



ANNUAL REPORT

for the year ended 31 March 2015



WORLD WAR ONE Roll of Honour

Kemp S.T.	Morris H.P.	Rollinson G.G.	Sullivan R.
Kempthorne F.J.	Morris L.V.	Roper G.	Sutton H.
Killick C.E.	Nesbit D.D.	Russell G.B.E.	Swindells A.M.
King W.	Nicholson C.H.	Ryan R.	Tait H.C.
Kotahi T.	Osborne G.	Sampson H.D.	Tangatake W.
Lee A.G.	Page G.F.	Sampson W.B.	Timbleton J.E.
Little W.G.	Page T.	Saulbrey C.W.S.	Vincent D.
Lockie A.A.	Park E.J.	Saulbrey T.P.	Vincent M.
Wells G.J.	Park W.J.	Scott V.R.S.	Waiomo W.
Wells F.S.	Park J.	Walker E.T.L.	Walsh M.F.
Wells J.	Park J.	Wardlaw F.G.	

'Here for the Community'

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New Zealand



Malayan Veterans' Association

ABOUT WEL ENERGY TRUST

BACKGROUND

WEL Energy Trust was formed in 1993 for the purpose of holding shares in the newly created lines company WEL Energy Group after some government-led industry restructuring.

The Trust is now a 100% shareholder of WEL Networks Ltd, as the group is now known, and owns these shares on behalf of the community. WEL Networks Ltd owns the lines in Hamilton City, Waikato district and a small part of Waipa district. WEL Energy Trust has seven Trustees who are publicly elected every three years, with the last triennial election held in June 2014.

OUR VISION

'A FORWARD THINKING, VIBRANT, CONNECTED COMMUNITY'

OUR CORE PURPOSE

'GROWING INVESTMENT FOR OUR COMMUNITY'

WEL Energy Trust meets this core purpose by being diligent shareholders and by utilising the profits of the Company as effectively as possible. The profits of WEL Networks Ltd are used for the benefit of the community in several ways; in the form of a lines charge discount direct to customers which is managed and delivered by the Company, through distributions or 'grants' to community organisations and to regional projects by the Trust, through reinvestment in the network to keep the lights on and through strategic distributions that leverage third party contributions, such as the Healthy Homes programme and Energy Efficiency projects.

OUR VALUES

1 PURPOSE DRIVEN

Our actions deliver a clear, positive outcome.

2 RESPECTFUL

We openly and fairly listen to and consider the opinions of each other and stakeholders.

3 EMBRACE POSITIVE

CHANGE AND SEEK CONSTANT IMPROVEMENT

We are willing to challenge the status quo and strive to achieve improved outcomes.

4 INTEGRITY AND HONESTY

We act in good faith and are prepared to be held accountable.

5 CLEAR, CONSTRUCTIVE COMMUNICATION

We create understanding through open and informative engagement.

ORGANISATIONAL DIRECTORY

TRUSTEES (as at 31 March 2015)

From left to right

- Mark Bunting
- Denise Harding (Deputy Chair)
- Rob Hamill
- Mark Ingle (Chair)
- Charlotte Isaac
- Brad Chibnall
- Kathryn Williams

The Trust Triennial Election was held on 27 June 2014 and the current Trustees declared elected on 1 July 2014.

Trustee from July 2011 to June 2014

DAVID KNEEBONE



STAFF



Raewyn Jones
(Trust Manager)



David Cowley
(Grants Manager)



Sarah Lewis
(Financial
Administrator)



Shelley Halpin
(Trust Secretary)

TRUSTEE SUB-COMMITTEES/ PORTFOLIO AREAS

- Energy Efficiency Rob Hamill (Chair),
Denise Harding,
Kathryn Williams
- Communications Kathryn Williams (Chair),
Mark Bunting
- Finance Brad Chibnall (Chair),
Mark Ingle
- Risk Management Denise Harding (Chair),
Charlotte Isaac
- Community Visits Denise Harding,
Kathryn Williams,
Charlotte Isaac
- Industry Updates Rob Hamill

ADVISORS

- Accountants Staples Rodway Waikato LP,
Hamilton
- Energy Industry Third Bearing Ltd,
Palmerston North
- Solicitors Tompkins Wake, Hamilton
- Bankers ASB Hamilton Commercial
Banking
Bank of New Zealand,
Hamilton
ANZ Banking Group,
Wellington
- Auditors PricewaterhouseCoopers,
Hamilton

CHAIR'S REPORT

OUR VISION A FORWARD THINKING, VIBRANT, CONNECTED COMMUNITY



This is the first Annual Report of the sitting Trustees of the WEL Energy Trust ('the Trust'), who were elected in the June 2014 triennial election.

Of the seven elected Trustees six have previous experience on the Trust and, as such, the transition for the new Trustees has been seamless and constructive.

The following Chairman's Report provides specific comment on WEL Energy Trust ('the Trust') operations only. The consolidated (Group) financial statements include the Trust and WEL Networks Ltd ('the Company') and subsidiaries thereof. The Annual Report of the Company provides commentary on all activities of the Company and its subsidiaries.

FINANCIAL RESULTS

The Trust produced a net surplus (after tax and distribution) of \$177,546.

Operating income was \$3,747,897 compared to a budget of \$3,730,017, and operating expenditure was \$126,232 lower than budget.

The Trust provided grants of \$2,480,126 which has increased from last year [2013/14: \$2,274,715]. Of the 2015 grants distribution budget of \$2,650,000 [2014: \$2,414,600] \$169,874 has not been used, mainly due to energy efficiency and collaborative projects being under subscribed and will be available for distribution from reserves in future budgets.

INVESTMENT

During the year the Trust maintained its investment in the Company.

An independent valuation of the Trust's investment in the Company was completed at the end of March 2014, being \$629,200,000 [2012: \$600,700,000]. The Trust only requires an independent market valuation every three years, and this is provided for management reporting purposes only. As such, the value of the Trust's investment in the Company, as disclosed in the Parent only column of the Financial Report, is reported at cost.

The Trust seeks to maintain a balance of at least \$10,000,000 in term deposits, where the interest generated contributes toward the operating costs of the Trust. A further \$2,000,000, less committed funds, is also set aside for the Trust's community lending programme.

TRUST DISTRIBUTIONS

Energy related projects received \$214,388 [2013/14: \$200,000], including the WEL Energy Trust Healthier Homes Programme. This year the Trust has worked with both WEL Networks Ltd, and the Waikato Health Board (Whare Ora Programme) to maximise the reach and impact of the Trust's investment.

The Trustees approved distributions of \$2,103,213 (2013/14: \$2,074,715) through the community funding round benefiting 276 (2013/14: 280) community organisations and groups. Additionally, a total of \$52,525 was approved through Trust initiated grants, and \$110,000 was approved across three projects from the collaborative fund.

During the year the Trustees considered a small number of applications for the community lending fund, and at balance date \$540,000 of an approved \$1,130,000 had been drawn down. Additionally, multi-year funding was continued for nine recipients of regular funding as part of the annual community grants programme.

As reported last year the Company now directly funds uneconomic undergrounding projects. These projects are contingent on third parties approaching the Company and contributing, as per the previous arrangements via the Trust. The Trust and Company discuss this annually.

WEL NETWORKS

The Trust remains focused on ensuring that the Company operates as a successful business. Annually, the Trustees review the performance of the Company and its strategic direction, along with receiving a summary from the Institute of Directors Board annual performance review. The Trustees continue to support the Board and management, and the strategic direction that the Company is moving in.

The Trust also supports the continued investment of the Company into the network. Recent reviews by Company management have resulted in a change

to resourcing requirements in the Company's Asset Management Plan. These efficiencies will continue to deliver the Company's proud record as one of the country's top performers in supply reliability.

A \$22,000,000 (2013/14: \$22,300,000) discount was announced by the Company for the customers of its core network in April 2015. Although the performance of the Company was behind budget the Board agreed to maintain the discount at the budgeted level. The Trust continues to support the discount programme, which over the past 13 years has distributed over quarter of a billion dollars to people and businesses in the WEL Networks region.

The Trust continues to discuss the cost of electricity with the Company to ensure that it maintains a sustainable balance between capital expenditure and maintenance on the network, the discount programme, the cost of service delivery per customer (best quartile target), and the WEL Networks price (the 2014/15 increase was 4.2%; 3.5% due to transmission increases and 0.7% due to general inflation). The Company and Trust continue to advocate for transparency of power bills.

During the year two directors retired from the Board after nearly a decade of service; John Spencer (CNZM) and the Hon. Richard Prebble (CBE). The Trustees thank both John and Richard for their outstanding contributions and wish them well. As a result of these retirements two new directors were appointed; Barry Harris and David Wright, whom the Trustees welcome to the team.

Margaret Devlin was appointed Chairman from October 2014, and along with new CEO Garth Dibley, the Trust has confidence that this new era will deliver another chapter of success in the Company's history.

STRATEGIC REVIEW

Over the past year the Trust has been undertaking a review of its community investment programme. Extensive research was undertaken by the Trust Manager, Raewyn Jones, and the Trust Grants Manager, David Cowley. The results of the research informed changes to the Trust's community investment model. These changes were adopted at the March Trust meeting and form part of the 2015/16 Annual Plan.

Meetings between the Trust and other central region electricity trusts have been well received and are set to continue into 2015/2016.

LOOKING AHEAD

The relationship between the Company and the Trust continues to be strong with regular updates received by the Trustees from the Chairman and CEO. This working relationship is valued by the Trustees and we look forward to continuing this close dialogue over the next financial year.

The Trust continues to work with the Electricity Trusts of New Zealand on matters pertaining to the Commerce Commission's review of the Electricity Act and the Government's review of the Trust Act. As noted in last year's report, both reviews are of strategic importance to the Trust and Company.

Through the new community investment model the Trust team will be very busy dealing with multiple funding rounds and implementing new systems. This is an exciting time for the Trust as we seek to be more effective in our grant making.

From 1 April 2015 the Trust and Company has in place a new convertible note structure that will slightly reduce the Trust's income. The team has been very thorough in designing a budget that fits this new reduced budget.

TRUSTEES AND STAFF

The triennial election was held in June 2014, with the Power-On Discounts and Grants team elected for all available seats. This delivered the Trust stability with 6 incumbents being re-elected and the only change resulting from the standing down of David Kneebone who was replaced by Charlotte Isaac.

During the year the Trust bade farewell to Andy Gowland-Douglas and Annette Evans, and welcomed Raewyn Jones and Sarah Lewis. A special thanks to David Cowley and Shelley Halpin for their extra assistance during the transition of these roles.

The Trustees continue to be committed to a strategic direction for the Trust that seeks to grow investment in the community, providing long term benefits for our region.

I thank my fellow Trustees and the WEL Energy Trust team for their individual and collective contributions toward the operation of a progressive, independent thinking and respectful Trust.



MARK INGLE, Chairman



A photograph of two women in conversation, overlaid with a solid blue filter. The woman on the left is older, with short white hair, and is smiling. The woman on the right is younger, with blonde hair and glasses on her head, and is gesturing with her hands while speaking. They appear to be in a community setting, possibly a library or a meeting room, with bookshelves visible in the background.

GRANT RECIPIENTS

The following 7 pages highlight a number of community organisations supported by the WEL Energy Trust

HAMILTON GROUP RIDING FOR THE DISABLED

2014
FUNDING
RECEIVED

\$12,500

PURPOSE: Contribution towards new stables

These words from a parent of an 8 year old girl with Cerebral Palsy with spastic quadriplegia show what a difference the RDA programme can make:

'Parenting a child with a disability often has you watching them miss out on normal childhood activities. RDA returns some of that normal childhood back to their life. Our daughter has taken to riding a horse with a new type of confidence that we had not seen before. She now knows that there are physical activities she can be good at and this in turn has given her the confidence to try more. Off the back of this confidence she gained by going to RDA she has taken up swimming and is training to run a triathlon.'

Operating four mornings a week and catering for approximately 120 riders, the RDA Coach Manager sets individual goals for every rider to achieve positive outcomes as they improve motor skills, develop physically, increase confidence, empathy and communication skills and gain problem solving ability and awareness of consequences.

WEL Energy Trust has contributed to the operational costs of the programme and also towards covering their arena which has enabled the programme to run all year round. The latest grant received was towards the building of essential stables to ensure their main resource, the horses, are in top condition for their heavy work load.

There are a lot of people developing the skills which allow them to participate fully in life through RDA, and WEL is very happy to be part of that.



WAIKATO DIGITAL YOUTH NETWORK

2014
FUNDING
RECEIVED

\$9,000

PURPOSE: Contribution towards operating costs and Office Manager salary

In the heart of Enderley, Waikato Digital Youth Network's Creative Studio offers free digital programmes to vulnerable youth in a highly under-served community.

Whilst at the Studio, youth gain creative technical skills and learn the art of "Creating with a Purpose", as they collaborate with others and work in teams to solve complex problems.

Empowerment is a key philosophy underpinning these services. Through their time at the Studio, the process of discovery, the mastery of technical skills and implementation of creative rules, members become a catalyst for social change.

WEL Energy Trust funding has enabled the Network to keep operating and doing this important work in Enderley in challenging times. Supporting the studio ensures the Waikato Digital Youth Network are able to continue to provide young people with the support they need to harness their skills and talents, as well as providing a safe place they know they can come to.

The impact can be felt in the Studio's culture alone, where you will find vibrant youth who know the future is theirs for the taking and are not afraid to grab it! WEL Energy Trust is proud to support Enderley Creative Studio to continue to shift paradigms and ignite passion for a community to be proud of.



TWIN RIVERS COMMUNITY ART CENTRE NGARUAWAHIA

2014
FUNDING
RECEIVED

\$10,000

PURPOSE: Contribution towards operating costs



Culture and creativity is at the heart of all our communities and plays a significant role in supporting community resilience, engagement and vibrancy.

This Ngaruawahia based organisation is not a traditional art centre; they were established in 2002 and describe their work as 'a creative community development' approach to support the community's social and economic wellbeing.

This Centre is all about engaging with people at flax roots base. It is often described by locals as a safe oasis where everyone can feel safe to explore their creativity, and if you have ideas for new services and creative projects that benefit the locals, they will welcome them with open arms.

The belief is that collaboration is a key to great community outcomes and this creative approach adds significantly to the work of other service providers.

Expression of creativity is the ultimate form of therapy for personal wellbeing and many people from all walks of life take advantage of the services offered by the Centre. For many it is life changing and provides a new pathway to wellbeing and quality of life.

WEL Energy Trust makes a contribution towards the operating costs of the Centre, which the Centre describes as vital to the ability of the organisation being able to undertake its creative community development work. This work is a relatively new concept and WEL Energy Trust understands the important contribution that the Centre makes to community wellbeing.

NGARUAWAHIA COMMUNITY HOUSE

2014
FUNDING
RECEIVED

\$15,000

PURPOSE: Contribution towards wages, operating costs and community events

The Ngaruawahia Community House's role within our community is to provide a facility that is a safe environment where whanau / individuals can access services, information and programmes. It is also a facility that helps connect the community in a holistic way.

Previously individuals / whanau had to travel to Hamilton or Huntly to access services, and for many transport was and is a huge issue.

WEL Energy Trust funding assists with operational costs as well as funding towards events held annually for the community – Picnic @ the Point to commemorate Waitangi Day and Xmas @ the Point. Both of these events are family-focused and free to all in the community.

Chailyn sums their work up nicely!



All about the Community house
The Community house is a place where friendly staff members go out of their way to help friends and families in need. Well you've come to the right place Ngaruawahia. There are kind and generous people here to help you. Here are some members that I know who are kind and caring. There's Wendy and Anne the most helpful people you would know. Janean the beautiful hard working receptionist. And Ina a caring budgeting adviser. So that's it from me whanau. Remember just come and visit any time you want. 13 Gahleo st
Written By
Chailyn (9yrs)

CREATIVE WAIKATO

2014
FUNDING
RECEIVED

\$25,000

PURPOSE: Contribution towards operating costs

Here's an organisation that really understands the value of the arts in our community.

