Waitomo Energy Services Customer Trust

Annual Report

for the year ended 31 March 2016

INDEPENDENT AUDITOR'S REPORT

To the Beneficiaries of Waitomo Energy Services Customer Trust

Report on the Financial Statements

We have audited the accompanying financial statements of Waitomo Energy Services Customer Trust (the 'Trust') and its subsidiaries (together 'the Group') on pages 15 to 43, which comprise the statement of financial position of the Group as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation and the fair presentation of the financial statements 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 Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, Waitomo Energy Services Customer Trust.

Opinion

In our opinion, the financial statements on pages 15 to 43 present fairly, in all material respects, the financial position of the Group as at 31 March 2016 and of its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Staples Rodway

STAPLES RODWAY WAIKATO
HAMILTON
26 September 2016

Waitomo Energy Services Customer Trust
Statement of Comprehensive Income
for the year ended 31 March 2016

	Note	Group 2016 $'000	2015 $'000
Revenue	1	50,148	49,086
Investment income	1	32	31
Total revenue from continuing operations		50,180	49,117
Operating expenses	2	(24,477)	(23,670)
Depreciation and amortisation	8 & 9	(11,428)	(11,170)
Interest Costs (net)	3	(2,584)	(2,849)
Impairment of goodwill	9.1	(860)	(780)
Other expenses		(179)	(226)
Total expenses from continuing activities		(39,528)	(38,695)
Profit before tax		10,652	10,422
Income tax expense	4	(3,621)	(3,513)
Profit for the year		7,031	6,909
Profit for the year is attributable to:			
Equity holders of the parent		7,048	6,906
Minority interest		(17)	3
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of network asset, land and buildings		-	8,176
Income tax relating to revalued assets		-	(2,289)
Other comprehensive income for the year		-	5,887
Items that may be subsequently reclassified to profit or loss			
Cashflow hedge reserve		(1,421)	(1,943)
Income tax relating to cashflow hedges		398	544
Other comprehensive income for the year net of tax		(1,023)	(1,399)
Total comprehensive income for the year net of tax		6,008	11,397
Total comprehensive income is attributable to:			
Equity holders of the parent		6,025	11,394
Minority interest		(17)	3

Notes to the financial statements are included on pages 20 to 44

Waitomo Energy Services Customer Trust
Statement of Financial Position
as at 31 March 2016

	Note	Group 2016 $'000	Group 2015 $'000
Current assets			
Cash and cash equivalents		1,057	1,337
Trade and other receivables	6	3,672	3,374
Inventories	7	1,688	1,550
Current tax asset	13	-	221
		6,417	6,482
Non-current assets			
Property, plant and equipment	8	241,744	235,642
Goodwill	9.1	-	860
Intangible assets	9	1,714	1,664
Deferred Tax Asset	14	1,435	1,083
Other financial assets		98	96
		244,991	239,345
Total assets		251,408	245,827
Current liabilities			
Trade and other payables	16	5,555	5,636
Convertible Notes Issued by subsidiary	15	250	250
Other financial liabilities	19.1	3,631	2,210
Current tax liability	13	1,262	-
Provision for staff entitlements	17	1,311	1,414
		12,009	9,510
Non-current liabilities			
Bank Borrowings	15	49,100	47,950
Convertible Notes issued by subsidiary	15	950	1,000
Subordinated debentures	15	2,000	2,000
Deferred tax liabilities	14	48,380	47,910
		100,430	98,860
Total liabilities		112,439	108,370
Net assets		138,969	137,457
Equity			
Consolidated equity	12.1	138,092	136,563
Minority interest	12.1	877	894
Total equity		138,969	137,457

Chair [signature] Trustee [signature]

Date 26.9.2016. Date 26/09/2016

Notes to the financial statements are included on pages 20 to 44

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Waitomo Energy Services Customer Trust
Statement of Changes in Equity
for the year ended 31 March 2016

	Note	Share Capital $'000	Retained Earnings $'000	Cashflow Hedge Reserves $'000	Revaluation Reserves $'000	Total attributable to the Trust $'000	Non-controlling Interest $'000	Total Equity $'000
Balance as at 31 March 2014		13,246	47,805	(59)	68,680	129,672	885	130,557
Profit for the year		-	6,906	-	-	6,906	3	6,909
Other comprehensive income								
Deferred tax adjustment on prior period								
Revaluation of land and buildings		-	-	-	(204)	(204)	-	(204)
Revaluation of network assets		-	-	-	6,091	6,091	-	6,091
Prior year adjustment		-	(6)	-	-	(6)	6	-
Interest rate swaps		-	-	(1,399)	-	(1,399)	-	(1,399)
Total other comprehensive income		-	(6)	(1,399)	5,887	4,482	6	4,488
Transactions with owners								
Transaction with non-controlling interest		-	-	-	-	-	-	-
TLC shares from KCEPT		-	-	-	-	-	-	-
Distributions paid	10	-	(4,497)	-	-	(4,497)	-	(4,497)
Dividends		-	-	-	-	-	-	-
Total transactions with owners		-	(4,497)	-	-	(4,497)	-	(4,497)
Balance as at 31 March 2015		13,246	50,208	(1,458)	74,567	136,563	894	137,457
Profit for the year		-	7,048	-	-	7,048	(17)	7,031
Other comprehensive income								
Interest rate swaps		-	-	(1,023)	-	(1,023)	-	(1,023)
Revaluation of land and buildings		-	-	-	-	-	-	-
Revaluation of network assets		-	-	-	-	-	-	-
Prior year adjustment		-	-	-	-	-	-	-
Total other comprehensive income		-	-	(1,023)	-	(1,023)	-	(1,023)
Transactions with owners								
Amalgamation adjustment		-	-	-	-	-	-	-
Distributions paid	10	-	(4,496)	-	-	(4,496)	-	(4,496)
Total transactions with owners		-	(4,496)	-	-	(4,496)	-	(4,496)
Balance as at 31 March 2016		13,246	52,760	(2,481)	74,567	138,092	877	138,969
Attributable to Trust Equity		13,246	52,760	(2,481)	74,567	138,092	877	138,969

