

# **Hawke's Bay Power Consumers' Trust**

## **Financial Statements for the year ended 31 March 2020**

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## Hawke's Bay Power Consumers' Trust

### Income Statement for the year ended 31 March 2020

	<i>Note</i>	<i>This Year</i> \$	<i>Last Year</i> \$
<b>Investment and Other Income</b>			
Dividends Received	7	15,805,325	15,406,400
Interest Received		127,804	140,816
Sundry Income		-	10,000
		15,933,129	15,557,216
<b>Expenses</b>			
Audit Fees		8,545	8,540
Conference Expenses		-	897
Distribution Expenses		204,305	64,872
Energy Efficiency Projects		324,368	378,020
General Expenses		14,733	11,750
Insurance		6,889	5,996
Legal Expenses		11,706	2,345
Public Relations		26,592	25,577
Recruitment Expenses		4,056	-
Secretarial & Accounting Fees		51,060	51,060
Trustees Expenses		7,104	7,192
Trustees Remuneration		140,240	140,920
Website Hosting & Design		817	5,693
<b>Total Expenses</b>		800,415	702,862
<b>Net Income before Tax</b>		15,132,714	14,854,354
Tax Expense	8	-	-
<b>Net Income for the Year</b>		15,132,714	14,854,354

### Statement of Comprehensive Income for the year ended 31 March 2020

	<i>Note</i>	<i>This Year</i> \$	<i>Last Year</i> \$
Net Income for the year		15,132,714	14,854,354
<b>Other comprehensive income</b>			
Other Comprehensive Income for Year		-	-
<b>Total comprehensive income</b>		15,132,714	14,854,354

*This Statement is to be read in conjunction with the accompanying Notes*

## Hawke's Bay Power Consumers' Trust

### Statement of Movements in Equity for the year ended 31 March 2020

	<i>This Year</i> \$	<i>Last Year</i> \$
<b>Credits for year:</b>		
Net Income For Year	15,132,714	14,854,354
Distribution Over-provided & Unclaimed Money	528,000	357,100
	<hr/>	<hr/>
	15,660,714	15,211,454
<b>Debits for year:</b>		
Previous Distribution Cheques Presented	162,185	67,870
Distribution to Owners	14,626,064	14,133,823
	<hr/>	<hr/>
	14,788,249	14,201,693
<b>Credit for year</b>	<hr/>	<hr/>
	872,465	1,009,761
Opening Credit Balance	65,794,245	64,784,484
<b>Closing Credit Balance</b>	<hr/> <hr/>	<hr/> <hr/>
	66,666,710	65,794,245

*This Statement is to be read in conjunction with the accompanying Notes and the Accountant's Statement*

## Hawke's Bay Power Consumers' Trust

### Balance Sheet as at 31 March 2020

	<i>Note</i>	<i>This Year</i> \$	<i>Last Year</i> \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents		3,361,378	2,362,987
Accounts Receivable		3,792	3,792
Interest Accrued		171	9,450
Payments in Advance		8,161	6,131
		3,373,502	2,382,360
<b>Non-Current Assets</b>			
Unison Networks Limited Shares Held		64,000,000	64,000,000
<b>Total Assets</b>		67,373,502	66,382,360
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	142,885		60,115
Provision for Distribution	563,907		528,000
<b>Total Liabilities</b>		706,792	588,115
<b>EXCESS ASSETS OVER LIABILITIES</b>		66,666,710	65,794,245
<b>EQUITY</b>			
Retained Earnings		1,666,710	794,245
Trust Capital		65,000,000	65,000,000
<b>TOTAL EQUITY</b>		66,666,710	65,794,245
For and on behalf of Trustees			

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Trustee

Date \_\_\_\_\_

## Hawke's Bay Power Consumers' Trust

### Cash Flow Statement for the year ended 31 March 2020

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Cash was provided from:		
Dividends Received	15,805,325	15,406,400
Interest Received	137,083	141,527
Sundry Income	-	10,000
	15,942,408	15,557,927
Cash was disbursed to:		
Expenses Paid	719,674	772,187
Accounts Receivable	-	3,792
	719,674	775,979
<b>Net Cash Flow from Operations</b>	15,222,734	14,781,948
<b>Cash Flows From Financing Activities</b>		
Cash was disbursed to:		
Previous Distribution Cheques Presented	162,185	67,870
Distributions Paid	14,062,158	13,605,822
	14,224,343	13,673,692
<b>Net Cash Flow from Financing</b>	(14,224,343)	(13,673,692)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	998,391	1,108,256
<b>Represented By:</b>		
Opening Cash and Cash Equivalents	2,362,987	1,254,731
Net Increase (Decrease) in Cash and Cash Equivalents	998,391	1,108,256
<b>Closing Cash and Cash Equivalents</b>	3,361,378	2,362,987

*This Statement is to be read in conjunction with the accompanying Notes*

## **Hawke's Bay Power Consumers' Trust**

### **Notes to the Financial Statements** **for the year ended 31 March 2020**

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#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. 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 the 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 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 shares in the Company to the Trustees.