Creative Waikato plays an essential role to strengthen, develop and invigorate the creative sector in the Waikato for the benefit of all.

"The arts help us define and express ourselves and engage with each other in our communities; they are also powerful levers for promoting positive social and economic outcomes." says Sarah Nathan, CEO of Creative Waikato.

Creative Waikato do that by strengthening artists and groups with information, training and development initiatives, providing funding and promoting the work of the arts sector in the Waikato. They are also a strong voice for the arts locally, regionally and nationally, and provide a touch point to ensure our communities and artists are connected.



Creative Waikato considers their biggest asset to be their people.

WEL Energy's support allows them to invest in the best people and to ensure they have the right resources to be effective.

As a result of Creative Waikato's work the arts are becoming a much stronger component of Waikato's regional profile. They have been able to support significant advancements and projects in the arts and ensured key arts issues have been heard and understood.

WEL Energy Trust is proud to support Creative Waikato as they work to change the landscape of the arts in the region.

WAIKATO ENVIRONMENT CENTRE - 'KAIVOLUTION'

MULTI-YEAR
FUNDING
APPROVED
OVER THREE
YEARS

\$75,000

PURPOSE: To contribute towards the development of a food rescue programme - 'Kaivolution'.

THE CHALLENGE

Approximately 30% of food produced in Aotearoa New Zealand ends up in the landfill. The Waikato Food Rescue Feasibility Study completed in 2014 reported that Waikato food manufacturers and retailers sometimes dispose of food to landfill that is good enough to eat but not good enough to sell.

THE RESPONSE

The Waikato Environment Centre has developed a local food rescue programme – Kaivolution. Launched in October 2014, Kaivolution rescues good quality food from local food manufacturers, retailers and households that would otherwise go to waste. This rescued food is then redistributed to over 35 Waikato charities. In the first 6 months of the programme approximately 18,000 kilos of food has been rescued.

HOW THE WEL ENERGY TRUST FUNDING HAS HELPED

The WEL Energy Trust money is being utilised for the establishment of Kaivolution and for the programme's operational costs. The coordination of Kaivolution volunteers and the smooth operation of food pick-ups and food sorting requires the employment of a part-time coordinator. The funding from the WEL Energy Trust makes this employment and the smooth operation of Kaivolution possible.



WHAT THEY SAY ABOUT IT

The feedback from the community has been very positive. The Hamilton Homeless Trust, an organisation that provides community meals for the homeless, said:

"We've just finished distributing all the fruit and bakery items to our coordinators and a lot of the bread will be frozen. Not having to order as much bread this week makes a huge difference to the Trust and the work we are able to do. We are extremely grateful and can't wait to see the look on the faces of our whānau when we get to share today's bounty with them!"

WEL Energy Trust was pleased to collaborate with other local funders to help the Waikato Environment Centre establish this invaluable service for the Waikato.

ANGLICAN ACTION - JUST FOOD CAFE

FUNDING
RECEIVED

\$10,000

PURPOSE: To help fund a permanent, purpose built counter and other equipment and furniture for their social enterprise café.

Here's an organisation that has developed a commercially focussed social enterprise that fully embodies its "justice through service" mission.

Faced with the challenge of making the best use of its assets and funding to maximise their impact for work with some of our most vulnerable citizens, Anglican Action have developed a successful café where the first "profit" is always the people they work with, "Just Food Café" .

Alongside funding sustainability, the challenge was to find employment or to offer employment training and experience to strengthen work readiness with the people they work alongside.

The vision was to develop a welcoming, open space for public and individuals to use, for celebrations and evocative art installations, and for gathering conversation. "Just Food" speaks about ethical food and environmental justice, social justice for those on the margins, and a place to gather around hearty, fairly priced food.

WEL Energy Trust funding helped to provide a quality professional space for the venture to grow. Anglican Action has received great feedback and support about every part of this business – the café, the catering and the evening meal delivery.

WEL Energy Trust is proud to contribute to this sustainable social enterprise venture.



PREMIER EVENTS

The Trust is proud to be a long term supporter of the Balloons Over Waikato and Hamilton Gardens Arts Festivals. These events are significant to the Trust as they enable wide community participation and enjoyment, much of it at low or no cost to participants. The annual grants for these events are amongst the largest the Trust makes.



HAMILTON GARDENS SUMMER FESTIVAL FOUNDATION

2014
FUNDING
RECEIVED

\$60,000

PURPOSE: Event costs

WEL Energy Trust continued its support of the incredible Hamilton Gardens Arts Festival with a \$60,000 grant towards operating expenses. This year 71,061 people attended at least one of the Festival's performances. There were more than 400 hours of entertainment provided in one of Hamilton's most magical outdoor settings.



BALLOONS OVER WAIKATO TRUST

2014
FUNDING
RECEIVED

\$70,000

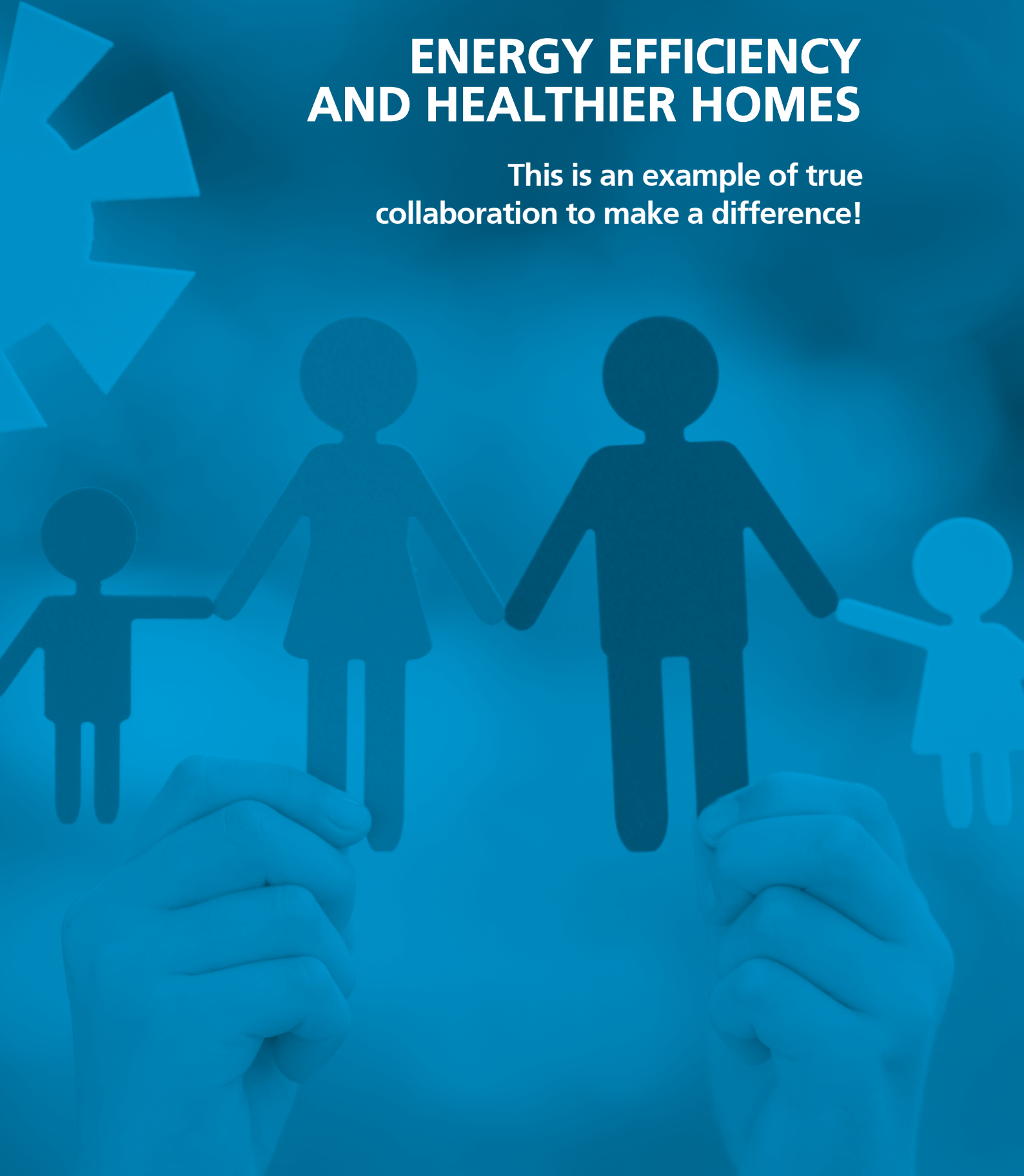
PURPOSE: Event costs

Balloons Over Waikato continued to wow people this year, thanks in part to \$70,000 in funding support from WEL Energy Trust. This year the theme of the event was 'Flying with the Animals' to reflect the three special shaped balloons secured this year, and a highlight of the 5 day event was the ZURU night glow that attracted over 75,000 people. The Trust again hosted the WEL Energy Trust dawn breakfast at Innes Common with over 2,000 people turning out for the free breakfast.



ENERGY EFFICIENCY AND HEALTHIER HOMES

This is an example of true
collaboration to make a difference!



WHARE ORA (HEALTHY HOMES)

WEL Energy Trust committed funding of \$100,000 in 2014 towards the provision of materials to help create safe, healthy, warm homes for Waikato families.

The Whare Ora (Healthy Homes) project is being coordinated by the Waikato District Health Board, in collaboration with a number of other organisations including Habitat for Humanity, the Ministry for Social Development, the NZ Fire Service, Hamilton City Council and the Warehouse, and is supported by WEL Energy Trust as well as other funders.

Here are a couple of great stories about the difference Whare Ora makes...

WHANAU 1 This whanau lived in Hamilton and had a single mother, who supported her four children. Two of the children were very sick with multiple admissions to hospital. The eldest son has severe allergies and was sleeping on a mattress in the lounge as they could not afford the bed base for him. The mother was very concerned for her children as she knew she had no way to give them what they needed.

When the team came out with their products the mother almost cried and said that life has been really hard and a programme like this shows that people really do care about their family. The daughter came up to the Whare Ora team and said it was her birthday and that this was the best present she has ever gotten.

This whanau was provided with the following support:

PRODUCTS

- Fire Alarm
- Mould treatment kit
- Outlet covers
- 4x heating panels for bedrooms
- Draught stoppers
- Blankets and pillows for the whole whanau
- Hepa filter vacuum
- Flea bombs
- Pillow protectors
- Bed base for the eldest son

SERVICES

- Fire safety check from NZ fire
- Install of heating panels in room
- Bed base delivered
- Advocacy on behalf of whanau to landlord
- Referred to social worker for additional support
- Healthy home education

WHANAU 2 This whanau of five lived in a cold, damp Housing New Zealand home. The housing was substandard with serious maintenance issues, paper thin curtains, and threadbare carpets in most rooms. The youngest child who was just one year of age had severe respiratory conditions. The house was so cold and damp that they all slept together to keep warm. The whanau had applied for a housing transfer and had been waiting for three years. Through this programme the whanau has received their housing transfer and will be in their new home at the end of the month.

This whanau was provided with the following support:

PRODUCTS

- Fire Alarm
- Mould treatment kit
- Outlet covers
- Draught stoppers
- Blankets and pillows for the whole whanau
- 1 x single bed with mattress

SERVICES

- Housing New Zealand transfer
- Bed delivered
- Healthy home education
- Full and correct entitlement assessment from WINZ

PERFORMANCE MEASURES AGAINST TRUST DEED

ANNUAL PLAN

Clause 16.14 of the Trust Deed requires that a draft Annual Plan be prepared and issued for public submissions before the final Annual Plan is adopted.

The 2014-15 Annual Plan was approved at the Trust meeting held on 1 April 2014 after a draft was issued for public consultation on 26 February 2014 (11 submissions received).

Effective Community Investment

Conduct an evaluation on the effectiveness of our funding across all areas of community.

- Initial report presented to May 2014 Trust meeting
- Trustee interviews held with Ecosynergy Group September and October 2014
- Second report presented to November 2014 Trust meeting

Research and investigate potential community investment models.

- Initial recommendations presented to October 2014 Trust meeting
- Further recommendations presented to November 2014 Trust meeting
- Funding Strategy workshops held in December 2014 and February 2015

Sustainability

Review Trust investment strategy to improve income generation.

- Report presented to September 2014 Trust meeting where it was resolved to continue with low-risk practice of bank term deposits

Engagement

Complete community consultation to determine desired community outcomes.

- Survey with regard to the Trust's on-line application system was conducted with Grantees in September 2014
- Survey with regard to the Trust's funding round was conducted with Grantees in November 2014
- Research was conducted in October and November 2014 with regard to the funding practices of other funders and results reported to November 2014 Trust meeting

Partnership and Collaboration

Establish a collaborative projects fund.

- Criteria confirmed at August 2014 Trust meeting
- The Trust supported the following Collaborative Projects:
 - Kaivolution Food Rescue Service (approved at September 2014 Trust meeting)
 - Hamilton Gardens Development (approved at March 2015 Trust meeting)
 - CELF Leadership Programme (approved at March 2015 Trust meeting)
- Collaborative projects now embedded in new Community Investment Strategy

Determine criteria for Energy Efficiency Initiatives fund.

- Criteria confirmed at July 2014 Trust meeting
- The Trust supported the following Energy Efficiency Initiatives:
 - Energy Efficiency/Safety Education Shows for Schools (approved at July 2014 Trust meeting)
 - Solar panel installation on Western Community Association's Community Centre building (approved at March 2015 Trust meeting)

Establish New Initiatives fund and determine criteria.

- Included as topic at Funding Strategy workshop held in December 2014
- New Community Investment Strategy allows for innovative projects to be considered during regular grants rounds (funds permitting)

The 2015-16 Annual Plan was approved at the Trust meeting held 24 March 2015 after a draft was issued for public consultation on 26 February (15 submissions received).

ANNUAL REPORT

Clause 16.15 of the Trust Deed requires that an Annual Performance Report be prepared.

The 2013-14 Annual Report was adopted on 15 July 2014 and presented at the Annual General Meeting held 24 July 2014, where PwC (Hamilton office) was appointed Auditors of the Trust for the year ended 31 March 2015.

CHANGES TO THE TRUST DEED

Clause 16.15 of the Trust Deed requires any changes to the Deed to be disclosed in the Annual Report.

With the exception of several entrenched clauses, the Trust Deed gives authority for the Trustees to make amendments to the Deed by resolution passed by a 75% majority of Trustees. Some parts of the Deed (eg, changes to the election provisions) also require use of a public consultative (notice and submission) procedure.

There were no changes to the Trust Deed between 1 April 2014 and 31 March 2015.

The Trust Deed is available to view on the Trust's website.

REVIEW OF INVESTMENT

Clause 8.1 of the Trust Deed requires that the Trustees regularly review their investment in WEL Networks Ltd. Clause 16.15 of the Trust Deed requires that the Annual Report includes the results of this review of investment.

For the period covered by this Annual Report, the Trust established the 2014-15 Annual Plan which contained the following performance measure:

- Conduct annual review of the operation and performance of the Directors of WEL Networks Ltd and review the Trust's investment in the Company in accordance with clauses 8 and 16.15 of the Trust Deed.

A summary of the key points arising from the review is provided below. In carrying out the review, the Trust has considered the requirements of clauses 8.1, 8.2, 14.3 and 16.2 of the Trust Deed.

Information Used and Matters Covered

The Company's half-yearly report to 30 September 2014 was published in December 2014.