Notes to the financial statements are included on pages 20 to 44

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Waitomo Energy Services Customer Trust
Statement of Cash Flows
for the year ended 31 March 2016

	Note	Group 2016 $'000	2015 $'000
Operating activities			
Cash receipts from customers		49,848	49,197
Cash paid to suppliers and employees		(24,823)	(24,979)
Net cash flow from operating receipts and payments		25,025	24,218
Interest and dividends received		34	84
Interest paid		(2,799)	(3,174)
Net cash from operating activities before tax		22,261	21,128
Taxes paid	13	(1,628)	(2,444)
Net cash from operating activities		20,632	18,684
Investing activities			
Purchases of property, plant and equipment		(17,124)	(12,579)
Purchases of intangible assets		(479)	(375)
Proceeds on disposal of property, plant and equipment		87	98
Minority Interest buy out		-	-
Gain on sale of shares and notes in subsidiary		-	-
Net cash used in investing activities		(17,516)	(12,856)
Financing activities			
Dividends paid		-	-
Capital Distributions to Customers	10	(4,496)	(4,497)
Shares in subsidiary sold to minority		-	-
Convertible notes in subsidiary sold to minority		(50)	-
Bank borrowings advanced		1,150	(4,000)
Net cash from financing activities		(3,396)	(8,497)
Net (decrease)/increase in cash and cash equivalents		(280)	(2,669)
Cash and cash equivalents at the beginning of the year		1,337	4,006
Cash and cash equivalents at the end of the year		1,057	1,337

Notes to the financial statements are included on pages 20 to 44

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Waitomo Energy Services Customer Trust
Statement of Cash Flows
for the year ended 31 March 2016

Reconciliation of net profit before tax to net cash from operating activities before tax

	Note	Group 2016 $'000	Group 2015 $'000
Profit before tax for the period		10,652	10,422
Adjustments for non cash items:			
Depreciation and amortisation		11,428	11,170
(Gain)/loss on disposal of non-current assets		-	(84)
Impairment of goodwill	19	860	780
Asset Write - off		156	-
Capitalised interest expense	8	(215)	(178)
Movement in provision for doubtful debts		147	(180)
Stock adjustment		-	(47)
		23,028	21,883
Changes in net assets and liabilities:			
Trade and other receivables		(445)	(307)
Construction contracts		-	98
Inventories		(138)	(132)
Trade and other payables		165	(48)
Current provision for staff entitlements		(350)	(358)
Non current provision for staff entitlements		-	(8)
Net cash used in investing activities		(768)	(755)
Net cash from operating activities before tax		22,260	21,128
Income tax paid		(1,628)	(2,444)
Net Cash from operating activities		20,632	18,684

Notes to the financial statements are included on pages 20 to 44

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Notes to the Financial Statements

General Information

The Waitomo Energy Services Customer Trust ("the Trust") is an Energy Power Trust established under the Energy Companies Act 1992. The Trust 's principal activity is investment in the electricity industry. It owns 100% of the shares in The Lines Company Ltd. The Group consists of The Trust , The Lines Company ('the Company") and its subsidiaries (being Financial Corporation Ltd, Clearwater Hydro Ltd, Matawai Hydro Ltd and Speedys Road Hydro Ltd "the Group").

The company's principal activities are the conveyance of electricity through its distribution network, supply of metering and relay equipment, electrical contracting and electricity generation. Those principal activities are substantially carried out in the greater King Country region of New Zealand.

In accordance with the requirements of Generally Accepted Accounting Practice in New Zealand (NZ GAAP), where a reporting entity prepares consolidated financial statements, the parent disclosures are not required.

The financial statements were authorised for issue by the Trustees on 7 September 2016.

Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with (NZ GAAP).

The group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

They are prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments measured at fair value.

The presentation currency is New Zealand Dollar ($). All financial information has been rounded to the nearest thousand, unless otherwise stated.

Significant accounting policies, estimates and judgements

The Lines Company's management is required to make judgements, estimates and apply assumptions that affect the amounts reported in the financial statements. They are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in the future periods.

Judgements and estimates which are material to the financial report are found in the following notes:

Note 1	Revenue recognition	Page **21**
Note 8	Valuation of network distribution system	Page **26**
Note 8	Generation property, plant and equipment	Page **26**
Note 9.1	Goodwill	Page **30**
Note 17	Provisions for staff entitlements	Page **37**
Note 19.2	Financial instruments	Page **39 - 40**

Notes to the Financial Statements

For the year ended 31 March 2016

1. Revenue

	2016 $'000	2015 $'000
Continuing operations		
Network	39,513	38,008
Meters and relays	3,732	3,669
Contracting	5,028	5,291
Generation	1,849	2,097
Corporate services	26	21
Revenue	50,148	49,086
Investment Income		
Interest on bank deposits	32	31
Total revenue from continuing operations	50,180	49,117

Policies

Revenue is measured at the fair value of the consideration received or receivable.

