

WAIPA NETWORKS TRUST

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

INDEX

DIRECTORY	1
COMPREHENSIVE INCOME STATEMENT	2
STATEMENT OF MOVEMENTS IN EQUITY	2
BALANCE SHEET	3
STATEMENT OF CASHFLOWS	4
NOTES TO THE FINANCIAL STATEMENTS	5 to 16
AUDITORS REPORT	17

WAIPA NETWORKS TRUST

DIRECTORY

ADDRESS: Waipa Networks Trust
P O Box 34
Te Awamutu

TRUSTEES: Mr C T Sanders (Chairman)
Mr A J Bateman (Deputy Chairman)
Mrs J M Bannon (Trustee)
Mr R C Johnstone (Trustee)
Mr C J Rist JP (Trustee)
Mrs B J Taranaki QSM JP (Trustee)

SECRETARY/
TREASURER Mrs S J Baldock
502 Pakura Street
Te Awamutu

BANKERS: Westpac
Alexandra Street
Te Awamutu

SOLICITORS: Kevin Jaffe
Simpson, Grierson
Auckland

ACCOUNTANTS: Peter M Granville
180 Grey Street
Hamilton East

AUDITORS: Jon Hurst
Jonathan Hurst & Associates
Chartered Accountants
88 Teasdale Street
Te Awamutu

WAIPA NETWORKS TRUST
COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

	Note	Group		Parent	
		2014 \$	2013 \$	2014 \$	2013 \$
INCOME		27,406,842	26,447,453	-	-
LESS DISCOUNTS		4,318,987	4,706,100	-	-
NET INCOME		<u>23,087,855</u>	<u>21,741,353</u>	-	-
OPERATING EXPENSES	2	17,557,148	16,812,484	144,408	179,952
PROFIT FROM OPERATIONS		5,530,707	4,928,869	(144,408)	(179,952)
INVESTMENT INCOME		576,125	447,580	178,868	147,985
NET GAIN(LOSS) ON DISPOSAL OF ASSETS		15,559	117,486	-	-
PROFIT BEFORE INTEREST EXPENSE AND TAX		6,122,391	5,493,935	34,460	(31,967)
INTEREST EXPENSE		-	-	-	-
PROFIT BEFORE TAX		6,122,391	5,493,935	34,460	(31,967)
LESS TAX EXPENSE	3	1,791,182	1,521,059	-	-
PROFIT AFTER TAX		<u>4,331,209</u>	<u>3,972,876</u>	<u>34,460</u>	<u>(31,967)</u>

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
EQUITY AS AT 1 APRIL	<u>96,635,852</u>	<u>92,662,976</u>	<u>3,411,356</u>	<u>3,443,323</u>
PROFIT FOR YEAR	4,331,209	3,972,876	34,460	(31,967)
EQUITY AS AT 31 MARCH	<u>100,967,061</u>	<u>96,635,852</u>	<u>3,445,816</u>	<u>3,411,356</u>

The accompanying notes form part of these financial statements.



WAIPA NETWORKS TRUST

BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2014

Note	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$	
ASSETS					
Fixed assets	12	110,293,294	106,972,921	2,342	662
Intangible Assets	13	120,528	81,349	-	-
Investments	14	8,913,365	4,615,493	-	-
TOTAL NON CURRENT ASSETS		119,327,187	111,669,763	2,342	662
Cash and cash equivalents	7	5,688,609	5,694,581	3,450,856	3,417,914
Short term investments		-	1,000,000	-	-
Receivables and prepayments	8	1,930,145	1,924,280	-	200
Inventories	9	1,021,469	914,170	-	-
TOTAL CURRENT ASSETS		8,640,223	9,533,031	3,450,856	3,418,114
TOTAL ASSETS		127,967,410	121,202,794	3,453,198	3,418,776
EQUITY					
Trust Capital	5	100	100	100	100
Retained earnings	6	100,967,081	96,635,852	3,445,816	3,411,356
TOTAL EQUITY		100,967,181	96,635,952	3,445,916	3,411,456
LIABILITIES					
Employee entitlements	11	231,897	217,637	-	-
Capital Contributions in Advance		2,637,165	1,239,116	-	-
Deferred Taxation	4	20,504,043	20,182,880	-	-
TOTAL NON CURRENT LIABILITIES		23,373,105	21,639,633	-	-
Creditors	10	2,725,105	2,154,987	7,282	7,320
Employee Entitlements	11	479,030	444,421	-	-
Income Tax Payable		423,009	327,801	-	-
TOTAL CURRENT LIABILITIES		3,627,144	2,927,209	7,282	7,320
TOTAL LIABILITIES		27,000,249	24,566,842	7,282	7,320
TOTAL EQUITY AND LIABILITIES		127,967,410	121,202,794	3,453,198	3,418,776

