

# HAWKE'S BAY POWER CONSUMERS' TRUST

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2006

	Note	This Year	Last Year
<b>INCOME</b>			
Bank Interest		77401	67399
Debt Security Interest	2	96000	96000
Dividend		4600000	3038000
		<u>4773401</u>	<u>3201399</u>
<b>EXPENDITURE</b>			
Audit Fees		4837	4837
Commerce Commission		28749	-
Distribution Expenses		3169	59300
Election Expenses		109499	-
Energy Efficiency Project		78725	2238
General Expenses		7266	5186
Insurance		5963	5963
Legal Fees		1057	-
Public Relations		10119	29060
Safety - Electric Blankets		13165	-
Secretarial and Accounting		43800	34519
Trustees Expenses		9514	9356
Trustees Remuneration		115500	102900
<b>Total Expenses</b>		<u>431363</u>	<u>253359</u>
Operating (Deficit) Surplus Before Tax		4342038	2948040
Taxation (Benefit) Expense	3	(54804)	(28949)
<b>Net Surplus</b>		<u>\$ 4396842</u>	<u>\$ 2976989</u>

The accompanying accounting policies and notes form an integral part of these financial statements

# HAWKE'S BAY POWER CONSUMERS' TRUST

## STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MARCH 2006

	<b>This Year</b>	<b>Last Year</b>
Net Surplus	4396842	2976989
<b>Total recognised revenues and expenses for the year</b>	<u>4396842</u>	<u>2976989</u>
Distribution over-provided and unclaimed money	243050	-
Distribution to owners	-	(2918000)
Movements in Equity for year	4639892	58989
Equity at beginning of year	<u>66707264</u>	<u>66648275</u>
<b>Equity at End of Year</b>	<u><u>\$ 71347156</u></u>	<u><u>\$ 66707264</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements

# HAWKE'S BAY POWER CONSUMERS' TRUST

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2006

	Note	This Year	Last Year
<b>EQUITY</b>		\$ 71347156	\$ 66707264
<i>Represented by:</i>			
<b>CURRENT ASSETS</b>			
Bank - Current Account		10298	16127
Bank - Distribution Account		15159	494242
Bank – Energy Efficiency Account		332	765
Short Term Investments		1080537	1006779
Accounts Receivable		4500000	-
Taxation Receivable	3	33501	28815
Interest Accrued		18948	17346
Goods and Services Tax		1093	-
<b>Total Current Assets</b>		5659868	1564074
<b>CURRENT LIABILITIES</b>			
Accounts Payable		19323	15717
Provision for Distribution		-	492900
<b>Total Current Liabilities</b>		19323	508617
<b>WORKING CAPITAL</b>		5640545	1055457
<b>NON-CURRENT ASSETS</b>			
Future Taxation Benefit	3	106611	51807
Investments			
Shares	1	64000000	64000000
Advance to Subsidiary	2	1600000	1600000
<b>Total Non-Current Assets</b>		65706611	65651807
<b>NET ASSETS</b>		\$ 71347156	\$ 66707264

For and on behalf of Trustees

.....Trustee

.....Trustee

.....Date

The accompanying accounting policies and notes form an integral part of these financial statements

**HAWKE'S BAY POWER CONSUMERS' TRUST**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2006**

	Note	This Year	Last Year
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from:</i>			
Interest Received		171799	147769
Dividend Received		100000	3038000
Taxation Refund		-	1335
		271799	3187104
<i>Cash was applied to:</i>			
Suppliers and Trustees		(427757)	(248112)
Taxation Paid		(5779)	-
		(433536)	(248112)
<b>Net Cash Flow from Operating Activities</b>	4 \$	(161737)	\$ 2938992
<b>Cash Flows from Financing Activities</b>			
<i>Cash was applied to:</i>			
Distribution		(249850)	(2425100)
<b>Net Cash Flow from Financing Activities</b>		(249850)	(2425100)
<b>Net (Decrease)/Increase in Cash held</b>		(411587)	513892
<b>Opening Cash Position</b>		1517913	1004021
<b>Closing Cash Position</b>	\$	1106326	\$ 1517913
<b>Closing Cash Position is represented by:</b>			
Bank - Current Account		10298	16127
Bank – Distribution Account		15159	494242
Bank – Energy Efficiency Account		332	765
Short Term Investments		1080537	1006779
	\$	1106326	\$ 1517913

The accompanying accounting policies and notes form an integral part of these financial statements

# HAWKE'S BAY POWER CONSUMERS' TRUST

## STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

### 1. REPORTING ENTITY

The assets and liabilities of the former Hawke's Bay Electric Power Board were vested in a new energy company (Hawke's Bay Power Distribution Limited) on 1 June 1993 in accordance with an Establishment Plan which was approved by the Governor General by Order in Council on the 10th day of May 1993. Hawke's Bay Power Distribution Limited changed its name to Hawke's Bay Network Limited on 19 January 1999 following reorganisation of the business in accordance with the Electricity Industry Reform Act 1998. Hawke's Bay Network Limited changed its name to Unison Networks Limited on the 17 April 2003.

The Establishment Plan also provided for the establishment of the Hawke's Bay Power Consumers' Trust, the reporting entity for these financial statements, and the allocation of all the shares in the Company to the Trustees.

The object of the Trust is to hold the shares in the Company on behalf of the Consumers' and distribute to the Consumers' in their capacity as owners, the benefits of ownership of the shares in the Company and to carry out future ownership reviews involving public consultation in accordance with the terms of the Deed establishing the Trust.

These statements have been prepared in accordance with the Electricity Act 1992, which includes the requirement to comply with generally accepted accounting policies.

### 2. MEASUREMENT BASE

Unless otherwise stated, the historical cost basis of measurement has been adopted.