Network revenue, including lines charges, and charges for meters and relay services are recognised on a monthly basis as the services are provided to customers.

Interest revenue is recognised as it accrues, using the effective interest method.

Generation revenue is recognised when electricity generated is sold on the wholesale market.

Key judgements

Management must apply judgement where:

Part of the network charges are based on normalisation, where demand is assessed based on historical actual meter readings. Occasionally the meter reading history data is not consistent and subsequent adjustments are made to customer's accounts, where further charges are applied or refunds given. These adjustments are not significant compared with total network revenue.

2. Operating Expenses

	2016 $,000	2015 $,000
Transmission charges	7,013	7,053
Total staff cost recognised as expense	10,083	9,217
Cost of inventories recognised as expense	2,309	1,857
Professional fees	1,594	1,623
Property expenses	650	797
Directors fees and expenses	227	209
Loss/(gain) on disposal of PPE and software intangibles	(74)	(84)
Other indirect expenses	2,675	2,998
Total	24,477	23,670

Fees paid to auditors	2016 $,000	2015 $,000
Financial statement audit fees	179	169
Regulatory audit fees	52	55
OAG fees	16	15
Regulatory advice	76	25
Cyber risk assessment	26	-
	349	264

3. Interest costs (net)

	2016 $,000	2015 $,000
Interest on bank borrowings	2,625	2,916
Capitalised interest	(215)	(178)
Interest on convertible notes issued by subsidiary	83	85
Interest on subordinated debentures	102	98
Other interest expense, principally IRD Use of Money	(5)	(19)
Interest income	(6)	(53)
Total	2,584	2,849

The weighted average interest rate on bank borrowings, including interest rate swap derivatives, is 5.37% (2015: 5.83%).

Refer note 15 for information on interest rates charged in respect of convertible notes issued by subsidiary and subordinated debentures.

Policies

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4. Income Tax expense

Reconciliation of income tax expense	2016 $'000	2015 $'000
Profit before income tax	10,652	10,422
Expenses that are non-deductible	394	197
Impairment of goodwill	860	780
Taxable profit	11,906	11,399
Income tax expense at 28% for the company(2015 : 28%)	3,354	3,222
Income tax expense at 33% for the trust (2015 : 33%)	2,267	2,256
Benefit of imputed dividends	(1,944)	(1,944)
Effect of prior period tax adjustment	(56)	(21)
Income tax expense	3,621	3,513
Effective tax rate (being total tax expense divided by Profit before tax)	34%	34%
Current tax expense	3,149	2,273
Deferred tax expense	472	1,240
Income tax expense	3,621	3,513
Attributable to:		
Continuing activities	3,621	3,513

Amounts recognised directly in other comprehensive income

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit and loss component of the statements of comprehensive income but directly debited and credited to other comprehensive income.

	2016 $'000	2015 $'000
Deferred tax - debited (credited) directly to other comprehensive income	(398)	1,745
Total tax expense for the year recognised in other comprehensive income	(398)	1,745

Policies

Income tax expense comprises current and deferred tax and is calculated using tax rates enacted or substantively enacted at balance sheet date.

Current and deferred tax is recognised in profit and loss unless the tax relates to items in other comprehensive income, in which case the tax is recognised as an adjustment in other comprehensive income against the item to which it relates.

Imputation credits

The parent entity is a Trust and therefore not required to maintain an imputation credit account. Any tax paid by the parent is a final tax on the income received. In respect to the companies within the group, imputation credits are gained through tax paid and are available to attach to future dividends. The imputation credits available for subsequent reporting periods as at 31 March 2016 are $4.58m (2015 – $4.3m).

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5. Operational profit

	2016 $'000	2015 $'000
Earnings before interest, tax, depreciation and amortisation (EBITDA)		
Network	24,553	23,759
Meters and relays	2,876	3,068
Contracting	523	1,251
Generation	1,164	1,107
Investment income	32	31
Corporate services	(4,484)	(4,775)
	24,664	24,441
Depreciation and amortisation	11,428	11,170
Earnings before interest and tax (EBIT)	13,236	13,271

6. Trade and other receivables

	2016 $'000	2015 $'000
Trade Receivables		
Trade receivables	3,386	3,181
Less provision for doubtful debts	(707)	(560)
Balance at 31 March	2,679	2,621
Other Receivables		
Sundry debtors	373	203
Prepayments	620	551
Balance at 31 March	993	754
Receivables balance at 31 March	3,672	3,374
Ageing Of Trade Receivables		
Current to 90 days	2,383	2,697
Greater than 90 days	1,003	484
	3,386	3,181

Provision for doubtful debts

	2016 $'000	2015 $'000
Opening balance	560	740
Movement in provision	202	(16)
Receivables written off during the year as uncollectable	(55)	(164)
	707	560

Policies

No interest is charged on trade receivables for most customers.

Receivables are initially recognised at fair value and subsequently at amortised cost less impairment.

The carrying amount of trade and other receivables approximates their fair value because all amounts are due within one month and there are no amounts where settlement thereof is greater than one year.

Judgements

A provision for impairment is recognised when there is evidence The Lines Company will be unable to collect the debt. Factors involved in gathering this evidence include ageing of the debt, any disputes with debtors, ability to locate the debtor and debtors perceived ability to pay.

7. Inventories

	2016 $'000	2015 $'000
Contracting stores	943	847
Network stores	29	29
Transformers	320	298
Private lines	296	215
Meters and relays	99	161
Generation	1	-
	1,688	1,550

Policies

Inventories are stated at the lower of cost and net realisable value.