For and on behalf of the Board

Craig Sanders
C T Sanders, Trustee
11/07/2014
Date

A J Bateman
A J Bateman, Trustee
11/07/14
Date

The accompanying notes form part of these financial statements.



WAIPA NETWORKS TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

Note	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	21,116,072	20,128,728	-	-
Payments to suppliers and employees	(13,264,021)	(12,132,520)	(145,926)	(199,899)
Net GST	145,985	(88,028)	-	-
Cash generated from operations	7,998,036	7,908,180	(145,926)	(199,899)
Interest received	338,531	337,671	178,868	147,985
Interest Paid	-	-	-	-
Taxes paid	(1,374,812)	(1,200,000)	-	-
Net Cash Flows from Operating Activities 15	6,961,755	7,045,851	32,942	(51,914)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of assets	55,698	138,243	-	-
Increase in short term investments	1,000,000	-	-	-
Capital contributions	2,885,509	588,280	-	-
Purchase of assets	(6,806,499)	(5,679,893)	-	-
Purchase of intangible assets	(52,435)	(6,308)	-	-
Purchase of Investments	(4,050,000)	(1,956,600)	-	-
Net cash flows from investing activities	(6,967,727)	(6,916,278)	-	-
CASH FLOW FROM FINANCING ACTIVITIES				
Net cash flows from financing activities	-	-	-	-
Net increase (decrease) in cash held	(5,972)	129,573	32,942	(51,914)
Cash & cash equivalents at 1 April	5,694,581	5,565,008	3,417,914	3,469,828
Cash & cash equivalents at 31 March	5,688,609	5,694,581	3,450,856	3,417,914
CASH BALANCES IN THE BALANCE SHEET	5,688,609	5,694,581	3,450,856	3,417,914

The accompanying notes form part of these financial statements.



WAIPA NETWORKS TRUST
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1 STATEMENT OF ACCOUNTING POLICIES

Waipa Networks Limited is a company registered under the Companies Act 1993. Waipa Networks Trust was formed under the Trustees Act 1956. These financial statements are presented in accordance with the Companies Act 1993 and have been prepared in compliance with the Financial Reporting Act 1993 and the Energy Companies Act 1992

Reporting Entity

Waipa Networks Trust (the Trust) is a trust established in terms of a trust deed dated 1 May 1993. It is also referred to as parent.

The group consists of Waipa Networks Trust and its wholly owned subsidiary, Waipa Networks Limited.

The Trust and Group financial statements have been prepared in accordance with the Trust deed and section 46A of the Energy Companies Act 1992.

Statement of Compliance

The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZGAAP). They comply with the New Zealand Equivalent to International Financial Reporting Standards, and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

Basis of Preparation

The functional and reporting currency used in preparation of the Financial Statements is New Zealand dollars. They are prepared on a historical cost basis.

The Financial Statements have been prepared in accordance with NZIFRS that are effective or available.

Critical Accounting Estimates and Adjustments

The preparation of Financial Statements in conformity with NZIFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



WAIPA NETWORKS TRUST
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) **Revenue recognition for line revenue**

The company invoices its customers monthly for the network services on the basis of usage, including estimated amounts for accrued sales from meters unread as at end of month.

Management has made an allowance in revenue and in trade receivables for any amounts which are estimated to be under or over charged as at balance date.