The objective 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 the public consultation in accordance with the terms of the Deed establishing the Trust.

The Trust is domiciled and registered in New Zealand.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Trust is a for-profit entity. These financial statements have been approved for issue by the Trustees on 28 May 2020.

##### **B. Basis of Preparation**

The financial statements of the Trust have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable New Zealand Financial Reporting Standards, as appropriate for profit-orientated entities.

###### **Statutory Basis**

The financial statements have been prepared in accordance with the requirements of the Electricity Industry Act 2010 and the Financial Reporting Act 2013, and they comply with those Acts.

The financial statements have been prepared on the basis of historical cost, except where otherwise stated.

The financial statements are presented in New Zealand dollars, which is also the Trust's functional currency. The financial statements are rounded to the nearest dollar.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trusts accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes to the Financial Statements.

There are no new standards, interpretations or amendments, which are not yet effective and have not been adopted early in these financial statements, that will or may have a significant effect on

## **Hawke's Bay Power Consumers' Trust**

### **Notes to the Financial Statements** **for the year ended 31 March 2020**

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the Trust's future financial statements.

**C. Goods & Services Tax**

The Trust is not registered for GST and therefore the financial statements are prepared on a GST inclusive basis.

**D. Income Tax**

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year.

Current tax also includes adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

**E. Revenue**

Dividends received are recognised as revenue when the right to receive payment is established.

Interest received is recognised as revenue as it is earned.

**F. Provision for Distribution**

A provision is recognised at the time the distributions become legally payable by the Trust. The provision at balance date represents unclaimed distributions at year-end.

**G. Financial Instruments**

The Trust initially recognises financial instruments when it becomes a party to the contractual provisions of the instrument.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire.

The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

## **Hawke's Bay Power Consumers' Trust**

### **Notes to the Financial Statements** **for the year ended 31 March 2020**

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#### **H. Financial Assets**

The Trust classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. At balance date, the Trust only had financial assets classified as loans and receivables.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Trust provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current assets. The Trust's loans and receivables comprise cash and cash equivalents.

#### **I. Cash and Cash Equivalents**

Cash and cash equivalents includes deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of one year or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **J. Investments**

Investments in Unison Networks Limited are recorded at values placed on them as part of the 1993 Establishment Plan.

#### **K. Accounts Payables**

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Accounts payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

#### **L. 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 and is available on the Trust's website.

#### **M. Changes in Accounting Policies**

There have been no significant changes in accounting policies during the current year. Accounting policies have been applied on a basis consistent with prior year.



## **Hawke's Bay Power Consumers' Trust**

### **Notes to the Financial Statements** **for the year ended 31 March 2020**

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#### **2. AUDIT**

These financial statements have been subject to audit, please refer to Auditor's Report.

#### **3. CONTINGENT LIABILITIES**

At balance date there are no known contingent liabilities (2019:\$0). In the event of a legitimate claim being made by a Consumer to share in the distribution made in March 1999, December 2004, October 2006, October 2007, October 2008, October 2009, October 2010, August 2011, November 2012, November 2013, August 2014, November 2015, November 2016, August 2017, November 2018 and November 2019 the Trust will settle the claim from general funds.

#### **4. FINANCIAL INSTRUMENTS**

The Trust is party to financial instruments as part of its normal operations. These financial instruments

include bank accounts, advances, accounts receivable, accounts payable. All financial instruments are recognised in the balance sheet with any movements recognised in either profit or loss or other comprehensive income depending on their classification. 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 2020 is \$432,066,000.

The Trust is exposed to the following financial risks: credit risk and cash flow interest rate risk. Credit risk is the risk of financial loss to the Trust if a counterparty to a financial instrument fails to meet its contractual obligations. The Trust's exposure to credit risk is in relation to cash and cash equivalents. All cash and cash equivalents are held with registered trading banks with a minimum credit rating of "A". Funds are spread across five trading banks to avoid a concentration of risk. Cash flow interest rate risk arises through the fluctuation of market interest rates affecting the Trust's return on investment. Funds are held with a variety of trading banks either on call or short term deposits with an original maturity of 12 months or less. The Trust does not rely on the interest income to continue operations and therefore the overall risk is not considered significant.

#### **5. RELATED PARTY TRANSACTIONS**

Dividends totalling \$15,805,325 (2019: \$15,406,400) and interest of \$103,635 (2019: \$0) was received from Unison Networks Ltd during the year.

#### **6. DIVIDEND**

During the financial year an imputed dividend of \$15,805,325 (\$21,951,840 inclusive of imputation credits) was received in respect to the 2019/2020 financial year (2019: \$21,397,778 fully imputed dividend).