Cost includes the cost of direct materials and other charges, e.g. freight incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

8. Property, plant and equipment

	Land $'000	Buildings $'000	Network Distribution System $'000	Meters & Relays $'000	Plant & Vehicles $'000	Generation $'000	Total $'000
Gross carrying amount							
At 31 March 2014	1,271	2,062	206,047	17,869	8,337	21,656	257,242
Additions	194	13	9,764	3,089	670	9	13,739
Disposals	-	-	-	-	(403)	-	(403)
Reclassification	-	75	-	-	-	(225)	(150)
Revaluation	(103)	(379)	-	-	-	-	(482)
Capital works in progress	-	-	(859)	(106)	-	195	(770)
At 31 March 2015	1,362	1,771	214,952	20,852	8,604	21,635	269,176
Additions	-	4	9,876	5,715	1,088	341	17,024
Disposals	-	-	(149)	-	(925)	(110)	(1,184)
Capital works in progress	(6)	137	339	-	-	(160)	310
At March 2016	1,356	1,912	225,018	26,567	8,767	21,706	285,326
Accumulated depreciation and impairment							
At 31 March 2014	-	132	13,605	10,514	5,368	2,100	31,719
Depreciation charge	-	77	7,168	2,017	972	620	10,854
Revaluation	-	(198)	(8,460)	-	-	-	(8,658)
Disposals	-	-	-	-	(381)	-	(381)
At 31 March 2015	-	11	12,313	12,531	5,959	2,720	33,534
Depreciation charge	-	36	7,336	2,084	962	581	10,999
Disposals	-	-	-	-	(845)	(106)	(951)
At 31 March 2016	-	47	19,649	14,615	6,076	3,195	43,582

Carrying amount (Net book value)

	Land	Buildings	Network Distribution System	Meters & Relays	Plant & Vehicles	Generation	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 March 2014	1,271	1,930	192,442	7,355	2,969	19,556	225,523
At 31 March 2015	1,362	1,760	202,639	8,321	2,645	18,915	235,642
At 31 March 2016	1,356	1,865	205,369	11,952	2,691	18,511	241,744

Carrying amount (Cost model)

	Land	Buildings	Network Distribution System	Meters & Relays	Plant & Vehicles	Generation	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 March 2015	719	2,121	111,492	8,321	2,645	18,915	144,213
At 31 March 2016	719	1,938	115,056	11,952	2,691	18,511	150,868

The table represents the carrying amounts that would have arisen had all PPE been carried under the cost model.

Land and buildings

The land and buildings of the Group, comprising the vacant land and depots at Waitete Road Te Kuiti, Te Peka Street Taumarunui, Old Station Road Ohakune, the residential dwellings at Te Peka Street Taumarunui and head office at King Street East Te Kuiti were revalued to $2.542m at 31 March 2015.

These valuations were prepared by Doyle Valuations Ltd (A.N.Z.I.V, S.N.Z.P.I), an independent valuer with local experience. These valuations were carried out in accordance with API and PINZ Professional Practice and International Valuation Standards. Cost summation, market rate and income approaches were used for the valuation.

The fair value measurements above are considered to be Level 3 as they are derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

Policies

Property, plant and equipment assets other than land and buildings and network distribution system are initially measured at cost, and subsequently stated at cost less depreciation and any impairment losses.

Land and buildings and Network distribution assets are held at their fair value. Fair values are determined based on valuations adjusted for subsequent purchase costs, disposals, depreciation and impairment.

Expenditure is capitalised if the asset is technically and commercially feasible, future economic benefits are probable and the Company intends to use or sell the asset.

Capitalisation occurs immediately once an asset is acquired or installed.

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Depreciation begins once an asset is ready for use.

Depreciation of PPE, other than land, is calculated on a straight line basis and expensed over the life of the asset.

Estimated useful asset lives are as follows:

Buildings	40 – 100 years
Distribution System	5 – 60 years
Meters & Relays	4 – 15 years
Plant & Vehicles	1 – 10 years
Generation	10 – 75 years

Gain or loss on disposal is recognised in profit and loss.

Judgements

Network Distribution System

The Group estimates the fair value of the distribution network through independent valuers using the discounted cash flow method.

Network distribution system assets, excluding meters and relays, were revalued to $201.747 million at 31 March 2015. The valuation was independently prepared by Deloitte and the key assumptions used are shown in the table below. In all cases an element of judgment is required. The valuation is based on revenue and cost assumptions applied against a combination of discount rates and CPI inflation rates. The carrying value of the Network assets was reviewed at 31 March 2016 to confirm it is materially consistent with fair value, and no adjustments were required.

Assumptions	Valuation assumptions adopted	Low	High	Valuation impact $000's
Demand/load growth	0.4%	-0.4%	0.4%	-$3,155 + $3,219
Discount rate	6.5%	-0.5%	0.5%	+ $7,158 - $7,158
CPI inflation	2.0%	-0.5%	0.5%	- $6,779 + $7,003

The valuer has assumed the terminal value equal to forecast Regulatory Asset Base (RAB) based on information disclosures, as it is believed that the terminal value would approximate the RAB value in a steady state regulatory environment. Previous valuations have used the Gordon growth method for calculating the terminal value.

The fair valuation measurements above are considered to be Level 3 as they are derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

Generation property

The carrying value of the Group's generation property is assessed for impairment annually.