(ii) **Useful lives of property, plant and equipment**

The Company reviews the estimated useful lives of property, plant and equipment at each balance sheet date. In this financial year it was deemed that no change to the estimated useful lives was needed. The carrying value of property, plant and equipment is disclosed in note 12 Property, Plant and Equipment.

Changes in Accounting Policies

There have been no changes in accounting policies. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

a) **Basis of consolidation - purchase method**

The consolidated financial statements include the Trust, and its wholly owned subsidiary, accounted for, using the purchase method. All significant transactions between the Trust and the company are eliminated on consolidation.

b) **Property, Plant and Equipment**

Items of property plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The costs of purchased property plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended use.

The cost of the assets constructed by Waipa Networks , including capital works in progress, includes the cost of all materials used in construction, direct labour and other directly attributable costs, which have been incurred to bring the assets to the location and condition necessary for their intended use.

Certain items of property plant and equipment that had been revalued to fair value on or prior to 1 April 2006, the date of transition to NZIFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.



WAIPA NETWORKS TRUST

Where parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

Subsequent expenditure incurred to replace a component of an item of property plant and equipment, that extends the estimated life of the asset, is capitalised. All other expenditure is recognised in the statement of comprehensive income as an expense as incurred.

Leased assets

Leases in which Waipa Networks assumes substantially all the risks and rewards of ownership are classified as finance leases. Any asset acquired by way of a finance lease is stated at an amount equal to the lower of the fair value or present value of the future minimum lease payments at inception of the lease.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight line basis so as to allocate the cost of the assets over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The range of annual depreciation rates for each classification of property, plant and

Buildings	0% to 3%
Buildings fit out	2% to 10%
Reticulation system	2.50%
Other electrical	2.5% to 6.7%
Motor vehicles	10% to 20%
Computer equipment	20%
Plant furniture and fittings	10% to 50%

Asset residual values and useful lives are reviewed and adjusted if appropriate, at each balance date.

c) Intangible Assets

Goodwill on acquisitions of businesses is included in 'intangible assets'. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years. At balance date, the company assesses whether there is any indication that goodwill be impaired. If any such indication exists, the company estimated the recoverable amount of the asset. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the synergies of business combination.

Computer software assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight-line basis so as to allocate the cost of the assets over the estimated useful lives.

The useful lives and associated amortisation rates have been estimated as follows;

Goodwill	10yrs	10%
Computer Software	5yrs	20%



WAIPA NETWORKS TRUST

d) Inventories

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

Cost of work in progress and finished goods includes the cost of direct materials, labour and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

e) Trade and other receivables

Accounts receivables are stated at their expected realisable value after providing for doubtful debts. Bad debts are written off in the period they are identified.

f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and deposits with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

g) Impairment

The carrying amounts of the Company's assets other than deferred tax assets (see accounting policy j)) and inventories (see accounting policy d)) are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of assets is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

h) Revenue

Revenue comprises the amounts received and receivable at balance date for network services supplied to customers in the ordinary course of business, including estimated amounts for accrued sales from meters unread as at balance date.

Revenue from sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer.

Rental income is recognised in the statement of comprehensive income when invoiced.

Interest income is recognised in the statement of comprehensive income as it accrues.



WAIPA NETWORKS TRUST

Contributions received from a Local Authority towards the cost of additions to the Reticulation Assets are recognised in the balance sheet initially as deferred income. When there is reasonable assurance that it will be received and the Company will comply with the conditions attached to it, the revenue is recognised in the statement of comprehensive income as operating income on a straight-line basis over the useful life of the asset. Other contributions towards the cost of additions to the Reticulation Assets are recognised as income when the works have been completed.

i) Employee entitlements

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

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

Provisions made in respect of employee benefits expected to be settled within 12 months are measured as the amount unpaid at balance date at current pay rates in respect of the employees' service up to that date.

