b>	<b>2010</b>	<b>2009</b>
Accounting profit before taxation	248,073	380,842
Add: Imputation Credits attached to dividend	147,761	147,761
	<u>395,834</u>	<u>528,603</u>
Less Loss brought forward & utilised	(395,834)	(528,603)
Trustees' Taxable Income	<u><u>\$ nil</u></u>	<u><u>\$ nil</u></u>
Taxation on Trustees' Income @ 33%	-	-
Application of available Imputation Credits	-	-
Tax losses applied	-	-
Payable	-	-
RWT paid on Interest	108,956	62,631
<b>Taxation Refund due</b>	<u><u>\$ 108,956</u></u>	<u><u>\$ 62,631</u></u>
 <b>Imputation Credit Account</b>		
Imputation credits attached to Dividend received	147,761	147,761
Applied to Trustees' Income	-	-
Closing Balance	<u><u>\$ 147,761</u></u>	<u><u>\$ 147,761</u></u>
 <b>Tax Losses</b>		
Opening Balance	805,819	886,661
Less: Applied to Trustee Income	(395,834)	(528,603)
	<u>409,985</u>	<u>358,058</u>
Imputation Credits converted to Loss Carried Fwd	447,761	447,761
Closing Balance	<u><u>\$ 857,747</u></u>	<u><u>\$ 805,819</u></u>

Notes

(4) Financial Instruments

Credit Risk

Financial Instruments which potentially subject the Trust to credit risk principally consist of bank balances and short term deposits.

The Trust has a credit policy which is used to manage this credit risk. As part of this policy, limits of exposure have been set within the constraints of the Trust Deed and are monitored on a regular basis.

The maximum exposures to credit risk at balance date are:

	2010	2009
Bank Balances	4,377,547	4,178,559
	<u>\$ 4,377,547</u>	<u>\$ 4,178,559</u>

**Fair Values**

Bank Balances	4,377,547	4,178,559
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*The carrying value of these amounts is the fair value*

(5) Consolidation

The Trust owns 100% of the shares in Counties Power Ltd. To give a true and fair view of the operations of both the Trust and the company, the Trust also prepares a set of consolidated financial accounts.

(6) Operating Leases

Non - cancellable operating lease commitments:

	2010	2009
Current	16,500	1,687
Non - Current	-	-
Total Operating Lease Commitments	<u>\$ 16,500</u>	<u>\$ 1,687</u>