The basis of the impairment assessment is the value-in-use discounted cash flow analysis of the future earnings of the assets. The major inputs that are used in the value-in-use model that required judgment include the forward price path of electricity, sales volume forecasts, projected operational and capital expenditure profiles, discount rates and life assumptions for each generation station. The directors consider that no reasonably possible change in any of the assumptions below would cause the carrying value of generation assets to exceed their recoverable amounts.

Group generation assessment

			Total Impairment base value in use $25.6m	
Assumptions - Group	**Low**	**High**	**Negative value impact ($'000)**	**Positive value impact ($'000)**
Price path - Energy Link	Energy Link - 25th percentile	Energy Link - 75th percentile	$4,870	$3,660
Generation volume	-10.0%	10.0%	$2,940	$2,950
Operational costs	+20.0%	-20.0%	$2,230	$2,240
Discount rate - 7.19%	7.69%	6.69%	$2,330	$2,830

9. Intangible assets

	Software	Land Easements	Resource Consents & Rights	Total
	$'000	$'000	$'000	$'000
Cost				
Total cost at 31 March 2014	2,861	154	557	3,572
Additions	375	-	-	375
Reclassification	-	150	-	150
Total cost at 31 March 2015	3,236	304	557	4,097
Additions	479	-	-	479
Total cost at 31 March 2016	3,715	304	557	4,576
Accumulated amortisation and impairment				
Total at 31 March 2014	2,117	-	-	2,117
Amortisation charge for the year	316	-	-	316
Total at 31 March 2015	2,433	-	-	2,433
Amortisation charge for the year	429	-	-	429
Total at 31 March 2016	2,862	-	-	2,862
Carrying amount (Net book value)				
At March 2014	744	154	557	1,455
At March 2015	803	304	557	1,664
At March 2016	853	304	557	1,714

9.1 Goodwill

	2016	2015
	$'000	$'000
Gross carrying amount	860	1,640
Impairment of goodwill	(860)	(780)
Net carrying value	-	860

Policies

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Goodwill is measured at cost less any accumulated impairment losses.

Impairment

Goodwill is tested annually for impairment against the recoverable amount of the cash-generating units to which it has been allocated.

Judgement

Goodwill relates to the purchase of John Deere Electrical Limited, where John Deere Electrical Limited company as a whole is the cash generating unit for the

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goodwill impairment assessment.

During February 2016 John Deere Electrical Limited was amalgamated in to The Lines Company Limited and the goodwill was written off in March 2016.

9.2 Other intangible assets

Policies

Other intangible assets are initially measured at cost and subsequently stated at cost less any accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight line basis over its estimated useful life of 1 – 7 years.

Land easements have an indefinite life due to the right existing in perpetuity and are therefore not amortised and are required to be assessed for impairment annually.

Resource consents include the rights to construct small hydro schemes. These consents are classified as having an indefinite life due to the recognition of monitoring and renewal costs as operating expenses and are therefore tested for impairment annually.

10. Distributions

	2016 $'000	2015 $'000
Distributions paid	4,496	4,497

A Capital Distribution was made to the beneficiaries of the trust during the year.

11. Investments

11.1 Investment in subsidiaries

Name	Principal activity	Ownership Interest 2016 %	2015 %
The Lines Company Ltd	Conveyance of electricity	100	100
Financial Corporation Limited	Meter and relay assets	100	100
Clearwater Hydro Limited	Developer and promoter of small hydro-electricity schemes throughout the North Island	100	100
John Deere Electrical Limited	Electricity contracting business operating in Te Kuiti	-	100
Speedys Road Hydro Limited	Hydro generation scheme	75	75
Matawai Hydro Limited	Hydro generation scheme	100	100

Policies

Subsidiaries are entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intra-group transactions are eliminated on consolidation.

Amalgamation

John Deere Electrical Limited was amalgamated in to The Lines Company as at 29th February 2016.

Balance dates

All subsidiaries have a balance date of 31 March.

Geography

All subsidiaries are incorporated in New Zealand.

12. Equity and reserves

12.1. Total equity and minority interest

	2016 $'000	2015 $'000
Trust reserves	138,092	136,563
Minority interest share	877	894
	138,969	137,457

Minority Interest

Waitomo Energy Services Customer Trust holds 100% of the shares in The Lines Company Ltd but the Lines Company Ltd has only a 75% interest in Speedys Road Hydro Ltd.

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12.2. Hedge reserves

Hedge reserves

Hedge reserves comprise the cash flow hedge reserve.

The cash flow hedge reserve records the effective portion of changes in fair values of interest rate swaps that are designated cash flow hedges.

The gain or loss relating to the ineffective portion is recorded in the Statement of Comprehensive Income within net Interest costs.

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Statement of Comprehensive Income within net interest costs.

During the year, $1.023m (2015 – $1.399m) was transferred to the cash flow hedge reserve to interest cost.