Provisions made in respect of employee benefits not expected to be settled within 12 months are measured as the amount of future benefit that employees have earned in return for their service in the current and prior periods up to the balance sheet date. The obligation is calculated using the projected unit credit method and is discounted to its present value.

j) Taxation

The income tax on the profit or loss for the year includes both current and deferred tax. The income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly to equity, in which case the income tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantially enacted at the Balance Sheet date together with any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the Balance Sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

k) Trade and other payables

Trade payables and other accounts payable are recognised when the company becomes obligated to make future payments resulting from the purchase of goods and services.

l) Goods and Services Tax

The Statement of Comprehensive Income and Statement of Cashflows have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated exclusive of GST with the exception of receivables and payables which include GST invoiced.

Standards approved but not yet effective

Certain new standards, amendments and interpretations to existing standards are not yet effective for the year ended 31 March 2014, and have not been applied in preparing these financial statements. None of these will have a material effect on the financial statements of the Company.



WAIPA NETWORKS TRUST

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
2 OPERATING EXPENSES				
Audit fees for these financial statements	58,225	57,153	2,588	2,588
Audit fees for disclosure financial statements	16,646	16,154	-	-
Trustees Fees	84,364	83,453	84,364	83,453
Depreciation	3,670,552	3,521,104	652	567
Amortisation of Intangible assets	15,940	10,440	-	-
Transmission charges	7,423,363	7,006,998	-	-
Employee benefits	4,296,678	4,042,870	-	-
Directors' fees	194,788	207,467	-	-
Materials and Contractors	1,053,789	869,747	-	-
Bad Debts	1,328	1,717	-	-
Change in Provision for Doubtful Debts	(5,000)	-	-	-
Other Expenses	746,475	995,381	56,804	93,344
Total Expenses	17,557,148	16,812,484	144,408	179,952

3 TAX

Profit Before Tax	6,122,392	5,494,035	34,460	(31,870)
Tax Payable	1,704,621	1,547,253	-	-
Tax affect of non assessable revenue	(291,942)	(164,719)	-	-
Tax affect of expenses that are non deductible	378,331	164,689	-	-
Tax Expense	1,791,010	1,547,223	-	-
Under provision previous year	172	-	-	-
Adjustments Previous Years	-	(26,164)	-	-
Total Tax Expense	1,791,182	1,521,059	-	-
The Tax charge comprises:				
- current tax	1,469,847	1,406,943	-	-
- prior period adjustments to current tax	172	(26,164)	-	-
- deferred tax on temporary differences	321,163	140,280	-	-
Total Tax Expense	1,791,182	1,521,059	-	-

All temporary differences have been recorded in the financial statements

Imputation Credits Account

ICA available for use in subsequent periods	11,616,437	10,146,417
---	------------	------------

4 DEFERRED TAX

Balance at 1 April	20,182,880	20,042,599
Deferred portion of current year tax expense	321,163	140,281
Balance at end of year	20,504,043	20,182,880

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2013:28%) payable by corporate entities on taxable profits under New Zealand tax law.



WAIPA NETWORKS TRUST

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
5 TRUST CAPITAL				
Balance at beginning of year	100	100	100	100
Balance at end of year	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
At 31 March 2014 the company has 7,200,000 fully paid issued shares. All shares carry equal voting rights and share in any surplus on winding up of the company equally. None of the shares carry fixed dividend rights.				
6 RETAINED EARNINGS				
Balance at beginning of year	96,635,852	92,662,976	3,411,356	3,443,323
Net Surplus after Taxation	4,331,209	3,972,876	34,460	(31,967)
Balance at end of year	<u>100,967,061</u>	<u>96,635,852</u>	<u>3,445,816</u>	<u>3,411,356</u>
7 CASH AND CASH EQUIVALENTS				
Current Account	2,318,702	744,581	80,949	67,914
Short Term Investments	3,369,907	4,950,000	3,369,907	3,350,000
	<u>5,688,609</u>	<u>5,694,581</u>	<u>3,450,856</u>	<u>3,417,914</u>
The carrying amount for cash and cash equivalents equals the fair value.				
8 TRADE AND OTHER RECEIVABLES				
Trade receivables	1,925,469	1,888,188	-	200
Provision for Doubtful Debts	(35,000)	(40,000)	-	-
	<u>1,890,469</u>	<u>1,848,188</u>	<u>-</u>	<u>200</u>
Accrued Income	267	10,545	-	-
Prepayments	39,409	65,547	-	-
	<u>1,930,145</u>	<u>1,924,280</u>	<u>-</u>	<u>200</u>
9 INVENTORIES				
Stock	895,083	807,992	-	-
Work in Progress	126,386	106,178	-	-
	<u>1,021,469</u>	<u>914,170</u>	<u>-</u>	<u>-</u>
10 TRADE AND OTHER PAYABLES				
Accounts payable and accruals - trade	2,166,852	1,797,726	7,282	7,320
Capital Contributions in advance	552,854	354,557	-	-
Payables to Directors	5,399	2,704	-	-
	<u>2,725,105</u>	<u>2,154,987</u>	<u>7,282</u>	<u>7,320</u>
11 EMPLOYEE ENTITLEMENTS				
Current employee entitlements	479,030	444,421	-	-
Non current employee entitlements	231,897	217,637	-	-
Total employee entitlements	<u>710,927</u>	<u>662,058</u>	<u>-</u>	<u>-</u>