### 3. PARTICULAR ACCOUNTING POLICIES

The following particular accounting policies which materially affect the measurement of results and financial position have been applied:

- (a) **Investments** - Investments in Unison Networks Limited are recorded at values placed on them as part of the 1993 Establishment Plan.
- (b) **Income Tax** - The Trust adopts the liability method of accounting for deferred taxation.  
The income tax expense charged to the Statement of Financial Performance is the current period expense subject to the impact of tax losses.  
Future tax benefits arising from tax losses are recognised where there is virtual certainty of recovery. The realisation of future tax benefits is subject to Income Tax Legislation being met.
- (c) **Cash Flows** - For the purpose of the Statement of Cash Flows, cash includes cash on hand and deposits held on call with banks.
- (d) **GST** - The financial statements have been prepared on a GST inclusive basis, except for the Energy Efficiency Project which is a taxable activity and is exclusive of GST.
- (e) **Consolidation** - The financial statements of Unison Networks Limited are not consolidated into this financial report of the Trust. A separate set of Consolidated Financial Statements has been prepared.

### 4. CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the current period. All accounting policies have been consistently applied.

# HAWKE'S BAY POWER CONSUMERS' TRUST

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

### 1. RELATED PARTY TRANSACTIONS

The Establishment Plan that established both Unison Networks Limited and the Hawke's Bay Power Consumers' Trust also provided for the issue of a one million dollar debt security from the Company to the Trust. Interest received for the year totals \$96,000 (2005 - \$96,000). Dividends totalling \$4,600,000 (2005 - \$3,038,000) were received from the Company during the year.

During the year the Trust purchased the services of Mrs A Dixon, a Trustee, to co-ordinate the Hot Water Cylinder Wrap project. These services cost \$578 during the year (2005 - nil) and were supplied on normal commercial terms.

### 2. DEBT SECURITY

Details of the security include:-

Principal Amount	\$1,600,000
Repayment	31 May 2013
Interest	6% per annum

In June 2003 it was agreed by the Trust to invest a further \$600,000 with Unison Networks Limited bringing the total amount advanced to \$1,600,000.

### 3. INCOME TAX

#### (a) Taxation

	<b>This Year</b>	<b>Last Year</b>
(Deficit) Surplus before Tax	\$ 4342038	\$ 2948040
Prima Facie tax expense @ 33%	1432872	972853
Adjustment for permanent differences - Non-deductible expenses	30324	738
Fully Imputed Income	(1518000)	(1002540)
<b>Tax (Benefit) Expense</b>	<b>\$ (54804)</b>	<b>\$ (28949)</b>
<b>Comprising</b>		
Deferred tax (Benefit)/Expense	(54804)	(28949)
	\$ (54804)	\$ (28949)
<b>(b) Taxation Receivable</b>		
Opening Balance	28815	30150
Taxation Paid	33501	28815
Taxation refunded	(28815)	(30150)
<b>Taxation Receivable</b>	<b>\$ 33501</b>	<b>\$ 28815</b>
<b>(c) Future Taxation Benefits</b>		
Opening Balance	51807	22858
Current Year Movement	54804	28949
	<b>\$ 106611</b>	<b>\$ 51807</b>

## HAWKE'S BAY POWER CONSUMERS' TRUST

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

#### 4. RECONCILIATION OF THE NET SURPLUS AFTER TAXATION WITH THE NET CASH FLOWS FROM OPERATING ACTIVITIES

	<b>This Year</b>	<b>Last Year</b>
Reported surplus after taxation	4396842	2976989
Non-cash items		
Less: Future Taxation (Benefit)/Expense	(54804)	(28949)
	<u>4342038</u>	<u>2948040</u>
Add(Less) movements in working capital items:		
Increase(Decrease) in accounts payable	3606	5247
Decrease(Increase) in taxation refund due	(4686)	1335
Decrease(Increase) in accounts receivable	(4500000)	-
(Increase)Decrease in interest accrued	(1602)	(15630)
(Increase)Decrease in GST	(1093)	-
Net Cash Flow from Operating Activities	<u>\$ (161737)</u>	<u>\$ 2938992</u>

#### 5. FINANCIAL INSTRUMENTS

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, advances, accounts receivable, accounts payable. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance. The fair values of financial instruments are considered to be their carrying value as disclosed except that the estimated fair value of shares in Unison Networks Limited based upon net tangible assets of the Company at 31 March 2006 is \$290,709,000. The Company's network assets are valued at optimised depreciated replacement cost (ODRC) as at 31 March 2006.

No undisclosed credit risk exists.

By virtue of its objects, the Trust has a concentration of credit risk with Unison Networks Limited.

There are no undisclosed financial instruments.

#### 6. CONTINGENT LIABILITY

In the event of a legitimate claim being made by a Consumer to share in the distribution made in March 1999 and December 2004, the trust will settle the claim from general funds. There are no contingent liabilities at balance date (2005: Nil).

#### 7. COMMITMENTS

There were no capital commitments as at 31 March 2006 (2005 Nil).

# HAWKE'S BAY POWER CONSUMERS' TRUST

## DIRECTORY

### Trust's Office:

C/- Brown Webb Richardson Ltd  
111E Avenue Road  
Hastings

Phone: (06) 873 8037

Facsimile (06) 876 5211

Email [reception@bwr.co.nz](mailto:reception@bwr.co.nz)  
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### Trustees:

Ken Gilligan (Chairman)  
Ann Dixon  
Diana Kirton  
Taffy Paine  
James Palmer

### Secretary and Accountant:

Michael Waterson

### Bankers:

Westpac - Hastings  
and  
ASB Bank - Hastings

### Solicitors:

Simpson Grierson  
Auckland

### Auditors:

Gunn & Cotton  
Palmerston North