12.3. Revaluation reserve

	Network Distribution System $'000	Land & buildings $'000	Total $'000
Total at 31 March 2014	74,613	617	75,230
Revaluation increases / (decreases)	8,460	(284)	8,176
Deferred tax on revaluation	(2,369)	80	(2,289)
Total at 31 March 2015	80,704	413	81,117
Revaluation increases / (decreases)	-	-	-
Deferred tax on revaluation	-	-	-
Total at 31 March 2016	80,704	413	81,117

13. Current tax liability/ (asset)

	2016 $'000	2015 $'000
Opening balance	(221)	323
Tax payments and tax credits received	(1,628)	(2,444)
Prior year adjustments	6	(21)
Prior year transfer from current to deferred tax	(44)	(352)
Current tax expense for the year	3,149	2,273
Closing balance	1,262	(221)

Policies

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

14. Deferred tax liability

	Property, plant & equipment $'000	Cash flow hedges $'000	Provisions $'000	Total $'000
At 31 March 2014	44,084	(75)	(519)	43,490
Charged to income	1,185	-	55	1,240
Charged to other comprehensive income	2,289	(544)	-	1,745
Prior year transfer current to deferred tax	352	-	-	352
At 31 March 2015	47,910	(619)	(464)	46,827
Charged to income	426	-	46	472
Charged to other comprehensive income	-	(398)	-	(398)
Prior year transfer current to deferred tax	44	-	-	44
At 31 March 2016	48,380	(1,017)	(418)	46,945

	2016 $'000	2015 $'000
Non-current - deferred tax asset	(1,435)	(1,083)
Non-current - deferred tax liability	48,380	47,910
Net deferred tax liability	46,945	46,827

Policies

Deferred tax is:

- Recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.
- Not recognised from the initial recognition of goodwill.
- Determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to be applied when the related deferred income tax asset is realised or the deferred income tax liability is settled.

15. Bank borrowings, convertible notes and subordinated debentures

	2016 $'000	2015 $'000
Bank borrowings	49,100	47,950
Convertible notes issued by subsidiary	1,200	1,250
Subordinated debentures:		
North King Country Development Trust	2,000	2,000
	52,300	51,200
Disclosed in the financial statements as:		
Current borrowings	250	250
Non-current borrowings	52,050	50,950
	52,300	51,200

Policies

Borrowings are initially measured at fair value, less transaction costs and are subsequently measured at amortised cost, using the effective interest rate method.

Bank borrowings

The Trust's subsidiary The Lines Company Ltd has total bank lending facilities of $75.4m. The facility expires in May 2017 prior to which the directors anticipate renewing the facilities on similar terms and conditions.

The term lending facilities are for three years, expiring 31 May 2017. The working capital portion of this facility is $3m and is subject to annual renewal and expire on 31 December 2016.

Security held by the bank for these loans is a Composite General Security Agreement over certain assets of the Group.

The Directors estimate the fair value of the Group's bank loans approximate their book value, because they are floating rate loans.

Convertible Notes

Speedys Road Hydro Limited (SRHL) had issued $3.75m of convertible notes to TLC and $1.25m of convertible notes to the minority shareholder. The proceeds were used to repay debt owed to TLC. The convertible notes are interest bearing (6.79%).The convertible notes issued to TLC are eliminated on consolidation in the group financial statements.

On 30 September 2015, $200,000 of the convertible notes were repaid reducing the balance to $3.6m to TLC and $1.2m to the minority shareholder.

The holder may either elect to convert the notes to shares, redeem the notes for cash or extend the maturity date of the notes. The election notice is subject to agreement by the SRHL board of directors and who are entitled to act in what they reasonably consider to be in the best interests of SRHL. At 31 March 2016, there were four separate tranches of convertible notes of $1,000,000 each with maturity dates of 30 September 2016, 30 September 2017, 30 September 2018, 30 September 2019. A fifth tranche of $800,000 has a maturity date of 30 September 2020. SRHL reserves the right to defer interest payments in perpetuity while it does not have sufficient cash to make the payment.

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The fair value of the convertible notes are not considered to be materially different from its principal value as the terms of the notes are such that comparable market instruments would not differ materially in value.

Subordinated debentures

The subordinated debenture is stated at its fair value.

The North King Country Development Trust (NKCDT) loan has a principal value of $2,000,000 and had fixed interest of 5.00% per annum (2015: 5.00%).

The subordinated debenture is unsecured and has no specified maturity date. Repayment of the subordinated debenture is not permitted until full repayment of all other borrowings of the Company.

The fair value of the NKCDT debenture is not considered to be materially different from its principal value as the terms of the debenture are such that comparable instruments would not differ materially in value.

There are no specified repayment terms in relation to subordinated debentures.

16. Trade and other payables

	2016 $'000	2015 $'000
Trade creditors	2,866	2,821
Interest accruals	328	330
Other accruals	2,361	2,485
	5,555	5,636

Policies

Trade and other payables are:

- Recognised at fair value when the Group becomes obligated to make future payments resulting from the purchases of goods and services and are subsequently measured at amortised cost using the effective interest method.
- Comprise amounts outstanding for trade purchases and on-going costs.
- Carrying amount approximates to their fair value because the amounts due will be settled within one year's time for their carrying value.

17. Provision for staff entitlements

	2016 $'000	2015 $'000
Opening balance	1,414	1,781
Accrued	1,358	1,012
Utilised	(1,461)	(1,379)
	1,311	1,414

Policies

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, trainee bonds and gratuities when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made that are expected to be settled within 12 months are measured at their amounts expected to be paid using the remuneration rate expected at the time of settlement.

Provisions made that are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to balance date.

The carrying amount of the provision for staff entitlements approximates to their fair value as most of the entitlement is due to be settled within one year.

18. Contingent assets and liabilities

The Trust's subsidiary, The Lines Company Ltd has capital commitments of $1.5m including $1.4m of meter purchases on order but not yet received, and $0.1m relating to software purchases. (2015: Nil)

The Group has no contingent liabilities.

19. Financial risk management

Objectives

The Trust's subsidiary, The Lines Company Ltd manages financial risks by complying with the policies set by the Board. The risks outlined in the policy include:

- Interest rate risk;
- Credit risk;
- Capital risk;
- Liquidity risk; and
- Electricity price risk.