WAIPA NETWORKS TRUST

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
12 PROPERTY, PLANT & EQUIPMENT				
Freehold Land				
Cost to 31 March 2013	1,252,334	1,252,334	-	-
Current year additions	-	-	-	-
Current year disposals	-	-	-	-
Cost to 31 March 2014	1,252,334	1,252,334	-	-
Freehold Buildings				
Cost to 31 March 2013	2,750,786	2,749,406	-	-
Accumulated Depreciation to 31/3/2013	9,062	8,374	-	-
Net Book Value 31 March 2013	2,741,724	2,741,032	-	-
Current year additions	-	1,380	-	-
Current year disposals	-	-	-	-
Current year depreciation	27,762	688	-	-
Cost to 31 March 2014	2,750,786	2,750,786	-	-
Accumulated Depreciation at cost	36,824	9,062	-	-
Net Book Value	2,713,962	2,741,724	-	-
Buildings Fitout				
Cost to 31 March 2013	3,150,023	3,140,561	-	-
Accumulated Depreciation to 31/3/2013	560,273	326,373	-	-
Net Book Value 31 March 2013	2,589,750	2,814,188	-	-
Current year additions	4,929	9,462	-	-
Current year disposals	-	-	-	-
Current year depreciation	234,289	233,900	-	-
Cost to 31 March 2014	3,154,952	3,150,023	-	-
Accumulated Depreciation at cost	794,562	560,273	-	-
Net Book Value	2,360,390	2,589,750	-	-
Reticulation Assets				
Cost to 31 March 2013	113,001,447	108,313,115	-	-
Accumulated Depreciation to 31 March 2013	17,330,016	14,614,295	-	-
Net Book Value 31 March 2013	95,671,431	93,698,820	-	-
Current year additions	6,235,761	4,727,094	-	-
Current year disposals	37,819	19,067	-	-
Current year depreciation	2,828,215	2,735,416	-	-
Cost to 31 March 2014	119,178,559	113,001,447	-	-
Accumulated Depreciation at cost	20,137,401	17,330,016	-	-
Net Book Value	99,041,158	95,671,431	-	-
Capital work in progress included in cost & net book amount				
	3,047,042	1,065,391	-	-
Other Electrical Assets				
Cost to 31 March 2013	3,754,481	3,536,980	-	-
Accumulated Depreciation to 31 March 2013	1,485,892	1,429,772	-	-
Net Book Value 31 March 2013	2,268,589	2,107,208	-	-
Current year additions	179,908	217,501	-	-
Current year depreciation	60,707	56,120	-	-
Cost to 31 March 2014	3,934,389	3,754,481	-	-
Accumulated Depreciation at cost	1,546,599	1,485,892	-	-
Net Book Value	2,387,790	2,268,589	-	-