The Company's Annual Report for the 12 months ended 31 March 2014 was received 3 June 2014 and a full review was undertaken during November 2014 of the Trust's investment in WEL Networks Ltd and performance of the Directors. This review was comprehensive and was prepared by the Trust's Financial and Energy Advisors, covering the following key areas:

- Financial performance
- Operational review
- Pricing and customer interests
- Performance review of the Directors
- Review of performance measures as per the Trust's 2013-14 Annual Plan
- WEL Networks Ltd as an investment for the Trust

The concluding recommendations from the review were as follows:

- The Trust continues its 100% investment in WEL Networks Ltd
- The Trust continues to monitor industry developments and take whatever steps are necessary to protect and enhance its major investment
- The Trust continues with a largely undiversified investment portfolio with a dominant asset allocation in favour of the WEL Networks Ltd investment
- The Trustees continue to balance the financial impact of energy cost efficiency and discounts for consumers, as against the requirement for retention of tax paid profits in WEL Networks Ltd to allow it to continue to invest in infrastructural assets, acquisitions, and meet its stated major investment objectives.

The Trust adopted these recommendations at the Trust meeting held 9 December 2014.

STRATEGIC DIRECTION, TARGETS AND MEASURES

Clause 16.2 of the Trust Deed requires that the Trust monitors the performance of the Directors of the Company with respect to WEL Networks Ltd's Strategic Direction, Targets and Measures document. WEL Networks Ltd submits this document to the Trust each year for comment and approval. The document for 2014-2019 (Focus for 2014-15) was approved in July 2014, after taking advice from the Trust's Energy Advisor.

The document is prepared and agreed to ensure that the Directors and Management of WEL Networks Ltd are directing the Company in a manner that is aligned with the goals of the Trust as owner.

The document incorporates both longer term strategic direction and shorter term annual objectives.

The Trust has reviewed WEL Networks Ltd's performance against its Strategic Direction, Targets and Measures and is satisfied that the targets are being substantially met.

At the Trust meeting held 29 July 2014, further to recommendations made by the Trust's Energy Advisor, the following was resolved:

That:

1. The Trust requests:
 - a) The inclusion of additional commentary in the Company's 2014-15 Strategic Directions document with regard to future prospects of large investment in new business activities.
 - b) That consideration be given to the inclusion of some commentary in future Company Strategic Direction documents with regard to the expected future revenue and profitability from the major investments being made in ultrafast fibre and smart meters.
2. The Trust endorses the Company's Strategic Direction and Targets for 2014-15, pending further update from Third Bearing to include data from the latest Company report and clarifications from the Company with regard to Core Assumptions percentages.



FINANCIAL PERFORMANCE AGAINST BUDGET

(a) Trust Income and Expenditure against Annual Plan

The Trust income and expenses against budget for the year ended 31 March 2015 are as follows:

Trust 2014 Actual \$000		Trust 2015 Actual \$000	Trust 2015 Budget \$000
	Income		
3,703	Interest	3,746	3,728
-	Dividends	-	-
71	Other	2	2
3,774		3,748	3,730
	Operating Expenditure		
417	Management and administration	431	466
-	Election	187	172
40	Communications	12	22
241	Representation	269	288
22	WEL Network shareholding	72	78
36	Special projects & trust deed policy	6	60
9	Distribution expenses	6	22
765	Total Operating Expenditure	983	1,108
3,009	Net Operating Profit	2,765	2,622
(9,820)	Gain/(Loss) on revaluation of loan to fair value	16	-
(6,811)	Profit/(Loss) before Distributions	2,749	2,622
2,322	Distributions	2,424	2,650
(9,133)	Net Profit/(Loss) before Tax	325	(28)
229	Taxation	149	173
(9,362)	Net Profit/(Loss) after Tax	176	(201)

(b) Trust Capital Fund and Trust Income Fund

The movements in the Capital Fund and Income Fund against budget for the year ended 31 March 2015 are as follows:

Trust 2014 Actual \$000		Trust 2015 Actual \$000	Trust 2015 Budget \$000
	CAPITAL FUND		
52,067	Vested Capital	52,067	52,067
52,067	Total Capital Fund	52,067	52,067
	INCOME FUND		
95,393	Opening Retained Earnings	86,031	86,292
(9,362)	Net Surplus for the Period	176	(201)
86,031	Total Income Fund	86,20+	86,091
138,118	Total Equity	138,274	138,158

GUIDELINES FOR ACCESS TO INFORMATION BY BENEFICIARIES

The Trust is required by legislation to adopt a set of guidelines to ensure the availability of certain Trust information to its beneficiaries. The guidelines were originally adopted by the Trust on 22 August 2006 and are reviewed every three to five years. The last review was undertaken in August 2011 and the review scheduled for August 2014 has been postponed until August 2015.

The guidelines outline a minimum number of documents that are required to be made available to Trust beneficiaries, and the options available to beneficiaries if the Trust declines a request to provide information without good reason.

The guidelines also require that the Trust reports on the number of requests for information that it has received during the year.

It should be noted that, unlike other energy trusts, all WEL Energy Trust meetings are advertised for the public to attend, and agendas and minutes are also available on the Trust's website. A small number of confidential items largely pertaining to the commercial nature of the Company's operations are considered in the public excluded section of the Trusts' monthly meetings.

A copy of the guidelines can be found on the Trust's website.

10 requests for information were received in 2014-15.

GRANTS APPROVED

ORGANISATION NAME	FUNDS APPROVED
A Rocha Aotearoa NZ.....	\$10,000
Age Concern Hamilton Inc.....	\$10,000
Alf's Imperial Fifth Waikato Dragoons Inc (T/A Clubs And Creativity Showcase).....	\$1,000
Alzheimers Waikato Charitable Trust	\$20,000
Amputee Society of Waikato Bay of Plenty and Districts.....	\$3,500
Anglican Action Mission Trust.....	\$12,000
Apostolic Church Trust (O/A Promoting Mental Wellness).....	\$3,000
Arts for Health Community Trust	\$12,500
Arum Aikido Club	\$1,000
Assistance Dogs New Zealand Trust	\$1,500
Asthma and Respiratory Services (Waikato) Inc.....	\$20,000
Athletics Waikato-Bay of Plenty Inc	\$10,000
Auckland District Kidney Society Inc	\$2,000
Autism New Zealand Inc.....	\$12,000
Balloons Over Waikato Trust.....	\$70,000
Barnardos New Zealand.....	\$2,000
Birthright Waikato Te Whanautanga Tika Charitable Trust...	\$16,000
Cantando Choir Inc.....	\$2,000
CanTeen	\$8,000
Catholic Family Support Services.....	\$10,000
Catholic Women's League Frankton	\$300
Centre 401 Trust.....	\$1,500
Chartwell Co-operating Parish	\$2,350
Child Matters.....	\$18,000
Children's Bible Ministries Inc.....	\$2,000
Christian Youth Camps Inc.....	\$5,000
Citizens Advice Bureau Hamilton Inc	\$14,500
City Hope Charities Trust (T/A Life Community Services)	\$12,500
Cochlear Implant Foundation of New Zealand.....	\$3,000
Creative Waikato	\$25,000
David Johnstone Pukemokemoke Bush Reserve Trust.....	\$3,000
Deanwell School	\$5,000
Desert Spring Ministries Trust	\$9,000
Diabetes New Zealand Inc Waikato Branch	\$6,000
Diversity Counselling New Zealand	\$7,500

ORGANISATION NAME FUNDS APPROVED

Dress for Success Hamilton	\$6,000
Eastlink Tennis Trust.....	\$1,200
Endometriosis Waikato (T/A Insight Endometriosis)	\$6,000
English Language Partners Waikato Inc	\$2,500
Epilepsy Waikato Charitable Trust	\$10,000
Fairfield Intermediate School Parent Teacher Association (PTA)	\$4,500
Fairfield Swim Club	\$5,500
Families Autism Support Trust	\$12,500
Frankton Railway Bowling Club.....	\$1,000
Friendship House (Huntly) Community Charitable Trust	\$12,000
Gastric Reflux Support Network NZ for Parents of Infants and Children Charitable Trust	\$1,000
Glenview Community Centre	\$14,000
Gordonton Pony Club Inc/Hamilton East Pony Club	\$1,800
Gordonton Woodlands Trust.....	\$994
Grandview Community Garden Trust.....	\$5,000
Habitat for Humanity Central North Island Ltd .	\$14,000
Hamilton Abuse Intervention Project	\$20,000
Hamilton Astronomical Society Inc	\$2,000
Hamilton BMX Club Inc	\$2,500
Hamilton Cadet Forces Building Charitable Trust	\$2,500
Hamilton Central Baptist Church	\$7,500
Hamilton Children and Families Trust	\$2,500
Hamilton Chinese Golden Age Society	\$1,000
Hamilton Christian Nightshelter Trust.....	\$10,000
Hamilton Christmas Charitable Trust	\$20,000
Hamilton Citizens' Band Inc.....	\$4,500
Hamilton City Tigers RLC	\$1,750
Hamilton Combined Christian Foodbank Trust.....	\$10,000
Hamilton Community Centre of Music.....	\$22,500
Hamilton Cricket Association	\$16,000
Hamilton Disability Pride Film Festival	\$1,000
Hamilton East Community Toy Library Inc	\$500
Hamilton East Community Trust	\$1,000
Hamilton Film Society	\$750
Hamilton Fringe Trust	\$12,500
Hamilton Gardens Development Trust	\$35,000
Hamilton Gardens Summer Festival Foundation	\$60,000
Hamilton Group Riding for the Disabled Inc.....	\$12,500

ORGANISATION NAME FUNDS APPROVED

Hamilton Inline Hockey Club	\$7,500
Hamilton Kerala Samajam	\$1,000
Hamilton Master Swimmers Club	\$2,750
Hamilton Mountain Bike Club Inc.....	\$5,000
Hamilton Multicultural Services Trust.....	\$5,000
Hamilton Operatic Society Inc.....	\$15,000
Hamilton Parents Centre Inc	\$1,000
Hamilton Performing Arts Trust	\$6,000
Hamilton Permaculture Trust	\$2,500
Hamilton Ramayan Sanstha Inc	\$1,000
Hamilton Roller Skating Club	\$14,000
Hamilton Sculpture Trust	\$15,000
Hamilton South Community Centre Association.....	\$6,000
Hamilton Squash and Tennis Club.....	\$10,000
Hamilton Star University Cricket Club Inc	\$5,000
Hamilton Toy Box Toy Library	\$450
Hamilton Tulip Festival Trust	\$1,200
Hamilton United Women's Bowling Club.....	\$1,000
Hamilton Yacht Club	\$2,250
Head Injury Society (Waikato) Inc	\$18,500
Hearing Association Hamilton and Districts Branch	\$6,000
Heart Kids Waikato @ Heart Inc	\$1,000
Hillcrest Bowling Club Inc	\$1,500
Hillcrest High Rowing Club Inc.....	\$3,500
Huntly Diabetes Support Group	\$600
Huntly Golf Club Inc	\$5,000
Huntly Thistle AFC Juniors	\$2,000
K9 Sense	\$399
Kaiwhenua Organics Charitable Trust	\$7,500
Kauri Centre (Hillcrest High School)	\$1,500
Kiwi Pro Am Country Music Organisation Inc....	\$5,000
Kiwiwatch Community Patrol Charitable Trust...	\$3,500
Life Education Trust Hamilton	\$12,500
Lifestyle Trust	\$3,000
Link House Trust	\$18,000
Lions Club of Te Kauwhata and Districts Charitable Trust	\$3,500
Lower Waikato River Enhancement Society Inc..	\$2,000
Lugton Park Combined Sports Association Inc ...	\$5,000
Male Survivors Sexual Abuse Trust Waikato	\$3,500
Maramarua Golf Club.....	\$1,000
Marching Waikato	\$2,500
Mates Trust NZ	\$7,500
Maungatautari Ecological Island Trust	\$16,000
Maurea Marae Trust	\$1,250

ORGANISATION NAME FUNDS APPROVED

McKenzie Centre Trust	\$18,000
Mighty River Harmony	\$4,000
Motor Neurone Disease Association of NZ Inc Waikato Branch	\$4,000
MS Waikato Trust	\$7,500
Muscular Dystrophy Northern	\$3,000
Nawton Community Children and Families Charitable Trust Inc	\$2,000
Netball Waikato Bay of Plenty Zone Inc	\$9,000
New Zealand Russian (Waikato) Friendship	\$750
New Zealand Suicide Prevention Trust	\$1,000
Ngaruawahia Community Care and Crisis Support Trust	\$10,000
Ngaruawahia community House Inc	\$15,000
Ngaruawahia Community Youth Holiday Programme	\$6,000
Ngaruawahia RSA Memorial Club	\$2,000
Ngaruawahia TuTangata Charitable Trust	\$10,000
Ngaruawahia Union Parish	\$3,000
Ngaruawahia United Association Football Club Inc	\$7,000
North Waikato Blue Light	\$6,300
Northgate Community Trust	\$5,000
One Victoria Trust Board Inc	\$24,000
Opus Orchestra Trust	\$10,000
Pacific Rose Festival Trust	\$5,000
Pacifika by Nature	\$4,500
Para Kore Marae Inc	\$2,750
Parent to Parent Waikato	\$15,000
Parents Place Charitable Trust	\$500
Patricia Avenue School	\$5,000
Paws 4 Life Charitable Trust	\$6,000
Peachgrove Intermediate School	\$10,000
People First New Zealand Inc	\$1,000
Perry Outdoor Education Trust	\$8,000
Philips Search and Rescue Trust	\$8,000
Positive Change Programmes Charitable Trust	\$5,000
Pregnancy Counselling Services Inc	\$2,000
Presbyterian Support Northern	\$4,000
Prison Care Ministries	\$4,090
Project Litefoot Trust	\$16,000
Pukeko Preschool Trust Board	\$4,500
Pukete Neighbourhood Association Inc	\$1,500
Pukete School	\$5,000
RAAGA Hamilton	\$500
Raglan Community Arts Council	\$3,000
Raglan Community House Society Inc	\$12,000

ORGANISATION NAME FUNDS APPROVED

Raglan Community Patrol Charitable Trust	\$6,000
Raglan Community Radio	\$4,000
Raglan Events and Multisport Trust	\$5,000
Raglan Maori Wardens Charitable Trust Inc	\$1,000
Raglan Mountain Bike Club	\$5,000
Raglan Surf Life Saving Club Inc	\$12,000
Rainbow Chinese Community Centre Charitable Trust	\$3,000
Rape and Sexual Abuse Healing Centre	\$9,000
Rauawaawa Kaumatua Charitable Trust	\$16,000
Riding for Disabled Waikato Group Inc	\$10,000
Riverlea Theatre and Arts Centre Inc	\$22,500
Riverside Golf Club Inc	\$2,500
Rostrevor House Inc	\$6,000
Rotongaro-Huntly Pony Club	\$1,800
Royal New Zealand Plunket Inc Society - Waikato Area	\$13,000
Royal New Zealand Plunket Society - Hamilton Branch	\$7,500
Rukuhia School Board of Trustees (BOT)	\$3,000
Ryder-Cheshire Foundation (Waikato)	\$6,000
Sacred Heart Girls College	\$5,000
Scout Association of NZ - Hillcrest Group	\$600
Shama Hamilton Ethnic Women's Centre Trust	\$14,000
Smart Waikato Trust	\$9,000
Society of St Vincent de Paul	\$20,000
South East Kirikiriroa Community Association Inc	\$10,000
Spiralz Rhythmics of Hamilton	\$1,000
Sri Balaji Temple Trust Hamilton	\$10,000
Sri Lanka Friendship Society Waikato Inc	\$1,200
St Marks Church, Nawton	\$3,500
St Peters Tennis Club Inc	\$6,000
StarJam Charitable Trust	\$3,500
Storytime Foundation Trust	\$2,000
Stroke Foundation Hamilton	\$1,800
Surfside Christian Life Centre	\$5,000
Swim Waikato Inc	\$15,000
Tamil Society Waikato Inc	\$1,250
Te Akau and Districts Playcentre	\$1,500
Te Awa River Ride Charitable Trust	\$40,000
Te Kauwhata and Districts Information and Support Centre Inc	\$7,500
Te Kauwhata Bowling Club Inc	\$750
Te Kauwhata Health Awareness Society Inc	\$12,500
Te Kauwhata Retirement Trust Board	\$2,500