Any new risks are referred to the Board for consideration as they become known. Each risk is monitored and reported to the board on a quarterly basis.

19.1 Interest rate risk

	2016 $'000	2015 $'000
Mark to market fair value of interest rate swaps at balance date (liability) were	(3,631)	(2,210)

Policies

The Group is exposed to interest rate risk through its borrowing activities.

Interest rate risk is managed through the use of interest rate swaps contracts.

Sensitivity

Sensitivity analysis is determined based on the exposure to interest rates for both derivatives and non-derivative instruments at balance sheet date.

A 100 basis point increase or decrease is used to assess interest rate and this represents management's assessment of the reasonably possible change in interest rates.

	2016 $'000	2015 $'000
Impact on profit or loss		
-1% change in interest rates	(145)	(136)
+1% change in interest rates	145	136
Impact on balance sheet		
-1% change in interest rates	(1,074)	(1,305)
+1% change in interest rates	1,074	1,221

The Group's sensitivity to interest rates has increased during the current period due to the increase in variable rate debt instruments.

19.2 Credit risk

The Group's principal financial assets are cash and cash equivalents, trade and other receivables and related party loans, which represent the Group's maximum exposure to credit risk in relation to financial assets.

19.2a Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve derived from quoted interest rates for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to total recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group 2016	**Year**				
Derivative financial liabilities	2016	-	(3,631)	-	(3,631)
Group 2015	**Year**				
Derivative financial liabilities	2015	-	(2,210)	-	(2,210)

There were no transfers between Level 1, 2 and 3 during the year.

19.2b Financial instruments by category

2016	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Derivatives designated as cash flow hedges $'000	Total $'000
Cash and bank balances	1,057	-	-	1,057
Trade and other receivables	3,052	-	-	3,052
Total financial assets	4,109	-	-	4,109
Trade and other payables	-	5,555	-	5,555
Borrowings	-	52,300	-	52,300
Other financial liabilities	-	-	3,631	3,631
Total financial liabilities	-	57,855	3,631	61,486
Net financial assets/(liabilities)	4,109	(57,855)	(6,631)	(57,377)
2015				
Cash and bank balances	1,337	-	-	1,337
Trade and other receivables	2,824	-	-	2,824
Total financial assets	4,161	-	-	4,161
Trade and other payables	-	5,636	-	5,636
Borrowings	-	51,200	-	51,200
Other financial liabilities	-	-	2,210	2,210
Total financial liabilities	-	56,836	2,210	59,046
Net financial assets/(liabilities)	4161	(56,836)	(2,210)	(54,885)

Policies

The group consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The Group's credit risk is primarily attributable to its trade receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with AA credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

19.3 Capital risk

During 2016, the Lines Company Ltd strategy, which was unchanged from 2015, was to maintain an equity/assets ratio of not less than 40%.

The ratio at March 2016 and 2015 were as follows:

	2016 $'000	2015 $'000
Average equity (including subordinated debentures)	140,213	136,007
Total assets at year end	251,408	245,827
Equity to Assets Ratio	55.8%	55.3%

Policies

The Group manages it capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2015 and is based on risk management strategies and treasury management policies set and monitored by the Board.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 15, and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and reserves as disclosed in note 12 and statement of changes in equity respectively.

19.4 Liquidity risk

Financial liability maturity analysis

	Less than 1 month $'000	1 month to 1 year $'000	1 to 5 years $'000	Total $'000
Non-interest bearing	5,580	-	-	5,580
Variable interest rate instruments	161	2,010	50,490	52,661
At 31 March 2016	5,741	2,010	50,490	58,241
Non-interest bearing	5,721	-	-	5,721
Variable interest rate instruments	448	2,409	51,454	54,311
At 31 March 2015	6,169	2,409	51,454	60,032

The table includes both interest and principal cash flows.

Variable rate instruments includes the impact of derivatives.

There are $2.0m of subordinated debentures (note 15) with no set maturity date. Interest payable on these is excluded from this analysis.

Policies The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

19.5 Electricity price risk

Policies The Group is exposed to electricity price risk on its electricity generation activities.

The Group has entered in to a fixed term contract to supply electricity at agreed rates. This contract is fixed until 31 December 2017.

20. Related party transactions

Transactions with The Lines company Ltd

Waitomo Energy Services Customer Trust is the ultimate parent of The Lines Company Ltd as the Trust directly holds 100% of the shares in The Lines Company Ltd. All subsidiary companies of The Lines Company Group are considered related parties with Waitomo Energy Services Customer Trust.

No related party debts were forgiven or written off during 2016 (2015 : Nil)

Remuneration of key management personnel

Key management personnel of the Waitomo Energy Services Customer Trust for the years ended 31 March 2016 and 31 March 2015 are limited to the Trustees. Remuneration details set out below:

	2016 $'000	2015 $'000
Trustee fees paid	85	79
Outstanding at balance date	-	-

21. Other accounting policies

21.1 Operating lease arrangements

The Group is party to a number of operating leases for access to land for some communication sites and substations. The lease amounts paid are immaterial to the Group's overall operating costs. The Group does not have any options to purchase the leased assets at the expiry of the lease period.

22. Subsequent events

There were no material events after the March 2016 balance date which require recognition or disclosure.

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Accounting Standards not yet adopted

New and amended accounting standards adopted
There are no new standards, amendments and interpretations which are effective for the current period with a material impact to the Group.