WAIPA NETWORKS TRUST

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Motor Vehicles				
Cost to 31 March 2013	3,899,293	3,628,313	-	-
Accumulated Depreciation to 31 March 2013	2,198,262	2,199,329	-	-
Net Book Value 31 March 2013	1,701,031	1,428,984	-	-
Current year additions	503,646	631,366	-	-
Current year disposals	620	98	-	-
Current year depreciation	382,945	359,221	-	-
Cost to 31 March 2014	4,293,327	3,899,293	-	-
Accumulated Depreciation at cost	2,472,215	2,198,262	-	-
Net Book Value	1,821,112	1,701,031	-	-
Plant, Furniture and Fittings				
Cost to 31 March 2013	2,802,699	2,726,310	2,298	2,298
Accumulated Depreciation to 31 March 2013	2,054,637	1,924,247	1,636	1,069
Net Book Value 31 March 2013	748,062	802,063	662	1,229
Current year additions	106,821	83,348	2,332	-
Current year disposals	1,701	1,591	-	-
Current year depreciation	136,634	135,758	652	567
Cost to 31 March 2014	2,903,276	2,802,699	4,330	2,298
Accumulated Depreciation at cost	2,186,728	2,054,637	1,988	1,636
Net Book Value	716,548	748,062	2,342	662
Total Net Book Value	110,293,294	106,972,921	2,342	662
13 INTANGIBLE ASSETS				
Software				
Cost to 31 March 2013	296,002	289,694	-	-
Accumulated Depreciation to 31 March 2013	269,963	259,522	-	-
Net Book Value 31 March 2013	26,039	30,172	-	-
Current year additions	55,119	6,307	-	-
Current year amortisation	15,940	10,440	-	-
Cost to 31 March 2014	351,120	296,002	-	-
Accumulated Amortisation to 31 March 2014	285,902	269,963	-	-
Net Book Value	65,218	26,039	-	-
Goodwill				
Cost to 31 March 2013	62,020	62,020	-	-
Accumulated Depreciation to 31 March 2013	6,710	6,710	-	-
Net Book Value 31 March 2013	55,310	55,310	-	-
Current year additions	-	-	-	-
Current year amortisation	-	-	-	-
Cost to 31 March 2014	62,020	62,020	-	-
Accumulated Amortisation to 31 March 2014	6,710	6,710	-	-
Net Book Value	55,310	55,310	-	-
Total Net Book Value	120,528	81,349	-	-
14 INVESTMENTS				
Investments in Associates carried at cost	143,580	143,580	-	-
Loans to Associates	8,769,784	4,471,913	-	-
	8,913,364	4,615,493	-	-



WAIPA NETWORKS TRUST

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
15 RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Reported Profit after tax	4,331,209	3,972,876	34,460	(31,967)
Add (Less) Non Cash Items:				
Depreciation	3,670,552	3,521,104	652	567
Amortisation of Intangible Assets	15,940	10,440	-	-
Increase(Decrease) in deferred tax	321,163	140,281	-	-
Increase in Term Liabilities Leave Provisions	14,260	19,169	-	-
	<u>8,353,124</u>	<u>7,663,870</u>	<u>35,112</u>	<u>(31,400)</u>
Add (Less) Movements in Working Capital Items				
Decrease (Increase) in Tax Receivable	95,208	180,779	-	-
Decrease (Increase) in Receivables	(5,865)	96,244	200	777
Decrease (Increase) in Inventories	(107,299)	(65,335)	-	-
Increase (Decrease) in Accounts Payable	570,118	7,736	(38)	(21,291)
Increase (Decrease) in Leave Provisions	34,609	(8,262)	-	-
	<u>586,771</u>	<u>211,162</u>	<u>162</u>	<u>(20,514)</u>
	<u>8,939,895</u>	<u>7,875,032</u>	<u>35,274</u>	<u>(51,914)</u>
Add (Less) Items Classified as Investing Activities				
Net Loss on Disposal of Assets	(15,559)	(117,486)	-	-
Increase (Decrease) in Creditors for Property, Plant and Equipment	(224,917)	9,741	-	-
Capital Contributions	(1,487,460)	(620,650)	-	-
Interest added to investment	(247,872)	(100,786)	-	-
	<u>(1,978,140)</u>	<u>(629,181)</u>	<u>(2,332)</u>	<u>-</u>
Net Cash Inflows from Operating Activities	<u>6,961,755</u>	<u>7,045,851</u>	<u>32,942</u>	<u>(51,914)</u>