ORGANISATION NAME FUNDS APPROVED

Te Kauwhata Rugby Sports Club inc	\$1,250
Te Kohao Health Ltd.....	\$1,000
Te Rongopai Community Trust.....	\$9,000
Te Whakaruruhau 2013 Inc.....	\$30,000
Te Whanau Putahi Trust	\$9,000
Te Whare o te Ata Fairfield/Chartwell Community Centre Trust Inc	\$10,000
Tennis Waikato-Bays Inc	\$1,800
Thames Coromandel Hauraki Waihi Life Education Trust	\$2,000
The Care Community Trust	\$3,000
The Crosslight Trust	\$13,500
The Dyslexia Association of Waikato	\$5,000
The Flagstaff Club.....	\$10,000
The Hamilton Chinese Learning Centre Charitable Trust	\$1,000
The Hamilton Methodist Social Services Trust...	\$12,000
The Hamilton Pistol Club Inc.....	\$7,500
The Home of Cycling Charitable Trust.....	\$5,000
The Order of St John Central Region Trust Board	\$3,000
The Order of St John Northern Region Trust Board	\$3,500
The Parenting Place	\$4,500
The Refugee orientation Centre Trust.....	\$10,000
The Roman Catholic Bishop of the Hamilton Diocese.....	\$2,500
The Salvation Army Hamilton Community Ministries (The Nest).....	\$25,000
The Scout Association of New Zealand.....	\$2,500
The Social Service Waikato Trust (T/A Community Waikato).....	\$20,000
The Taiohi Toa Trust	\$10,000
The University of Waikato.....	\$1,000
Toku Mapihi Maurea Whanau Tautoko Inc.....	\$7,500
TOTI Charitable Trust	\$2,500
Toughlove Waikato Trust.....	\$3,000
True Colours Charitable Trust.....	\$25,000
Turangawaewae Waka Sports.....	\$1,250
Twin Rivers Arts Council (Ngaruawahia) Inc	\$10,000
U Leisure Ltd	\$7,500
Udenominational War Memorial Church Waerenga District (Inc).....	\$5,000
United Youth Orchestra Trust.....	\$2,000
Volunteering Waikato.....	\$7,380
Volunteering Waikato.....	\$10,000
Waikato Agricultural and Pastoral Assn.....	\$4,000

ORGANISATION NAME FUNDS APPROVED

Waikato Basketball Council Inc.....	\$8,000
Waikato Branch of the Royal New Zealand Society for the Prevention of Cruelty to Animals.....	\$12,500
Waikato Community Hospice Foundation.....	\$28,000
Waikato Compassion Meditation Trust	\$500
Waikato Digital Youth Network	\$9,000
Waikato Diocesan School Rowing Club inc.....	\$5,000
Waikato District Council	\$40,000
Waikato Environment Centre Trust	\$15,000
Waikato Ethnic Family Services Trust	\$1,000
Waikato Family Centre Trust.....	\$22,500
Waikato Golf Association Inc.....	\$3,000
Waikato Institute for Leisure and Sport Studies (Wilss).....	\$9,000
Waikato Japanese Community Trust	\$750
Waikato Multicultural Council Inc.....	\$2,500
Waikato Orchestral Society Inc	\$10,000
Waikato Paraplegic and Physically Disabled Association Inc.....	\$12,000
Waikato Queer Youth.....	\$4,500
Waikato Refugee Resettlement Society Inc.....	\$2,500
Waikato Senior Indian Citizens Association Inc.....	\$750
Waikato Society of Arts Inc.....	\$1,200
Waikato Society of Potters Inc	\$3,000
Waikato Stock and Saloon Car Club	\$2,000
Waikato Uicol Association Football Club Inc.....	\$2,000
Waikato University Hockey Club Inc	\$2,000
Waikato University Netball Club Inc.....	\$2,000
Waikato University Rowing Club Inc.....	\$3,000
Waikato University Rugby Football Club Inc	\$3,000
Waikato Youth Empowerment Trust (O/A FYD Waikato)	\$15,000
Waikato Youth Music Association	\$2,500
Wakatoos Boxing Club Inc.....	\$5,000
Wanderers Sports Club.....	\$9,000
Western Community Association	\$15,000
Whaingaroa Environment Centre Society Inc	\$6,500
Whangape Parish Lot 23B Maori Reservation.....	\$2,000
Xtreme Zero Waste.....	\$12,000
Young Women's Christian Association of Hamilton Inc (YWCA)	\$18,000
Young Workers' Resource Centre (YWRC) Inc	\$4,000
Zeal Education Trust	\$25,000



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

The Trustees are pleased to present the consolidated financial statements of the WEL Energy Trust.

The consolidated financial statements report on both the WEL Energy Trust as the Parent Entity and the WEL Energy Trust and its wholly owned company as a Group. The Group incorporates the results of:

- WEL Energy Trust ('the Trust')
- WEL Networks Limited ('the Company') and subsidiary companies



MARK INGLE
Chair
7 July 2015



DENISE HARDING
Deputy Chair
7 July 2015

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Revenue	4	195,616	166,546	3,748	3,774
Other net gains	5	31	31	-	-
Contracting cost of sales	6	(84,353)	(61,611)	-	-
Other operating expenses	6	(83,466)	(76,675)	(983)	(765)
Net operating profit		27,828	28,291	2,765	3,009
Finance costs	7	(4,268)	(2,137)	-	-
Gain/(loss) on loans	17	(16)	(9,820)	(16)	(9,820)
(Loss)/gain on deemed disposal of share in joint venture	13	(2,246)	(1,139)	-	-
Share of loss of joint venture	13	(2,933)	(1,398)	-	-
Net profit before grants		18,365	13,797	2,749	(6,811)
Less grants		(2,424)	(2,322)	(2,424)	(2,322)
Net profit/(loss) before income tax		15,941	11,475	325	(9,133)
Income tax expense	8	(5,959)	(6,575)	(149)	(229)
Net profit/(loss) for the year		9,982	4,900	176	(9,362)
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Gain / (loss) on revaluation of property, plant and equipment, net of deferred tax		543	598	-	-
Cash flow hedge (net of tax)		(933)	(237)	-	-
Other comprehensive income / (expense) for the period, net of tax		(390)	361	-	-
Total comprehensive income for the year		9,592	5,261	176	(9,362)
Total net profit attributable to:					
Equity holders of the Group and Trust		11,119	5,392	176	(9,362)
Non-controlling interest		(1,137)	(492)	-	-
		9,982	4,900	176	(9,362)
Total comprehensive income attributable to:					
Equity holders of the Group and Trust		10,729	5,753	176	(9,362)
Non-controlling interest		(1,137)	(492)	-	-
		9,592	5,261	176	(9,362)

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
ASSETS					
Non-current assets					
Property, plant and equipment	9	557,605	525,391	24	47
Intangible assets	10	11,646	13,092	11	17
Trade and other receivables	11	333	329	-	-
Investment in joint venture	13	62,641	28,381	-	-
Investment in subsidiaries	26	-	-	124,797	124,797
Deferred income tax	19	12	72	12	72
Loans advanced	17	584	180	584	180
Goodwill	28	5,182	5,182	-	-
		638,003	572,627	125,428	125,113
Current assets					
Cash and cash equivalents	15	9,890	15,005	12,850	13,122
Trade and other receivables	11	19,149	12,851	344	285
Loans advanced	17	71	-	71	-
Taxation		874	-	-	-
Construction work in progress	12	36,069	31,014	-	-
		66,053	58,870	13,265	13,407
TOTAL ASSETS		704,056	631,497	138,693	138,520
EQUITY					
Capital and reserves					
Vested capital	16	52,067	52,067	52,067	52,067
Reserves	29	108,178	110,508	-	-
Retained earnings		267,699	254,640	86,207	86,031
		427,944	417,215	138,274	138,098
Non-controlling interests		(1,702)	(565)	-	-
TOTAL EQUITY		426,242	416,650	138,274	138,098
LIABILITIES					
Non-current liabilities					
Borrowings	18	137,266	-	-	-
Deferred income tax liabilities	19	75,888	73,821	-	-
Deferred income	20	1,237	1,323	-	-
Provisions	22	590	668	-	-
Derivative Financial Instruments	14	1,805	-	-	-
		216,786	75,812	-	-
Current liabilities					
Trade and other payables	21	24,766	19,285	408	422
Derivative financial instruments	14	-	367	-	-
Provisions	22	87	143	-	-
Current income tax payable		-	1,305	11	-
Loan from non-controlling interest	27	17,075	8,770	-	-
Customer discount payable		19,100	19,365	-	-
Borrowings	18	-	89,800	-	-
		61,028	139,035	419	422
TOTAL LIABILITIES		277,814	214,847	419	422
TOTAL EQUITY AND LIABILITIES		704,056	631,497	138,693	138,520

The above statements of financial position should be read in conjunction with the accompanying notes.

Chair
7 July 2015

Deputy Chair
7 July 2015

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Vested capital (\$000)	Reserves (\$000)	Retained earnings (\$000)	Total (\$000)	Non-controlling interest (\$000)	Total equity (\$000)
Group							
Balance at 1 April 2013		52,067	112,283	247,112	411,462	(73)	411,389
Comprehensive income							
Net profit for the year		-	-	5,392	5,392	(492)	4,900
Other comprehensive income							
Cash flow hedge (net of tax)		-	(237)	-	(237)	-	(237)
- land and buildings		-	-	-	-	-	-
- distribution network		-	(2,136)	2,136	-	-	-
Movement in deferred tax on revaluation	19	-	598	-	598	-	598
Net income recognised directly in equity		-	(1,775)	2,136	361	-	361
Total comprehensive income for 2013/2014		-	(1,775)	7,528	5,753	(492)	5,261
Balance at 31 March 2014		52,067	110,508	254,640	417,215	(565)	416,650
Balance at 1 April 2014		52,067	110,508	254,640	417,215	(565)	416,650
Comprehensive income							
Net profit for the year		-	-	11,119	11,119	(1,137)	9,982
Other comprehensive income							
Cash flow hedge (net of tax)		-	(933)	-	(933)	-	(933)
Fair value gains:							
- distribution network		-	(1,940)	1,940	-	-	-
Movement in deferred tax on revaluation	19	-	543	-	543	-	543
Net income recognised directly in equity		-	(2,330)	1,940	(390)	-	(390)
Total comprehensive income for 2014/2015		-	(2,330)	13,059	10,729	(1,137)	9,592
Balance at 31 March 2015		52,067	108,178	267,699	427,944	(1,702)	426,242
Trust							
Balance at 1 April 2013		52,067	-	95,393	147,460	-	147,460
Comprehensive income							
Net profit for the year		-	-	(9,362)	(9,362)	-	(9,362)
Balance at 31 March 2014		52,067	-	86,031	138,098	-	138,098
Balance at 1 April 2014		52,067	-	86,031	138,098	-	138,098
Comprehensive income							
Net profit for the year		-	-	176	176	-	176
Balance at 31 March 2015		52,067	-	86,207	138,274	-	138,274

The above statements of changes in equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CASHFLOWS

AS AT 31 MARCH 2015

	Notes	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Cash flows from operating activities					
Receipts from customers		188,576	167,961	6	66
Payments to employees and suppliers		(137,314)	(123,616)	(948)	(709)
Interest received		537	477	3,657	3,597
Interest paid		(3,541)	(1,840)	-	-
Income tax paid		(5,469)	(4,174)	(78)	-
Grants paid		(2,428)	(2,376)	(2,428)	(2,376)
Loan principal payments received	17	73	-	73	-
Loans advanced	17	(540)	-	(540)	-
Dividends received		-	-	-	10,000
Net cash from operating activities		39,894	36,432	(258)	10,578
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		877	4,202	-	-
Purchases of property, plant and equipment		(58,197)	(51,657)	(10)	(4)
Purchases of intangible assets		(3,381)	(5,193)	(4)	(26)
Purchase of investments		(39,439)	(24,484)	-	-
Net cash used in investing activities		(100,140)	(77,132)	(14)	(30)
Cash flows from financing activities					
Proceeds from borrowings	18	55,131	51,850	-	-
Loans advanced	17	-	(10,000)	-	(10,000)
Net cash used in financing activities		55,131	41,850	-	(10,000)
Net increase / (decrease) in cash and cash equivalents		(5,115)	1,150	(272)	548
Cash and cash equivalents at the beginning of the year		15,005	13,855	13,122	12,574
Cash and cash equivalents at the end of the year		9,890	15,005	12,850	13,122
Comprises of the following:					
Cash and deposits		9,890	15,005	12,850	13,122
		9,890	15,005	12,850	13,122

STATEMENTS OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Reconciliation of net profit after tax to net cash flows - operating activities					
Net profit after tax		9,982	4,900	176	(9,362)
Adjustments for items not involving cash flows:					
Depreciation		21,537	21,095	9	16
Amortisation		2,911	2,390	10	9
Loss /(gain) on loans		16	9,820	16	9,820
Loss on sale of property, plant and equipment		3,662	2,789	24	-
Net movements in provision for liabilities and charges		554	171	-	-
Deferred tax asset		3,175	1,614	60	229
Loss /(gain) on disposal of share in joint venture	13	2,246	1,139	-	-
Share of loss of joint venture		2,933	1,398	-	-
Effective interest on loans advanced	17	(13)	-	(13)	-
Net movement in amortised loan costs		(11)	-	(11)	-
Changes in working capital:					
Trade and other receivables		(6,554)	(32)	(59)	9,867
Construction work in progress		(5,055)	(9,488)	-	-
Trade and other payables		7,661	(149)	(14)	(1)
Current income tax liabilities		(2,683)	785	11	-
Loans Advanced		(467)	-	(467)	-
Net cash inflow from operating activities		39,894	36,432	(258)	10,578

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. General information

WEL Energy Trust is the holding entity of WEL Networks Limited, a profit oriented company incorporated in New Zealand under the Companies Act 1993. The Group consists of WEL Energy Trust (the 'Trust'), WEL Networks Limited (the 'Company') and its subsidiaries (together the 'Group'). The Group is an electricity network business, delivering energy to customers in the Waikato Region and is the contracting company associated with the construction of the Government Ultrafast Fibre rollout programme in the Waikato, Tauranga and Taranaki areas. The WEL Energy Trust's principal objective is to ensure WEL Networks Ltd operates as a successful business, as well as having regard to consumer interests in the regulation of the electricity industry and distributing surplus income in accordance with its Trust Deed.

The Trust is a Trust as defined in the Trust Deed. The address of its office is Perry House, 360 Tristram Street, Hamilton.

These financial statements have been approved for issue by the Trustees on 7 July 2015. Once issued the Trustees do not have the power to amend these financial statements.

The structure of the companies within the Group consists of:

Operating subsidiaries

WEL Networks Limited
Waikato Networks Limited

Activity

Construction of fibre network

Interest	Interest
2015	2014
100%	100%
85%	85%

Non-operating entities

WEL Electricity Limited
WEL Energy Group Limited
Waikato Electricity Limited
WEL Power Limited
WEL Generation Limited

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. There were no new standards and amendments to standards that apply to the Trust as the standards applying to the Trust have been frozen as outlined in paragraph 2.1 (a).

2.1 Basis of preparation

(a) Basis of preparation

The financial statements of the Trust have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents International Financial Reporting Standards for Public Benefit Entities ('NZ IFRS PBE').

A new Accounting Standards Framework (incorporating a Tier structure and a separate suite of accounting standards for PBEs) has been issued by the External Reporting Board (XRB).