**Hawke's Bay Power Consumers' Trust**

**Notes to the Financial Statements  
for the year ended 31 March 2020**

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
<b>7. INCOME TAX</b>		
<b>a Taxation</b>		
Surplus (Deficit) before Tax	<u>\$15,132,714</u>	<u>\$14,854,354</u>
Prima Facie tax expense @ 33%	4,993,796	4,901,937
Plus/(less) tax effect of :-		
Non-deductible expenses	107,041	124,747
Distributions to Beneficiaries	(4,826,601)	(4,664,183)
Unrecognised Tax Losses	(425,574)	(525,828)
Imputation Credit Adjustment	151,338	163,327
<b>Tax Expense/(Benefit)</b>	<u>\$0</u>	<u>\$0</u>
	<i>This Year</i>	<i>Last Year</i>
	\$	\$
Current Tax	-	-
Deferred Tax	-	-
<b>Tax Expense</b>	<u>-</u>	<u>-</u>
A deferred tax asset has not been recognised in relation to tax losses of \$1,389,701 (2019: \$1,361,737).		
<b>b Taxation Payable/(Receivable)</b>		
<b>8. RECONCILIATION OF THE NET SURPLUS AFTER TAXATION WITH THE NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Reported Surplus after taxation	<u>15,132,714</u>	<u>14,854,354</u>
	15,132,714	14,854,354
Add (Less) movements in working capital items:		
Increase (Decrease) in accounts payable	82,770	(68,622)
Decrease (Increase) in accounts receivable	-	(3,792)
(Increase) Decrease in interest accrued	9,279	710
(Increase) Decrease in pre-payments	(2,029)	(702)
Net Cash Flow from Operating Activities	<u>\$15,222,733</u>	<u>\$14,781,948</u>

## Hawke's Bay Power Consumers' Trust

### Notes to the Financial Statements for the year ended 31 March 2020

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
<b>9. RETAINED EARNINGS MOVEMENT</b>		
Movements in retained earnings were as follows:		
Opening Balance	794,245	(215,516)
Profit for Year	15,132,714	14,854,354
Distributions to Beneficiaries	(14,626,064)	(14,133,823)
Previous Distribution Cheques Presented	(162,185)	(67,870)
Distribution Over-provided & Unclaimed Money	528,000	357,100
Closing Balance	<u>1,666,710</u>	<u>794,245</u>

#### **10. KEY MANAGEMENT PERSONNEL**

Key management personnel compensation for the period and financial year are set out below. The key management personnel are the Trustees of the Trust who have the authority for the strategic direction and management of the Trust. Key management services are also provided by Brown Webb Richardson Limited through the provision of secretarial services.

Short Term Benefits	138,000	138,000
Post Employment Benefits	-	-
Other Long Term Benefits	-	-
<b>Total</b>	<u>\$138,000</u>	<u>\$138,000</u>

The Trust has a contract with Brown Webb Richardson Limited for the provision of secretarial services to the Trust. For the year ended 31 March 2020 the amount of compensation paid or payable to Brown Webb Richardson Limited for the provision of the services was \$51,060. (2019: \$51,060).

#### **11. NOTES SUPPORTING CASH FLOW STATEMENT**

Cash and cash equivalents for the purpose of the cash flow statement comprises:

Cash at bank available on demand:		
Westpac Cheque Account	1,050,240	380,191
Westpac 02 Distribution Account	1,512	90,953
Westpac Online Saver Account	1,024,242	1,074,466
Westpac 04 Distribution Account	445,622	-
ASB Fastsaver	2,215	2,253
	<u>2,523,831</u>	<u>1,547,863</u>
Short-term Deposits:		
BNZ - Term Deposit	637,547	615,124
Westpac - Term Deposit	200,000	200,000
	<u>837,547</u>	<u>815,124</u>
<b>Total Cash and Cash Equivalents</b>	<u>3,361,378</u>	<u>2,362,987</u>

#### **12. SIGNIFICANT EVENTS OCCURRING AFTER BALANCE DATE**

There have been no significant reporting events subsequent to balance date.

## Hawke's Bay Power Consumers' Trust

### Taxation Reconciliation for the year ended 31 March 2020

	<i>This Year</i>	<i>Last Year</i>
	<i>\$</i>	<i>\$</i>
<b>Net Profit - per Statements</b>	15,132,714	14,854,354
<b>Add/ (Less)</b>		
<b>Imputation Credits</b>		
Unison Networks Limited	6,146,515	5,991,378
	<u>21,279,229</u>	<u>20,845,732</u>
<b>Other Adjustments</b>		
Safety - Electric Blankets	10,080	11,174
Insulation Costs	314,288	366,846
<b>Taxable Income For Year</b>	<u>21,603,597</u>	<u>21,223,752</u>
Tax Loss Brought Forward	(1,361,737)	(1,455,366)
<b>Taxable Income per Return</b>	<u><u>20,241,860</u></u>	<u><u>19,768,386</u></u>

*This Statement is to be read in conjunction with the accompanying Notes*