WAIPA NETWORKS TRUST

16 FINANCIAL INSTRUMENTS

Credit Risk

In the normal course of its business, Waipa Networks Ltd incurs credit risk from trade receivables from customers. Waipa Networks Ltd largest customer accounts for 26% (2013:27%) of total sales and 42% (2013:40%) of trade receivables at balance date for which a bank performance bond is held. There are no other significant concentrations of credit risk and Waipa Networks Ltd generally does not require any collateral.

Waipa Networks places its cash and short term deposits with high credit quality financial institutions with a recognised credit rating of A- or better and limits the amount of credit exposure to any one institution, as set forth by the Board of Directors. While the company may be subject to credit losses up to the contract amounts in the event of non-performance by other parties, it does not expect such losses to occur.

Currency Risk

Waipa Networks enters into forward exchange contracts for any significant capital transaction conducted in currency other than the New Zealand dollar to eliminate the effects of any currency fluctuations, these are recognised when the transaction occurs. There are no currency hedges as at 31 March 2014 (2013:Nil).

Interest Rate Risk

The Group has no exposure to interest rate risk.

Fair Value

The carrying value of financial instruments approximates their fair value.

17 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities as at 31 March 2014 (2013: Nil).
There are no commitments for future capital expenditure as at 31 March 2014 (2013:\$133,000)..

18 SEGMENTAL REPORTING

Waipa Networks operates predominantly in one industry, the distribution of electricity. All operations are carried out within New Zealand, and are therefore within one geographical segment for reporting purposes.

19 EVENTS SUBSEQUENT TO BALANCE DATE

There have been no significant events during the period since year end which have an impact on the information presented as at balance date.



WAIPA NETWORKS TRUST

20 RELATED PARTIES

At balance date, the Waipa Networks Trust held 100 per cent of the shares in Waipa Networks Limited

As part of its everyday business Waipa Networks Ltd passes rebates to retail electricity users in its network. Directors and staff of Waipa Networks Ltd that are connected to the company's network have received these rebates calculated on the same basis as other retail electricity user rebates. There are no other related party transactions.

Waipa Networks received interest of \$247,872 (2013:\$100,786) from Waikato Networks Ltd on the Shareholder loan

There are no other related party transactions.

No amounts are outstanding at balance date.

No related party debts were forgiven or written off during 2014 or 2013.

No provision has been made in the accounts for payment of a final dividend to the Waipa Networks Trust (2013:Nil). No interim dividends have been paid (2013: Nil).

Remuneration of Key Management Personnel

	2014	2013
Short term employee benefits	786,177	758,345
Post-employment benefits	-	-
Director's Fees	<u>194,788</u>	<u>207,467</u>
	<u>980,965</u>	<u>965,812</u>

The remuneration of directors is determined by the Waipa Networks Trust. The remuneration of the Chief Executive Officer is determined by the board having regard to the performance of the individual and market trends. The remuneration of other key management is determined by the Chief Executive Officer having regard to the performance of individuals and market trends.



INDEPENDENT AUDITOR'S REPORT

To the Readers of the Financial Statements of Waipa Networks Trust and Group

Report on the Financial Statements

We have audited the financial statements of Waipa Networks Trust and Group on pages 2 to 16, which comprise the balance sheet as at 31st March 2014, and the income statement, statement of movements in equity and statement of cash flows 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 generally accepted accounting practice in New Zealand 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

Section 46(A) of the Energy Companies Act 1992 requires the financial statements to be audited. 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 internal control relevant to the entity's preparation and 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 entity's internal control. 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, Waipa Networks Trust and Group.

Opinion

In our opinion, the financial statements on pages 2 to 16 present fairly, in all material respects, the financial position of Waipa Networks Trust and Group as at 31st March 2014, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Jonathan Hurst & Associates
11th July 2014
Te Awamutu



www.jonhurst.co.nz