Under the new Accounting Standards Framework the Trust will have to transition to the new Not-for-Profit Public Benefit Entities (NFP PBE) Standards that will be based mainly on International Public Sector Accounting Standards (IPSAS). The effective date for the new NFP PBE Standards is for reporting periods beginning on or after 1 April 2015. Therefore the Trust will have to prepare its financial statements in accordance with the new NFP PBE Standards for the first time for the annual period ending 31 March 2016.

Due to the change in the Accounting Standards Framework for PBEs, all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to PBEs as the XRB has effectively frozen the financial reporting requirements for PBEs until PBEs transition to the PBE Standards. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude PBEs from their scope.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land, buildings, distribution network and certain financial instruments as disclosed in the specific accounting policies below.

The Trust is still assessing the impact of transitioning to the new Accounting Standards Framework.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Estimates and judgement

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 Trust's accounting policies. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities where these are not readily apparent from other sources. Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods. 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 Note 3.

(c) Consolidation

Subsidiaries

The group financial statements incorporate the assets and liabilities of the WEL Energy Trust (Trust or Parent) including WEL Networks Limited (Company) and all subsidiaries of WEL Networks Limited as at 31 March 2015 and the results of WEL Energy Trust and WEL Networks Limited and its subsidiaries for the year then ended. WEL Networks Limited subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss component of the comprehensive income statement.

Inter entity transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities, and cash flows on a line by line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that it is attributable to the other venture. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(d) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

(e) Joint venture

The interest in Ultrafast Fibre Limited is accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of profits or losses of the jointly controlled entity is recognised in the profit and loss component of the statement of comprehensive income, and the share of movements in reserves is recognised in reserves in the statement of financial position.

Ultrafast Fibre Limited has a reporting date of 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(f) Entities reporting

The financial statements of the Trust or Parent are for WEL Energy Trust as a separate legal entity. The financial statements of the Group are for the economic entity comprising WEL Energy Trust and the consolidated financial statements of WEL Networks Limited and its subsidiaries. The Trust and the Group are designated as public benefit entities for financial reporting purposes.

(g) Statutory base

WEL Energy Trust is a Trust as governed by its Trust Deed. The Trust is domiciled and incorporated in New Zealand under the Trustees Act 1956.

WEL Networks Limited is a limited liability company which is domiciled and incorporated in New Zealand. It is registered under the Companies Act 1993.

As required by the Electricity Industry Act 2010 the financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Trust's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group and Trust's financial statements are presented in New Zealand dollars, rounded to the nearest \$1,000, which is the Trust's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss component of the statement of comprehensive income.

2.3 Property, plant and equipment

Land and buildings comprise mainly the corporate office, warehouse and substation land, while the electricity distribution network comprises mainly cables, poles and transformers.

Land and buildings are valued at fair value. Fair value is determined by a periodic independent valuation prepared by external valuers on the basis of market value for highest and best use. The valuations are performed on at least a triennial period. The fair values are recognised in the financial statements, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from fair value.

The electricity distribution network is measured at fair value. Fair value has previously been determined on the basis of an independent valuation prepared by external valuers, based on a depreciated replacement cost methodology. The fair values have been recognised in the financial statements of the Group and have been reviewed at the end of each reporting period to assess whether the carrying value of the electricity distribution network is not materially different from fair value. Consideration has been given as to whether the electricity distribution network is impaired as detailed in note 2.5. From 31 March 2013 onwards fair value has been determined on the basis of an independent valuation prepared by expert valuers using a discounted cash flow methodology (DCF).

Any revaluation increase arising on revaluation of land and buildings and the distribution network is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the profit and loss component of the comprehensive income statement, in which case the increase is credited to the profit and loss account to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings and the distribution system is charged as an expense in the profit and loss component of the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

Depreciation on revalued buildings and the distribution network is charged to the profit and loss. On subsequent sale or retirement of a revalued item, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings. Other plant and equipment and leasehold improvements are carried at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. The cost of self constructed assets includes the cost of materials and direct labour and an allowance for overheads. Borrowing costs are capitalised in respect of qualifying assets valued at \$500,000 or more and which take three months or more to construct.

Depreciation on buildings and the distribution network is calculated using the straight line method with other assets depreciated using the diminishing value basis, to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	2015	2014
Buildings	3%	3%
Distribution network	1.3% - 16.7%	1.3% - 16.7%
Computer Equipment	35%	35%
Furniture, plant & equipment	5% - 60%	5% - 60%
Vehicles	14-50%	14-50%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

2.4 Intangible assets

(a) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (two to five years) (2014: three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (two to five years) (2014: three to five years).

(b) Easements

Acquired easement rights are capitalised on the basis of the costs incurred. These costs are amortised over their estimated useful lives (33 years) (2014: 33 years).

(c) Leasehold Interest

Long term leasehold interest in substation land has been recorded at fair value. These assets will be amortised over the period of the leases on a straight line basis.

(d) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of a subsidiary is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (continued)

2.5 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial assets

The Group and Trust classifies its financial assets as assets at fair value through profit or loss, or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re evaluates this designation at every reporting date.

(a) 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 are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non current assets. Loans and receivables are classified as 'trade and other receivables', 'loans advanced' and 'cash and cash equivalents' in the statements of financial position (Note 2.8 and Note 2.11 respectively).

(b) Assets at fair value through profit or loss

Derivative assets that do not meet the criteria for hedge accounting are recorded at fair value through the profit and loss component of the comprehensive income statement.

2.7 Financial liabilities

The Group and Trust classifies its financial liabilities as other financial liabilities at amortised cost or liabilities at fair value through profit or loss. The classification depends on the purpose for which the financial liability arose. Management determines the classification of its financial liabilities at initial recognition and re evaluates this designation at every reporting date.

(a) Other financial liabilities at amortised cost

Other financial liabilities at amortised cost are non derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current liabilities, except for maturities greater than 12 months after the reporting date which are classified as non current liabilities. Other financial liabilities are classified as 'trade and other payables', 'customer discount payable', 'loan from non-controlling interest', 'provisions' and 'borrowings' in the statements of financial position.

(b) Liabilities at fair value through profit or loss

Derivative liabilities that do not meet the criteria for hedge accounting are recorded at fair value through the profit or loss component of the statements of comprehensive income.

2.8 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impaired receivables.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group or Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit or loss component of the statements of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (continued)

2.9 Derivatives

Forward exchange contracts are used to reduce the Group's exposure to foreign exchange movements on transactions denominated in foreign currencies.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- (2) hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of various derivative instruments used for hedging purposes are disclosed in note 14. Movements on the hedging reserve in equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a noncurrent asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to any ineffective portion is recognised immediately in the profit and loss component of the statements of comprehensive income.

Amounts accumulated in equity are reclassified to the profit and loss component of the statements of comprehensive income in the periods when the hedged item affects the profit and loss component of the statements of comprehensive income (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss component of the statements of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss component of the statements of comprehensive income.

2.10 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group or 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. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

2.12 Contributed equity

Vested capital of the WEL Energy Trust is the settled equity within the Trust as defined by the Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (continued)

2.13 Convertible notes

Convertible notes issued by WEL Networks Limited that can be converted to non participating redeemable shares (NPRS) at the option of the issuer, and where the number of NPRS to be issued does not vary with changes in fair value are classified as equity. Convertible notes are initially measured at fair value, and are not subsequently re measured except on conversion or expiry. The convertible notes are recognised as an investment in the Trust's statement of financial position. Interest payments on convertible notes are recorded in the profit or loss component of the comprehensive income statement of the Trust and are eliminated on consolidation. The interest rate was fixed at 8% until 31 March 2015. The convertible notes have been extended until 31 March 2020. The new interest rate from 1 April 2015 is 6.28%.

2.14 Income tax

The income tax expense or revenue for the period is the total of the current period's taxable income based on the national income tax rate, plus/minus movements in the deferred tax balance except where the movement in deferred tax is attributable to a movement in reserves.

Movements in deferred tax are attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Trust is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The income tax expense or revenue attributable to amounts recognised directly in equity are also recognised directly in equity. The associated current or deferred tax balances are recognised in these accounts as usual.

Current and deferred tax assets and liabilities of individual entities are reported separately in the financial statements unless the entities have a legally enforceable right to make or receive a single net payment of tax and the entities intend to make or receive such a net payment or to recover the current tax asset or settle the current tax liability simultaneously.

2.15 Goods and Services Tax (GST)

The Trust is not registered for GST because the income that the Trust receives falls within the definition of exempt supplies contained in the Goods and Services Tax Act 1985 and also because the Trust does not undertake a taxable activity. The Trust's financial statements have been prepared inclusive of GST. The financial statements of WEL Networks Limited and its subsidiaries in the consolidated financial statements have been prepared exclusive of GST. All items in the Group's statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

2.16 Employee benefits

(a) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in 'trade and other payables' in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group or Trust before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group or Trust, as applicable, recognise termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (continued)

2.16 Employee benefits (continued)

(c) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.17 Provisions

Provisions are recognised when the Group or Trust has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of GST, estimated returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

(a) Line revenue

The Company invoices its customers (predominately electricity retailers) monthly for the electricity delivery services across the region's lines network. The reported net line revenue includes the provision for the annual customer discounts that are accrued on a monthly basis but only paid to customers once a year. Unclaimed discounts are released against the discount expense.

(b) Sales of services, contracting sales and third party contributions

Sales of services, contracting sales and third party contributions are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Construction contract revenue

Refer to policy 2.22 construction contracts.

(d) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss component of the comprehensive income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statements of comprehensive income on a straight-line basis over the expected lives of the related assets.

(f) Operating lease revenue

Operating lease revenue is recognised when the services have been performed under the terms of the contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. Summary of significant accounting policies (continued)

2.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss component of the comprehensive income statement on a straight line basis over the period of the lease. Lease incentives are included in deferred income and released over the period of the lease.

2.20 Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

2.21 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of the carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

2.22 Construction contracts

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction contract revenue is calculated on an average cost per premise passed and is recognised when the network has been accepted by Crown Fibre Holdings Limited. The contract average cost per premise passed is determined by the Network Infrastructure Project Agreement and recognises a difference between priority and non priority premises. A priority premise is determined as a premise for business, health and education purposes whereas a non priority premise is mainly a residential connection. The approved network deployment plan determines the order of premises to be constructed and whether this is determined as a priority or non priority premise.

On the statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2.23 Investments

Investments are valued at historical cost. Impairments in the value of investments are written off to profit or loss component of the statement of comprehensive income as they arise.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Revenue recognition for line revenue

Line revenue discounts are paid to customers once a year. A provision for line revenue discounts is recorded on a monthly basis.

(b) Revenue recognition for sale of services

The Group uses the percentage-of-completion method in accounting for its sales of services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

3. Critical accounting estimates and judgements (continued)

(c) Estimated fair value and useful lives of distribution network assets, substation land and buildings.

The Group estimates the fair value of the distribution network, substation land and buildings by using independent valuers in accordance with the accounting policy stated in note 2.3. The fair value is based on a discounted cash flow methodology for distribution network assets and buildings. The fair value for land is based on market value for highest and best use. The useful lives of the components of the distribution network are estimated based on their respective tenure period. These calculations require the use of estimates. Changes of the underlying assumptions of the valuation in the future could have a material effect on the carrying amount of distribution network (see note 9).

(d) Construction contract revenue

A construction contract is defined by NZ IAS 11, "Construction Contracts", as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to premises passed and acceptance by Crown Fibre Holdings Ltd (CFH).

On the statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

A subsidiary company, Waikato Networks Limited (WNL), is currently contracted to the joint venture Ultrafast Fibre Limited (UFF) to build the ultra fast fibre network. Under the terms of the contractual arrangements WNL may apply for additional compensation for any overspend associated with the communal layer 1 construction. This may amount up to \$19.88 million (that currently includes Velocity Network assets of \$5.6 million) but will not be able to be determined until closer to the expected completion of the contract in January 2016. In determining the forecast outcome of the contract, for the purposes of determining whether an expense is required to be recognised in the financial statements, WNL have assumed the additional compensation of \$19.88 million will be received.

On the 31st March 2012 Velocity Group Holdings Limited, Velocity Networks Limited, Velocity Infrastructure Limited and Hamilton Fibre Networks Limited were amalgamated with Waikato Networks Limited. Under the amalgamation Waikato Networks Limited took control of all the assets of Velocity Group Holdings, Velocity Networks Limited for \$5.6 million. This balance of \$5.6 million forms part of the construction work in progress in WNL under communal layer 1 construction (Note 12).

Included in Construction Work in Progress (Note 12) are further amounts of approximately \$14 million which represent the cost of elements of the contract to construct connections on the ultra fast fibre network which have yet to be fully agreed with and billed to Ultrafast Fibre Limited and require contractual amendments to enable their full recovery. The finalisation of the billing of these costs is the subject of commercial negotiation.

The Directors of WEL Networks Limited consider that no provision is required to recognise any significant difference which may arise between the cost of the work in progress incurred but not billed at balance date and the amount which will ultimately be received.

(e) Discounted cash flows

Management assesses whether individual assets or a grouping of related assets (which generate cash flows independently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flow are required.

(f) Determining the nature of the investment in joint venture

The nature of Waikato Networks Limited's (WNL) investment in Ultrafast Fibre Limited (UFF) is not readily apparent, and requires significant judgement. On balance the Directors consider that UFF is jointly controlled by WNL and Crown Fibre Holdings Ltd (CFH) for the following reasons: each shareholder shares in the risks and returns of the arrangement and neither party has the power to affect those benefits or returns; During the concession period neither WNL or CFH have the unilateral right to make decisions regarding UFF activities; WNL and CFH both have the right to appoint three of the seven directors each on the UFF Board and neither is able to control the majority of votes of the Board; and appointment of the independent chairman is a joint decision between both parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

3. Critical accounting estimates and judgements (continued)

(g) Assessment of any impairment in the carrying value of the investment in Ultrafast Fibre Limited

In order to assess whether there is any impairment in the carrying value of the investment in Ultrafast Fibre Limited, a fair value must be estimated. Determination of the fair value requires significant judgement regarding the key assumptions used in a value-in-use methodology. In preparing the financial statements for the year ended 31 March 2014 the Directors of WEL Networks Limited reviewed a valuation model which was prepared on a number of assumptions. A key assumption in the valuation is the forecast rate of uptake of customers connecting to the fibre broadband network. They provided a sensitivity analysis to indicate the potential impact on the enterprise value of the business based on variances in the assumed uptake of connections.

In the year ended 31 March 2015 the rate of customer uptake is in line with that modelled for the 2015 year in the 2014 forecasts. However, as the Directors have gained additional insights into this new industry it is clear that the estimation of the fair value of a fibre broadband network is complex and a number of assumptions are significant to the valuation of which 'customer uptake' is only one. Accordingly, the Directors have not included a sensitivity analysis in the 2015 financial statements as it is impracticable to disclose the extent of the possible effects of assumptions at 31 March 2015.

The investment in Ultrafast Fibre Limited continues to be carried at cost. The Directors continue to consider cost to be an appropriate carrying value. As at balance date there are no indications of impairment, however, given the long term nature of the investment, it is reasonably possible, on the basis of existing knowledge, that future outcomes are different from those assumed and could require a material adjustment to the carrying value of the investment in Ultrafast Fibre Limited.

4. Revenue

Note	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Gross line revenues	114,525	109,115	-	-
Discount	(18,947)	(19,317)	-	-
Net line revenues	95,578	89,798	-	-
Third party contributions	4,984	6,478	-	-
Contracting revenue	88,333	63,638	-	-
Operating lease revenue	2,743	2,717	-	-
Interest on investments	690	634	603	583
Interest on convertible notes	-	-	3,120	3,120
Interest on community loans	23	-	23	-
Rental Income	-	14	-	14
Other income	3,265	3,267	2	57
Total revenue	195,616	166,546	3,748	3,774

Operating lease revenue is recognised in relation to a lease agreement with an electricity generation company. The agreement has been deemed an operating lease and all revenue under the contract is accounted for as lease revenue. The contract expires on November 2035. The future minimum payments under the term of the contract are variable in nature and therefore not able to be quantified.