New accounting standards and interpretations not yet adopted
The following standards and interpretations which are considered relevant but not yet effective for the year ended 31st March 2016 have not been applied in preparing the financial statements:

- **NZ IFRS 15 *Revenue from Contracts with customers***

This standard was issued in May 2014, and will replace all existing guidance for revenue recognition, including NZ IAS 11 *Construction contracts* and NZ IAS 18 *Revenue*. The effective date is annual periods beginning or after 1 January 2018. The Group will apply this standard from 1 April 2017 but is yet to assess NZ IFRS 15's full impact.

- **NZ IFRS 9 *Financial Instruments* (Effective date: periods beginning on or after 1 January 2018)**

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

- **NZ IFRS 16 *Leases***

This standard was issued in January 2016 and replaces the guidance in NZ IAS 17 Leases. NZ IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases (generally, those with a term of 12 months or less) and leases of low-value assets (such as leases of tablets and personal computers, small items of office furniture and telephones but not, for example, leases of cars). The effective date is annual periods beginning or after 1 January 2019. The group will apply this standard from its effective date and has yet to assess its full impact.

Glossary of terms

EBITDA	Earnings before interest, tax, depreciation and amortisation.
EBIT	Earnings before interest and tax.
Special discount	Total discount paid or committed as per note.
Net assets	Non-current assets plus net working capital.
Shareholder funds	Shareholder equity plus subordinated debentures.
Debt to asset ratio	(Total liabilities less deferred tax liabilities) divided by total assets.
Capital ratio	Shareholder equity divided by total assets.
Return on average equity	(Profit after tax) divided by ((opening shareholder equity plus closing shareholder equity) divided by 2).
Return on average net assets	(EBIT multiplied by the applicable tax rate) divided by ((opening net assets plus closing net assets) divided by 2).

WAITOMO ENERGY SERVICES CUSTOMER TRUST
INCOME AND EXPENDITURE
STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	31 Mar 2016	31 Mar 2015
REVENUE	$	$
Interest Received		
The Lines Company Ltd	74,200	74,200
BNZ	31,906	31,258
Dividends Received (net of ICA credits)		
The Lines Company Ltd	5,000,000	5,000,000
Total Income	5,106,106	5,105,458
LESS EXPENSES		
Accountancy	10,350	11,155
Advertising	432	10,625
Audit Fees	6,843	6,799
Bank Fees	108	175
Computer Expenses	-	99
Conference Expenses	4,966	2,966
Consultancy	-	21,607
Current Interest	-	17
Election Expenses	-	13,103
General Office Expenses	550	-
Non Deductible Legal Expenses	-	14,209
Insurance	6,075	5,525
Meeting Expenses	3,396	3,514
Postage	350	362
Printing & Stationery	2,141	2,678
Subscriptions	6,907	1,666
Telephone	1,181	1,100
Travelling Expenses	9,228	8,781
Trustee Fees	85,250	79,205
Secretarial Fees	41,584	42,460
Total Expenses	179,361	226,046
Net Operating Surplus before Depreciation & Taxation	4,926,745	4,879,412
Less Depreciation	14	16
Net Operating Surplus after Depreciation & before Taxation	4,926,731	4,879,396
Less Taxation Provision	323,044	312,112
Trust Income after Taxation	4,603,687	4,567,284
Net Profit	4,603,687	4,567,284

The above information is a summary of the income and expenditure of the Trust. The information above is not consolidated and should be read in conjunction with the consolidated financial statements and the notes to those financial statements.

WAITOMO ENERGY SERVICES CUSTOMER TRUST
BALANCE SHEET
AS AT 31 MARCH 2016

	As at 31 Mar 2016 $	As at 31 Mar 2015 $
Current assets		
Bank of New Zealand Account	44,735	0
Bank of New Zealand On Call Account	55,293	31
Trade Debtors	4,131	-
Prepayments	5,218	5,601
Term Deposits	510,150	500,000
Current Tax Asset	58,236	68,973
	677,763	574,605
Non-current assets		
Plant and equipment	45	59
Investments:		
Shares - The Lines Company Ltd (11,846,808)	58,663,880	58,663,880
Debenture to The Lines Company Ltd	1,000,000	1,000,000
	59,663,925	59,663,939
Total assets	**60,341,688**	**60,238,544**
Current liabilities		
Bank of New Zealand Account	-	167
Accounts Payable	7,212	11,719
	7,212	11,886
Total liabilities	**7,212**	**11,886**
Net assets	**60,334,476**	**60,226,658**
EQUITY		
Trust Equity	60,334,476	60,226,658
Total equity	**60,334,476**	**60,226,658**

The above information is a summary of the balance sheet of the Trust. The information above is not consolidated and should be read in conjunction with the consolidated financial statements and the notes to those financial statements.

WAITOMO ENERGY SERVICES CUSTOMER TRUST
CAPITAL ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016

	As at 31 Mar 2016 $	As at 31 Mar 2015 $
Income and Credits		
Balance at beginning	60,226,658	60,155,928
Net Profit	4,926,731	4,879,396
	65,153,389	65,035,324
Appropriated as follows		
Terminal Tax	323,044	312,112
Capital Distribution to owners	4,495,869	4,496,554
	4,818,913	4,808,666
	60,334,476	**60,226,658**

Trust Equity is made up of

Trust Capital	11,929,532	11,929,532
Revaluation Reserves	39,051,692	39,051,692
Retained Earnings	9,353,252	9,245,434
	60,334,476	**60,226,658**

The above information is a summary of the Equity of the Trust. The information above is not consolidated and should be read in conjunction with the consolidated financial statements and the notes to those financial statements.