5. Other net gains

Amortisation of deferred income on Government grants

31	31	-	-
31	31	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

6. Operating expenses

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Transmission costs	31,297	27,166	-	-
Wages and salaries	11,742	9,962	208	236
Materials and services	7,352	8,218	-	-
Contracting cost of sales	84,353	61,611	-	-
Depreciation of property, plant and equipment				
Buildings	148	148	-	-
Plant and equipment	3,537	2,986	9	16
Distribution network	17,852	17,961	-	-
Total depreciation	21,537	21,095	9	16
Amortisation expense	2,911	2,390	10	9
Directors & Trustees' fees	517	509	218	218
Net loss on disposal of property, plant and equipment	3,662	2,789	24	-
Research and development	3	98	-	-
Bad debts written off	5	64	-	-
Change in provision for impaired receivables	112	32	-	-
Rental and operating lease payments	328	285	60	66
Other expenses	3,703	3,742	427	203
Remuneration of Auditors				
Amounts paid or payable to the auditors of WEL Energy Trust				
Auditing the financial statements - PWC	27	17	27	17
Amounts paid or payable to the auditors of WEL Networks Limited				
Auditing the financial statements - PWC	124	143	-	-
Half year review	21	22	-	-
Assurance procedures on disclosure information	33	49	-	-
Tax advice	92	10	-	-
Other advisory services	-	84	-	-
Total other services	270	308	-	-
Total Remuneration	297	325	27	17
PricewaterhouseCoopers were the only auditors employed during the year.				
Other advisory services comprises of tax advice.				
Total operating expenses	167,819	138,286	983	765
Wages and salaries capitalised to property, plant and equipment	9,829	8,597	-	-

7. Finance costs

Interest expense				
Bank borrowings	6,697	3,334	-	-
Less capitalised on construction of property, plant and equipment	(631)	(169)	-	-
Less capitalised on construction contracts	(1,774)	(1,024)	-	-
Less capitalised on construction of intangible assets	(24)	(4)	-	-
	4,268	2,137	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

8. Income tax expense

Note	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Current tax	2,778	3,882	83	-
Deferred tax	3,181	2,693	66	229
	5,959	6,575	149	229

The tax on the Group's and Trust's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as follows:

Net profit before tax	15,941	11,475	325	(9,133)
Tax calculated at 28% and 33%	4,480	2,756	107	(3,014)
Tax effects of:				
Income not subject to tax	(5)	(8)	(5)	-
Expenses not deductible for tax purposes	880	4,109	810	4,020
Grants distributed	(751)	(682)	(751)	(682)
Share of loss of joint venture	1,450	710	-	-
Adjustments in respect of prior years	(95)	(310)	(12)	(95)
Income tax expense	5,959	6,575	149	229

The Trust's income tax rate is 33% and its subsidiaries are at the company tax rate of 28% (2014: 33% & 28%). The weighted average effective tax rate for the Group was 37% (2014: 57%).

9. Property, plant and equipment

	Land and buildings (\$000)	Distribution network (\$000)	Plant and equipment (\$000)	Generation assets (\$000)	Total (\$000)
Group					
Year ended 31 March 2014					
Opening net book amount	12,155	470,437	18,099	1	500,692
Revaluation surplus/(deficit)	-	-	-	-	-
Transfer between classes	-	-	-	-	-
Additions	2	35,895	11,793	-	47,690
Work in progress	-	4,215	68	-	4,283
Disposals	-	(5,687)	(491)	(1)	(6,179)
Impairment	-	-	-	-	-
Depreciation charge	(148)	(17,960)	(2,987)	-	(21,095)
Closing net book amount	12,009	486,900	26,482	-	525,391
At 31 March 2014					
Cost or valuation	12,231	504,684	36,005	-	552,920
Accumulated depreciation	(222)	(17,784)	(9,523)	-	(27,529)
Net book amount	12,009	486,900	26,482	-	525,391
Capital work in progress included in cost and net book amount	-	24,796	71	-	24,867

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

9. Property, plant and equipment (continued)

	Land and buildings (\$000)	Distribution network (\$000)	Plant and equipment (\$000)	Generation assets (\$000)	Total (\$000)
Year ended 31 March 2015					
Opening net book amount	12,009	486,900	26,482	-	525,391
Revaluation surplus/(deficit)	-	-	-	-	-
Transfer between classes	-	-	-	-	-
Additions	5	43,878	7,195	-	51,078
Work in progress	-	191	5,585	-	5,776
Disposals	-	(2,567)	(536)	-	(3,103)
Depreciation charge	(148)	(17,852)	(3,537)	-	(21,537)
Closing net book amount	11,866	510,550	35,189	-	557,605
At 31 March 2015					
Cost or valuation	12,236	545,948	47,438	-	605,622
Accumulated depreciation	(370)	(35,398)	(12,249)	-	(48,017)
Net book amount	11,866	510,550	35,189	-	557,605
Capital work in progress included in cost and net book amount	-	24,987	5,656	-	30,643

Additions of distribution system cost includes \$631,000 (2014: \$169,000) of interest capitalised at an average borrowing rate of 4.92% (2014: 4.05%).

Revaluations and impairment review

Land was revalued to market value for highest and best use on 31 March 2013 by independent valuers, Telfer Young (Waikato) Ltd Registered Valuers. Buildings are recorded at purchase price following the acquisition in October 2012.

The Company's electricity distribution network was revalued as at 31 March 2013 to fair value by Deloitte. The fair values were established in accordance with NZ IAS 16 - Property, Plant and Equipment. The valuation was prepared using discounted cash flow methodology. This valuation was reviewed by Deloitte at 31 March 2015 to ensure it still represented fair value.

The key assumptions used in the valuation as at 31 March 2013 include forecasts of future demand for electricity distribution services, electricity distribution prices, operating and capital expenditure associated with existing assets, and the discount rate.

Assumptions	Valuation assumptions adopted	Low	High	Valuation Impact (\$000)
Domestic Load Growth	0.5%	0.0%	1.0%	-\$44m + \$46m
Capital expenditure	\$189m	90.0%	110.0%	-/+ \$40m
WACC (with CPI inflation 2.25%)	7.08%	6.62%	7.54%	+\$53m - \$45m
CPI Inflation (with WACC 7.08%)	2.25%	1.75%	2.75%	+\$23m - \$21m
Terminal growth	2.00%	1.75%	2.25%	+\$37m - \$31m

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

9. Property, plant and equipment (continued)

If property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

	Land and buildings (\$000)	Distribution network (\$000)	Plant and equipment (\$000)	Generation assets (\$000)	Total (\$000)
Cost	10,013	439,625	36,004	-	485,642
Accumulated depreciation	(222)	(156,668)	(9,523)	-	(166,413)
Net book amount at 31 March 2014	9,791	282,957	26,481	-	319,229
Cost	10,020	480,509	47,438	-	537,967
Accumulated depreciation	(370)	(163,144)	(12,249)	-	(175,763)
Net book amount at 31 March 2015	9,650	317,365	35,189	-	362,204
Trust					
Year ended 31 March 2014					
Opening net book amount	-	-	57	-	57
Additions	-	-	6	-	6
Depreciation charge	-	-	(16)	-	(16)
Closing net book amount	-	-	47	-	47
At 31 March 2014					
Cost or valuation	-	-	192	-	192
Accumulated depreciation	-	-	(145)	-	(145)
Net book amount	-	-	47	-	47
Year ended 31 March 2015					
Opening net book amount	-	-	47	-	47
Additions	-	-	11	-	11
Disposals	-	-	(25)	-	(25)
Depreciation charge	-	-	(9)	-	(9)
Closing net book amount	-	-	24	-	24
At 31 March 2015					
Cost or valuation	-	-	67	-	67
Accumulated depreciation	-	-	(43)	-	(43)
Net book amount	-	-	24	-	24
Capital work in progress included in cost and net book amount	-	-	-	-	-

During the 2015 year the Trust moved premises resulting in the write-off of leasehold improvements costs relating to the previously leased premises.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

10. Intangible assets

	Software (\$000)	Easements & Consents (\$000)	Leasehold interest (\$000)	Total (\$000)
Group				
Year ended 31 March 2014				
Opening net book amount	5,542	4,641	107	10,290
Additions	2,624	397	-	3,021
Work in progress	2,120	51	-	2,171
Amortisation expense	(2,160)	(230)	-	(2,390)
Closing net book amount	8,126	4,859	107	13,092
At 31 March 2014				
Cost or valuation	19,776	6,760	107	26,643
Accumulated amortisation	(11,650)	(1,901)	-	(13,551)
Net book amount	8,126	4,859	107	13,092
Capital work in progress included in cost and net book amount	2,481	55	-	2,536
	Software (\$000)	Easements & Consents (\$000)	Leasehold interest (\$000)	Total (\$000)
Year ended 31 March 2015				
Opening net book amount	8,126	4,859	107	13,092
Additions	4,270	281	-	4,551
Work in progress	(1,197)	28	-	(1,169)
Disposals	(1,917)	-	-	(1,917)
Amortisation expense	(2,747)	(164)	-	(2,911)
Closing net book amount	6,535	5,004	107	11,646
At 31 March 2015				
Cost or valuation	20,932	7,068	107	28,107
Accumulated amortisation	(14,397)	(2,064)	-	(16,461)
Net book amount	6,535	5,004	107	11,646
Capital work in progress included in cost and net book amount	1,283	83	-	1,366

During the month of July 2014 it was agreed that the disposal of the OSSBS asset of \$1.917 million would be shared between WNL and UFF with the maximum amount to be incurred by UFF being \$0.95 million in return for B shares. This amount has been accrued in both companies.

Leasehold Interest was revalued to market value on 31 March 2013 by independent valuers, Telfer Young (Waikato) Ltd Registered Valuers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

10. Intangible assets (continued)

	Software (\$000)	Easements & Consents (\$000)	Leasehold interest (\$000)	Total (\$000)
Trust				
Year ended 31 March 2014				
Opening net book amount	1	-	-	1
Additions	25	-	-	25
Amortisation expense	(9)	-	-	(9)
Closing net book amount	17	-	-	17
At 31 March 2014				
Cost or valuation	42	-	-	42
Accumulated amortisation	(25)	-	-	(25)
Net book amount	17	-	-	17
Trust				
Year ended 31 March 2015				
Opening net book amount	17	-	-	17
Additions	4	-	-	4
Amortisation expense	(10)	-	-	(10)
Closing net book amount	11	-	-	11
At 31 March 2015				
Cost or valuation	46	-	-	46
Accumulated amortisation	(35)	-	-	(35)
Net book amount	11	-	-	11

11. Trade and other receivables

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Trade receivables	11,286	9,705	-	5
Trade receivables - related parties	7,154	1,947	-	-
Less: provision for impairment of receivables	(447)	(335)	-	-
Trade receivables - net	17,993	11,317	-	5
Amounts due from customer for contract work	286	641	-	-
Interest receivable on short term deposit	329	254	329	254
Prepayments	874	968	15	26
	19,482	13,180	344	285
Current	19,149	12,851	344	285
Non current	333	329	-	-
	19,482	13,180	344	285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

11. Trade and other receivables (continued)

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
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(a) Impaired receivables

As at 31 March 2015 trade receivables of \$1.3 million (2014: \$1.0 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

Less than three months	457	296	-	-
Three to six months	81	408	-	-
Over six months	738	310	-	-
	1,276	1,014	-	-

As at 31 March 2015 trade receivables of \$447,000 were impaired and provided for (2014: \$335,000). The individually impaired receivables mainly relate to damage to the network caused by third parties. The impairment includes \$223,000 (2014: \$210,000) in relation to discounting future cash flows of these receivables. The aging analysis of these trade receivables is as follows:

Less than three months	1	32	-	-
Three to six months	125	175	-	-
Over six months	321	128	-	-
	447	335	-	-

Movements in the provision for impairment of receivables are

Opening balance 1 April 2014	335	303	-	-
Movement in provision for impairment recognised during the year	117	96	-	-
Receivables written off during the year as uncollectible	(5)	(64)	-	-
Closing balance 31 March 2015	447	335	-	-

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the provision for impairment of receivables account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(b) Foreign exchange and interest rate risk

The Group and Trust are not exposed to foreign currency risk or interest rate risk in relation to trade and other receivables. A summarised analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk can be found in note 30.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to note 30 – Financial risk management for more information on the risk management policy of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

12. Construction work in progress

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Amounts expected to be recovered within 12 months	34,905	30,164	-	-
Amounts expected to be recovered after more than 12 months	1,164	850	-	-
Net Amount due from customers	36,069	31,014	-	-

Analysed as

Contract costs incurred	232,323	150,762	-	-
Less: progress billings	(196,254)	(119,748)	-	-
Contracts in place at year end	36,069	31,014	-	-

Revenue from construction contracts	76,506	55,635	-	-
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13. Investment in joint venture

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Opening carrying value	28,381	6,563	-	-
Acquisition of shares at cost	39,439	24,355	-	-
	67,820	30,918	-	-
(Loss) / gain on deemed disposal of share in	(2,246)	(1,139)	-	-
Share of loss in joint venture	(2,933)	(1,398)	-	-
Closing carrying value	62,641	28,381	-	-

The share of the results of its joint ventures, all of which are unlisted, and its aggregated assets and liabilities, are as follows:

(a) Nature of investment in joint venture 2015 and 2014

Name of entity	Place of Business / Country of Incorporation	% Ownership Interest	Nature of Relationship	Measurement Method
Ultrafast Fibre Limited	New Zealand	33%	Ultrafast Broadband wholesaler	Equity
Ultrafast Fibre Limited				
		2015 (\$000)	2014 (\$000)	
Current assets		5,762	2,445	
Non-current assets		193,835	119,894	
Total assets		199,597	122,339	
Current liabilities		9,021	1,949	
Total liabilities		9,021	1,949	
Revenue		7,728	3,172	
Expenses		(22,979)	(14,628)	
Profit/(Loss)		(10,990)	(8,263)	
% Interest Held		33%	24%	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

13. Investment in joint venture (continued)

(b) Reconciliation of summarised information

Ultrafast Fibre Limited	2015 (\$000)	2014 (\$000)
Opening net assets at 1 April	120,284	65,447
Loss for the period	(10,990)	(8,263)
Shares issued during the year	81,282	63,100
Closing net assets at 31 March	190,576	120,284
Interest in joint venture (33%; 24%)	62,641	28,381
Carrying value	62,641	28,381

Ultrafast Fibre Limited is incorporated in New Zealand, and has a financial year end of 30 June.

A Shares in Ultrafast Fibre Limited are issued to Crown Fibre Holdings Limited as payment for each premise passed. When the premise connects to the fibre network Waikato Networks Limited is required to purchase the A shares from Crown Fibre Holdings Limited. The cost of connecting a premise to the fibre network is incurred by Waikato Networks Limited, who then sell the assets to Ultrafast Fibre Limited, in return for B shares or cash in accordance with the contract. In addition Waikato Networks Limited also receive B shares in Ultrafast Fibre Limited as consideration for working capital and for expenditure on communal fibre optic network infrastructure (Layer 2). The value of the consideration for A shares and B shares (with the exception of working capital) is determined by the Shareholders' Agreement, Schedule 2. The percentage interest held is determined by the number of shares, divided by the total number of all classes of shares issued.

Under the Deed of Amendment signed on the 31 July 2014, Clause 8 of the Shareholders Agreement is suspended for the period from the date of the variation to the end of the concession period. The effect of this variation is to suspend the obligation to purchase the A shares for the year ended 30 June 2015 and 30 June 2016 and to limit the obligation to purchase A shares to \$10 million in the year to 30 June 2017, \$15 million in the year to 30 June 2018 and \$20 million in the year to 30 June 2019. Waikato Networks Limited are not required to purchase A shares from Crown Fibre Holdings during the suspension period except for the committed A shares however they can elect to exercise their rights under clause 8 of the Shareholders Agreement and purchase additional A shares in respect of the number of End Users connected and receiving services during that period. For any A shares that WNL has not acquired from CFH during the suspension period these shares convert to ordinary shares and continue to be held by CFH.

Due to the frequent share issues as noted above this causes changes in the percentage of ownership held in Ultrafast Fibre Limited. These changes are accounted for as acquisitions of shares and deemed disposals of investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

14. Derivative financial instruments

The Group have forward foreign exchange contracts at year end as follows:

	2015		2014	
	Assets (\$000)	Liabilities (\$000)	Assets (\$000)	Liabilities (\$000)
Group and Trust				
USD foreign exchange contracts	-	-	-	367
Total	-	-	-	367
Less non-current portion				
Interest rate swaps - cashflow hedges	-	1,805	-	-
Total Derivatives	-	1,805	-	-

The notional principal amounts of the outstanding interest rate swap contracts at 31 March 2015 were \$100 million (2014: nil). At 31 March 2015, the fixed interest rates vary from 3.89% to 4.1% (2014: nil), and the floating rate is NZD-BBR. Gains and losses recognised in the hedging reserve in equity (note 29) on interest rate swap contracts as of 31 March 2015 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (note 18).

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2015 were nil (2014: (\$367,000)). As foreign exchange rates change, these derivative financial instruments are revalued to fair value and the change in value recorded in the statement of changes in equity. Fair value is determined in accordance with the Group policy in 2.9.

The Trust has no derivative financial instruments.

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
15. Cash and cash equivalents				
Cash at bank	(1,769)	3,077	1,191	1,194
Short term bank deposits	11,659	11,928	11,659	11,928
	9,890	15,005	12,850	13,122
16. Vested Capital				
Balance at 1 April	52,067	52,067	52,067	52,067
Closing balance at 31 March	52,067	52,067	52,067	52,067

Vested capital of the Trust is the settled equity within the Trust as defined by the Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

17. Loans Advanced

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Opening loan balance	180	-	180	-
Loans advanced during the year	540	10,000	540	10,000
Gain/(loss) on inception taken to profit and loss	(16)	(9,820)	(16)	(9,820)
Net transaction costs capitalised	11	-	11	-
Effective interest received	13	-	13	-
Repayments made	(73)	-	(73)	-
Carrying amount	655	180	655	180
Current	71	-	71	-
Non current	584	180	584	180
	655	180	655	180

On 28th August 2013 the Trust entered into a Funding Deed with the Momentum Foundation to advance \$10,000,000 to the Foundation for a period of 60 years. The advance is interest free but is subject to early repayment if the conditions of the Deed are not met by the Foundation. Subject to the NZ IAS 39 the loan is initially recognised at fair value discounted to present value using the effective interest rate method which provides the net present value of the loan. The Trustees have utilised an interest rate of 7% in the calculation which is a risk free rate plus a premium due to the very long term nature of the loan. In the 2015 year the Trust has advanced 3 further loans to community groups with terms ranging from 3 years to 10 years. There are two loans that have been lent at a 5% interest rate which have been discounted using a interest rate of 6%. The third loan has been advanced with an interest rate of 6.5% which has not been discounted. The Trust approved a fourth community loan of \$500,000 during the financial year but as at 31 March this loan had not been drawn down.

18. Borrowings

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Current				
Bank borrowings	-	89,800	-	-
Non-current				
Bank borrowings	137,266	-	-	-
Total borrowings	137,266	89,800	-	-

Borrowings relate to a revolving cash advance facility with a final maturity date 27 March 2020. A facility fee rate is charged and the drawn balance is charged interest at a variable interest rate from 3.5% to 3.75% (2014: 3.5%-3.75%). The Group was in compliance with covenants in the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

19. Deferred income tax

	Tax Losses (\$000)	Accelerated tax depreciation (\$000)	Revaluation of property, plant and equipment (\$000)	Provisions and other (\$000)	Total (\$000)
Group					
Deferred tax liabilities					
At 1 April 2013	(301)	7,459	63,114	2,460	72,732
Charged to the income statement	229	1,311	-	75	1,386
Charged to equity - revaluation	-	-	(598)	-	(598)
At 31 March 2014	(72)	8,770	62,516	2,535	73,749
Charged to the income statement	72	3,134	-	(31)	3,175
Charged to equity - revaluation	-	-	(543)	-	(543)
Charged to equity - derivative	-	-	-	(505)	(505)
At 31 March 2015	-	11,904	61,973	1,999	75,876

Trust

Deferred tax liabilities/(assets)

At 1 April 2013	(301)	-	-	-	(301)
Charged to the income statement	229	-	-	-	229
At 31 March 2014	(72)	-	-	-	(72)
Charged to the income statement	72	-	-	(12)	60
At 31 March 2015	-	-	-	(12)	(12)

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Reconciliation of deferred tax assets and liabilities				
Deferred Tax Asset	(12)	(72)	(12)	(72)
Deferred Tax Liability	75,888	73,821	-	-
	75,876	73,749	(12)	(72)

20. Deferred income

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Deferred income on government grants	1,041	1,072	-	-
Receipts in advance	196	251	-	-
	1,237	1,323	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

21. Trade and other payables

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Trade creditors and accruals	21,704	15,954	28	86
Trade creditors and accruals - related parties	271	200	46	-
Advances received for contract work	914	1,369	-	-
Sundry creditors and accruals	1,581	1,461	38	35
Grants payable	296	301	296	301
Balance at 31 March	24,766	19,285	408	422

22. Provisions

Other Provisions				
Balance at the beginning of the year	211	406	-	-
Charged to the income statement	(211)	(195)	-	-
Amount used	-	-	-	-
Balance at the end of the year	-	211	-	-
Retirement Provision				
Balance at the beginning of the year	600	546	-	-
Charged to the income statement	77	54	-	-
Amount used	-	-	-	-
Balance at the end of the year	677	600	-	-
Current	87	143	-	-
Non-current	590	668	-	-
	677	811	-	-

The retirement provision relates to contracted gratuity payments for employees with employment contracts established before 1996. The gratuity payments become payable when the employee retires.

23. Imputation credit memorandum account

	Group 2015 (\$000)	Group 2014 (\$000)
Balance at the end of the year	26,104	21,218

The Parent as a Trust does not maintain an Imputation Credit Account and any imputation credits received by the Parent will be offset on the current year's tax liability or converted to losses.

24. Contingencies

There are no contingent liabilities as at 31 March 2015 (2014 Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

25. Commitments

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Loan Commitments				
Community loans committed but not drawn down at year end is as follows (refer to Note 17):	500	-	500	-
	500	-	500	-
Capital expenditure				
Capital expenditure contracted for at the year end date but not yet incurred is as follows:				
Property, plant and equipment	319	9,946	-	-
Intangible assets	37	36	-	-
	356	9,982	-	-

Installation of the Waikato Smart Network project is nearing completion with almost all advanced meters now installed.

Operating lease commitments

The Trust leases premises and the Group leases land, premises and vehicles. Operating leases held over properties give the Group the right to renew the lease subject to a predetermination of the lease rental by the lessor. There are no options to purchase in respect of land and premises held under operating leases.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

No later than one year	1,043	2,112	40	47
Later than one year and no later than two years	891	2,169	40	-
Later than two, not later than five years	2,203	2,642	30	-
Later than five years	3,670	4,573	-	-
	7,807	11,496	110	47

26. Investments in subsidiaries

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Shares in WEL Networks Limited at Cost	-	-	85,797	85,797
Convertible Notes	-	-	39,000	39,000
	-	-	124,797	124,797

Convertible Notes

WEL Networks Limited issued \$39.0 million of convertible notes (the 'Notes') to the WEL Energy Trust. The Notes are subordinated to all other forms of debt. They are unsecured and bore fixed interest of 8.0% p.a. until 31 March 2015, accrued monthly. The Notes have been extended until 31 March 2020 at a new interest rate of 6.28% from 1 April 2015. The Notes are convertible into a fixed number of non participating redeemable shares (NPRS) equal to the face value of the Notes. The Notes can be converted into NPRS at the Company's discretion. The NPRS do not have rights to vote or receive dividends. NPRS participate with ordinary shares in the event of liquidation of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

26. Investments in subsidiaries (continued)

Shares in WEL Networks Limited

WEL Energy Trust Limited owns 8,153,000 shares (100%) of WEL Networks Limited. The shares are fully paid.

Subsidiary companies of WEL Networks Limited which are consolidated to form the "Group" are as follows:

Operating Subsidiaries	Activity	Interest 2015	Interest 2014
Waikato Networks Limited	Construction of fibre network	85%	85%

Non Operating Subsidiaries

WEL Electricity Limited
WEL Power Limited
WEL Energy Group Limited (formerly WEL Networks Limited)
Waikato Electricity Limited
WEL Generation Limited

All subsidiaries have balance dates of 31 March and are incorporated in New Zealand. WEL Networks Limited has a 100% direct interest in all subsidiaries except as noted above.

27. Related-party transactions

(a) Trustees & Directors

The Trust has a policy of maintaining a conflict of interest register to identify trustees associated with grant applicants. Once a conflict of interest is registered by a trustee, the trustee will remove themselves from the decision making process relating to the associated entity. The names of the trustees at any time during the financial year are as follows: M Ingle, D Harding, M Bunting, B Chibnall, R Hamill and K Williams plus C Isaac was appointed as trustee in June 2014 and D Kneebone stood down in June 2014. All of these persons were also trustees during the year ended 31 March 2014 except for C Isaac who was voted in as trustee in June 2014.

The Trust has delegated operational running of the subsidiary to the Directors of WEL Networks Limited. The names of persons who were directors of WEL Networks Limited at any time during the financial year are as follows: M P Devlin, M X Franklin, P D McGilvary and A V Steele plus B S Harris & D R Wright who were appointed in October 2014 and J L Spencer and Hon R W Prebble who both retired in September 2014. All of these persons were also directors during the year ended 31 March 2014, except for B S Harris & D R Wright who were appointed in October 2014.

(b) Compensation of directors and key management and personnel

There is one key management personnel in the Trust, alongside 7 trustees for the years ended 31 March 2015 and 31 March 2014. During the 2014 year the key management position was covered by three staff members, with one existing staff taking the role temporarily while a new manager was recruited. The total cost of governance and key management is \$313,820 (2014: \$328,534).

The directors and key management personnel compensation for the years ended 31 March 2015 and 31 March 2014 of WEL Networks Limited is set out below. The directors and the five executives profiled in this report have the greatest authority for the strategic direction and management of the company.

	Short-term benefits (\$000)	Post- employment benefits (\$000)	Other long- term benefits (\$000)	Termination benefits (\$000)	Total (\$000)
Year ended 31 March 2015	1,587	39	(211)	30	1,445
Year ended 31 March 2014	2,492	57	(194)	35	2,390

(c) Other transactions with directors and key management personnel or entities related to them

The Company undertakes transactions with entities in which directors have disclosed an interest in the normal course of business. The following represents the major on-going transaction types but should not be taken as a complete list: lease, consent, easement, construction and advisory services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

27. Related-party transactions (continued)

(d) Subsidiaries

Interests in subsidiaries are set out in note 26.

(e) Transactions with related parties

WEL Energy Trust is the ultimate parent of WEL Networks Limited as the Trust holds 100% of the shares in WEL Networks Limited. All members of the WEL Energy Trust Group are considered related parties. This includes the subsidiaries and associated companies listed in note 26.

Other than the payment of directors and trustees fees (refer note 6) the Group and Trust have not entered into any transactions with Directors and Trustees.

No related party debts were forgiven or written off during 2015 or 2014.

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Related party transactions with WEL Networks Limited				
Interest income on convertible notes	-	-	3,120	3,120
Payments from related parties	-	-	3,120	3,120
Grants- Healthy Homes	-	-	69	200
Payments to related parties	-	-	69	200
Outstanding Balances				
Convertible notes	-	-	39,000	39,000
Accounts Payable	-	-	46	60

No dividends were declared during the 2015 year (2014: Nil).

Related party transactions with Ultrafast Fibre Ltd

Waikato Networks Limited is a construction company that is building a fibre network for Ultrafast Fibre Limited. Waikato Networks Limited owns 33% (2014: 24%) of Ultrafast Fibre Limited shares.

Sale of fibre Assets	76,947	55,761	-	-
Huawei Layer 2 Services and Service Desk	5,698	4,491	-	-
Support services	3,866	1,959	-	-
Management fees	1,245	966	-	-
Fibre access services on Velocity network	707	994	-	-
Sales to related parties	88,463	64,171	-	-
Fibre access services	-	60	-	-
Fibre access services on Velocity network	1,074	1,246	-	-
Payments to related parties	1,074	1,306	-	-
Trade receivables	7,058	1,867	-	-
Trade payables	225	196	-	-

At the 31 March 2015 UFF owed \$7.058 million to WNL. Included in this is the \$3.9 million accrued connection assets which were transacted during the month of April 2015.

No dividends were paid 2015 (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

27. Related-party transactions (continued)

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
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Related party transactions with Waikato Networks Ltd

The ultimate parent of Waikato Networks Limited is WEL Networks Limited which owns 85% of its shares.

Management Fee	2,476	2,616	-	-
Compliance work	113	134	-	-
Pole make ready and lease costs	50	189	-	-
Interest	3,622	1,573	-	-
Income from related parties	6,261	4,512	-	-
Trade receivables	-	-	-	-
Net advances to subsidiaries	96,753	49,694	-	-
Intercompany current account	809	(8,554)	-	-

Net advances to subsidiaries are loans that are interest bearing repayable on call. Interest is charged at a rate equal to the Parent's average finance expense. The outstanding balance includes interest and advances receivable. The advances are unsecured and have no repayment terms and conditions. The loans are used to fund the investment in Ultrafast Fibre Limited.

A transfer of tax losses from Waikato Networks Limited to WEL Networks Limited of \$919,000 was made during the year.

Related party transactions with Waipa Networks Limited

Waipa Networks Limited owns 15% of Waikato Networks Limited shares.

Interest expense	640	248	-	-
Pole make ready and lease costs	25	65	-	-
Payments to related parties	665	313	-	-
Loan from non-controlling interest	17,075	8,770	-	-
Trade receivables	12	12	-	-
Trade payables	-	4	-	-

Related party transactions with SmartCo Limited

WEL Networks Limited owns 15% of SmartCo Limited. SmartCo Limited is a joint venture company which has been set up to contract with supplier and electricity retailers to rollout advanced electronic meters across SmartCo shareholder networks.

Other income	25	-	-	-
Income from related parties	25	-	-	-
Other expenses	162	32	-	-
Payments to related parties	162	32	-	-
Purchase of plant and equipment	541	258	-	-
Trade receivables	129	129	-	-

Long Term Incentive Scheme

The LTI has been cancelled.	-	211	-	-
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

28. Goodwill

Group and Trust

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Balance at the beginning of the year	5,182	5,182	-	-
Impairment	-	-	-	-
Balance at the end of the year	5,182	5,182	-	-

Goodwill arises on consolidation representing the excess in value of the shares acquired in WEL Networks Limited by the WEL Energy Trust. WEL Networks Limited is the only operating entity that was consolidated into the Group at the date of acquisition of the shares and therefore goodwill is allocated to WEL Networks Limited as the cash generating unit (CGU).

The recoverable amount of WEL Networks Limited as a CGU is determined by applying a discounted cash flow methodology. The basis of the valuation is value in use using pre tax cash flow projections based on financial budgets approved by the Company's management covering a 5 year period with terminal perpetuity (2014: 10 year period with terminal perpetuity). In the past a 10 year period was used due to the amount of capital expenditure being forecast which stabilised at the end of the 10 year period. The Company's revised capital expenditure forecasts are now lower which has meant that a 5 year cashflow is prudent. A discount rate of 7.00% (2014: 6.70%) was applied. The revenue included in the forecasts was calculated using revenue growth of 2.8% in 2016, ranging between 2.9% and 2.7% from 2017 to 2020 and a terminal perpetuity assumption of 1.8%. (2014: The revenue included in the forecasts was calculated using revenue growth of 6.8% in 2015, increasing to 2.8% in 2016, increasing to between 3.7% and 3.9% in 2017 to 2024 and a terminal perpetuity assumption of 1.8%).

The carrying value of goodwill has been reviewed against the estimated future cash flows from the underlying investment. This was performed at the lowest level possible of cash generating unit defined as WEL Networks Limited. In the Trustees' opinion, there is no impairment of the carrying value of goodwill.

29. Reserves

	Revaluation reserve (\$000)	Cash flow hedge reserve (\$000)	Total Reserves (\$000)
Group			
Balance at 1 April 2013	112,413	(130)	112,283
Cash flow hedge (net of tax)	-	(237)	(237)
Fair value gains:			
- distribution network	(2,136)	-	(2,136)
Movement in deferred tax on revaluation	598	-	598
Balance at 31 March 2014	110,875	(367)	110,508
Balance at 1 April 2014	110,875	(367)	110,508
Cash flow hedge (net of tax)	-	(933)	(933)
Fair value gains:			
- distribution network	(1,940)	-	(1,940)
Movement in deferred tax on revaluation	543	-	543
Balance at 31 March 2015	109,478	(1,300)	108,178

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. Financial risk management

30.1 Financial risk factors

The Group and Trust's activities expose it to a variety of financial and regulatory risks. Financial risks include market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk. The Group and Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group and Trust's financial performance.

The Group and Trust's overall financial risk management objectives are to ensure that the Group and Trust create value and maximises returns to its shareholders and beneficiaries respectively as well as ensuring that adequate financial resources are available for the development of the Group's and Trust's businesses whilst managing its financial risks. It is, and has been throughout the financial year under review, the Group and Trust's policy that no trading in derivative financial instruments shall be undertaken. The major areas of the financial risks faced by the Group and Trust and the information on the management of the related exposures are detailed below:

(a) Market Risk

(i) Foreign Exchange Risk

From time to time, the Company is exposed to foreign currency risk on transactions denominated in foreign currencies. This is predominantly for the purchase of network equipment in foreign currency.

Exchange rate sensitivity

In 2014 the Group had foreign currency exposures relating to external creditors.

The following sensitivity analysis is based on the foreign currency risk exposures in existence at year end. At 31 March, had the New Zealand dollar exchange rate changed, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/ (Lower) (\$000)	Equity Higher/ (Lower) (\$000)
Group and Trust		
Sensitivity to reasonable movements		
Change in United States dollar exchange rate		
As at 31 March 2015		
USD hedged currency for capital purchases	-	-
10% increase	-	-
10% decrease	-	-
As at 31 March 2014		
USD hedged currency for capital purchases	5,884	5,884
10% increase	-	(535)
10% decrease	-	654

The Trust has no foreign exchange exposure as at 31 March 2015 (2014: nil)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

(a) Market Risk

(ii) Interest Rate Risk

The subsidiary company, WEL Networks Limited currently holds fixed rate cover for 60% of core debt in accordance with company policy for long term funding plans. The Company's exposure to the risk of changes in the market interest rates relates primarily to the Company's unhedged short-term debt obligations with floating interest rates and the Company's short-term investment rates.

The Company's policy to manage interest rate risk is to fund ongoing activities with short-term borrowings funded at floating interest rates. Borrowings are drawn to fund ongoing operations and capital expenditure programmes.

The other financial instruments of the Group are not subject to interest rate risk.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

		Interest rate risk	
		+ 1%	- 1 %
	Carrying amounts	Effect on profit before tax and equity	Effect on profit before tax and equity
	(\$000)	(\$000)	(\$000)
Group			
As at 31 March 2015			
Financial assets			
Trade and other receivables	18,608	-	-
Cash and cash equivalents	9,890	99	(99)
Loans Advanced	655	-	-
Financial liabilities			
Borrowings	137,266	(623)	623
Trade and other payables	23,852	-	-
Customer discount payable	19,100	-	-
Derivative financial instruments	1,805	-	-
Loan from non-controlling interest	17,075	(171)	171
Total (decrease) / increase		(695)	695

		Interest rate risk	
		+ 1%	- 1 %
	Carrying amounts	Effect on profit before tax and equity	Effect on profit before tax and equity
	(\$000)	(\$000)	(\$000)
Group			
As at 31 March 2014			
Financial assets			
Trade and other receivables	12,212	-	-
Cash and cash equivalents	15,005	150	(150)
Loans Advanced	180	-	-
Financial liabilities			
Borrowings	89,800	(898)	898
Trade and other payables	17,916	-	-
Customer discount payable	19,365	-	-
Derivative financial instruments	367	-	-
Loan from non-controlling interest	8,770	(88)	88
Total (decrease) / increase		(836)	836

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

		Interest rate risk	
		+ 1%	- 1%
	Carrying amounts	Effect on profit before tax and equity	Effect on profit before tax and equity
	(\$000)	(\$000)	(\$000)

(a) Market Risk

(ii) Interest Rate Risk (continued)

Trust

As at 31 March 2015

Financial assets			
Trade and other receivables	329	-	-
Cash and cash equivalents	12,850	129	(129)
Convertible Note	39,000	-	-
Loans Advanced	655	-	-
Financial liabilities			
Trade and other payables	408	-	-
Total increase / (decrease)		129	(129)

As at 31 March 2014

Financial assets			
Trade and other receivables	259	-	-
Cash and cash equivalents	13,122	131	(131)
Convertible Note	39,000	-	-
Loans Advanced	180	-	-
Financial liabilities			
Trade and other payables	422	-	-
Total increase / (decrease)		131	(131)

(b) Credit Risk

Credit risk is the potential risk of financial loss arising from the failure of a customer or counter party to settle its financial and contractual obligations to the Group and Trust, as and when they fall due. The credit risk attributable to receivables is managed and monitored on an ongoing basis via Group's management reporting procedures and internal credit review procedures. Maximum exposures to credit risk at reporting date are:

	Group 2015 (\$000)	Group 2014 (\$000)	Trust 2015 (\$000)	Trust 2014 (\$000)
Bank balances	9,890	15,005	12,850	13,122
Receivables	18,608	12,851	329	285
Convertible note	-	-	39,000	39,000
Loans Advanced	655	180	655	180

The previous maximum exposures are net of any recognised impairment losses on these financial instruments. Except for \$467,000 (2014:nil) in loans advanced, no collateral is held on the above amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

(b) Credit Risk (continued)

In the normal course of its business, the subsidiary company, WEL Networks Limited incurs credit risk from trade receivables from energy customers and transactions with financial institutions. A provision has been set up for trade receivables which are unlikely to be collected.

The Company has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures with counterparties have been set and are monitored on a regular basis. The Company performs credit evaluations on all customers requiring credit and generally does not require collateral. The Company monitors the credit quality of major financial institutions that are counter parties to its financial instruments, and does not anticipate non performance by the counter parties.

The Company has in excess of 33% (2014: 38%) of its trade debtors owing from the incumbent retailer, Genesis Energy Limited. This debt is subject to a written agreement that requires an investment grade credit rating to be maintained. If the credit rating falls below investment grade then a bond will be required as collateral.

The Company's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Company's trade receivables.

In respect of the fixed deposits, cash and bank balances placed with major financial institutions, the Trustees and Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

In regard to the loan advanced to the Momentum Foundation, the Trustees have entered into a Funding Deed dated 28th August 2013 which imposes a restriction on the Foundation so that that principal of the loan advanced remains intact and invested in prudent investment practices. The Trustees have imposed annual reporting requirements and the right to access information to monitor the ability of the Foundation to repay the loan. There are also conditions for the Foundation to immediately repay the loan if demanded by the Trustees when conditions of the Funding Deed are not met. During the 2015 year the Trust has also advanced funds to Te Rongopai Community Trust and Zeal Education Trust which have been secured by a General Security Agreement. A third loan was made to the Hamilton Night Shelter which is secured by a mortgage over the property at 474 Anglesea Street, Hamilton.

Other than as mentioned above (in addition to those mentioned elsewhere in the financial statements), the Group and Trust has no significant concentration of credit risk on its financial assets. The maximum exposures to credit risk are represented by the carrying amounts of other financial assets in the statements of financial position. Except for the financial guarantees given by the Company, the Company does not provide any other financial guarantees which would expose the Group or the Trust to credit risk.

(c) Liquidity Risk

The Company's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's and Trust's financial liabilities into relevant maturity groupings based on the remaining period at year end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. Financial risk management (continued)

30.1 Financial risk factors (continued)

(b) Credit Risk continued

	Less than 1 year (\$000)	Between 1 and 5 years (\$000)	Unspecified term (\$000)
Group			
At 31 March 2015			
Borrowings	-	137,266	-
Trade and other payables	23,852	-	-
Customer discount payable	19,100	-	-
Loan from non-controlling interest	17,075	-	-
Derivative financial instruments	-	1,805	-
	60,027	139,071	-
At 31 March 2014			
Borrowings	89,800	-	-
Trade and other payables	17,916	-	-
Customer discount payable	19,365	-	-
Loan from non-controlling interest	8,770	-	-
Derivative financial instruments	367	-	-
	136,218	-	-
Trust			
At 31 March 2015			
Trade and other payables	408	-	-
	408	-	-
At 31 March 2014			
Trade and other payables	422	-	-
	422	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. Financial risk management (continued)

30.2 Regulatory risk factors

The Company operates in a regulated environment in respect of both electricity distribution network pricing and fibre broadband pricing. There is an inherent risk that regulatory intervention may significantly alter the structure of these markets.

The likelihood and potential impact of any such change is unknown. The Company's regularly reviews the relevant risk management policies and assesses whether there are any indicators of impairment as a result of actual or proposed regulatory change.

30.3 Capital Risk Management

The primary objective of the Company's capital management is to ensure that it maintains appropriate capital ratios of WEL Networks Limited in order to support its business and maximise value to beneficiaries.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholder, return capital to its shareholder or issue new shares.

The Trust manages capital risk by making calls for distributions from the Company and adjusting distributions to beneficiaries.

WEL Energy Trust as Parent entity has delegated the operational running of WEL Networks Limited to the Directors of WEL Networks Limited. WEL Energy Trust places reliance on the Directors to optimise the returns on behalf of WEL Energy Trust. The Directors of WEL Networks Limited, consistent with others in the industry, monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. WEL Networks Limited includes within debt, borrowings and term liabilities less cash and cash equivalents. Total WEL Networks Limited capital includes equity attributable to WEL Energy Trust.

The gearing ratios for WEL Networks Limited are as follows:

	Group 2015 (\$000)	Group 2014 (\$000)
Borrowings	137,266	89,800
Plus bank overdraft/(Less cash and cash equivalents)	2,961	(1,883)
Net debt	140,227	87,917
Equity	407,583	398,168
Capital and net debt	547,809	486,086
Gearing ratio	26%	18%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. Financial risk management (continued)

30.4 Financial Instruments by category

30.4 Financial Instruments by category		Loans and Receivables	Total
		(\$000)	(\$000)
Group			
At 31 March 2015			
Assets			
Cash and cash equivalents		9,890	9,890
Trade and other receivables		18,608	18,608
Loans advanced		655	655
			29,153
At 31 March 2014			
Assets			
Cash and cash equivalents		15,005	15,005
Trade and other receivables		12,212	12,212
Loan advanced		180	180
			27,397
	Derivatives used for hedging	Other Financial Liabilities at amortised cost	Total
	(\$000)	(\$000)	(\$000)
Group			
At 31 March 2015			
Liabilities			
Trade and other payables	-	23,852	23,852
Customer discount payable	-	19,100	19,100
Derivative financial instruments	1,805	-	1,805
Borrowings	-	137,266	137,266
Loan from non-controlling interest	-	17,075	17,075
			199,098
At 31 March 2014			
Liabilities			
Trade and other payables	-	17,916	17,916
Customer discount payable	-	19,365	19,365
Derivative financial instruments	367	-	367
Borrowings	-	89,800	89,800
Loan from non-controlling interest	-	8,770	8,770
			136,218

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. Financial risk management (continued)

	Loans and Receivables	Total		
	(\$000)	(\$000)		
30.4 Financial Instruments by category (continued)				
Trust				
At 31 March 2015				
Assets				
Cash and cash equivalents	12,850	12,850		
Trade and other receivables	329	329		
Convertible Notes	39,000	39,000		
Loans advanced	655	655		
		52,834		
At 31 March 2014				
Assets				
Cash and cash equivalents	13,122	13,122		
Trade and other receivables	259	259		
Convertible Notes	39,000	39,000		
Loan advanced	180	180		
		52,561		
	Hedged derivatives	Other Financial Liabilities at amortised cost	Liabilities at fair value through profit or loss	Total
	(\$000)	(\$000)	(\$000)	(\$000)
At 31 March 2015				
Liabilities				
Trade and other payables	-	408	-	408
				408
At 31 March 2014				
Liabilities				
Trade and other payables	-	422	-	422
				422

31. Events subsequent to balance date

During April and June 2015, Ultrafast Fibre Limited issued shares to Crown Fibre Holdings and Waikato Networks Limited under the terms of the construction contract (refer note 13).

At the 31st of March 2015 UFF owe \$7 million to WNL (refer to related party note). Included in this is \$3.9 million accrued connection assets which were transacted during the month of April 2015.

On 1 April 2015 under the terms of the contract (refer note 13) Waikato Networks Limited elected to purchase 4.7 million A shares at a value of \$4.7 million from Crown Fibre Holdings Limited for connections between 1 January 2015 and 31 March 2015.

As at 1 July 2015 under the terms of the contract (refer note 13) Waikato Networks Limited will be required to purchase an estimated 6.5 million A shares at a value of \$6.5 million from Crown Fibre Holdings Limited for connections between 1 April 2015 and 30 June 2015. This will need to be approved by the Board later this month.

All of the above events will increase the Waikato Networks Limited's shareholding to 38%.



Independent Auditors' Report to the Trustees of WEL Energy Trust

Report on the Financial Statements

We have audited the financial statements of WEL Energy Trust ("the Trust") on pages 32 to 73, which comprise the statements of financial position as at 31 March 2015, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Trust and the Group. The Group comprises the Trust and the entities it controlled at 31 March 2015 or from time to time during the financial year.

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 controls as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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). These standards require that we comply with relevant 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 auditors' 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 auditors consider the internal controls relevant to the Trust's and the Group'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 Trust's and the Group'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.

We are independent of the Group. Our firm carries out other services for the Group in the areas of tax advice and compliance services and other assurance services. The provision of these other services has not impaired our independence.



Independent Auditors' Report

WEL Energy Trust

Opinion

In our opinion, the financial statements on pages 32 to 73, present fairly, in all material respects, the financial position of the Trust and the Group as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Restriction on Use of our Report

This report is made solely to the Trustees, as a body, in accordance with the Electricity Industry Act 2010. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in cursive script, reading 'PricewaterhouseCoopers'.

Chartered Accountants
7 July 2015

Auckland

This report relates to the financial report of WEL Energy Trust for the year ended 31 March 2015 included on the Trust's website. The Trustees are responsible for the maintenance and integrity of the Trust's website. We have not been engaged to report on the integrity of the Trust's website. We accept no responsibility for any changes that may have occurred to the financial report since it was initially presented on the website.



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