

Eastern Bay Energy Trust

FINANCIAL STATEMENTS

For the Year Ended 31 March 2007

EASTERN BAY ENERGY TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

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EASTERN BAY ENERGY TRUST

TRUST DIRECTORY AS AT 31 MARCH 2007

<i>Settlement:</i>	1 August 1994
<i>Settlor:</i>	Bay of Plenty Electricity Limited
<i>IRD Number:</i>	66-765-893
<i>Nature of Business:</i>	Investment
<i>Type of Trust:</i>	Qualifying
<i>Bankers:</i>	ASB Bank Tauranga
<i>Accountants:</i>	Focus Chartered Accountants Limited P O Box 302 Whakatane

EASTERN BAY ENERGY TRUST

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Note	This Year	Last Year
INCOME			
Dividends Received		3,380,323	5,315,424
Interest Received		515,567	485,526
Interest Discount 2005		-	(12,477)
Interest Discount 2006		-	(19,894)
Interest Discount 2007		3,953	-
		<u>3,899,843</u>	<u>5,768,579</u>
EXPENSES			
Working Expenses			
Advertising & Public Relations		29,736	21,203
Conference & Meeting Fees		294	4,233
Election & Referendum Expenses		-	45,334
ETNZ Levy & Meetings		565	4,397
Managers Contract		-	49,154
Research & Development		57,688	72,227
Security		645	-
Travelling & Accommodation		11,116	14,935
Wages		86,162	8,809
		<u>186,206</u>	<u>220,292</u>
Motor Vehicle Expenses			
Vehicle Expenses - Cars		453	-
Vehicle Expenses - Fuel & Oil		1,196	587
		<u>1,649</u>	<u>587</u>
Administration Expenses			
Annual Report & Meeting Costs		9,007	7,358
Audit Costs		13,653	11,222
Consultancy Expenses		9,296	61,233
General Expenses		8,597	4,305
Insurance		23,345	23,374
Legal Expenses - Trust Deed		73,648	344,643
Legal Fees - Election Expenses		-	5,363
Legal Fees - Other		17,296	6,620
Office Rental		10,649	6,665
Office Support		5,867	20,953
Postage, Printing & Stationery		10,904	11,783
Subscriptions		907	-
Telephone & Tolls		6,542	3,811
Treasurers Fees		22,843	25,186
Trust Deed Expenses		8,686	20,052
Trustee Expenses		10,192	-
Trustee Fees		91,030	91,085
		<u>322,462</u>	<u>643,653</u>

The accompanying notes form part of these financial statements. The above information has been prepared without performance of audit or review engagement procedures and must be read subject to the compilation report and statement of disclaimer.

Focus Chartered Accountants Limited

EASTERN BAY ENERGY TRUST

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
<i>Standing Charges</i>			
Bank Fees		12,175	11,604
Interest - Bank Overdraft		-	63
		<hr/>	<hr/>
		12,175	11,667
<i>Non Deductible Expenses</i>			
Office Development - Non Deductible		-	45,000
		<hr/>	<hr/>
<i>TOTAL CASH EXPENSES</i>		522,492	921,199
<i>NET CASH SURPLUS</i>		<hr/>	<hr/>
		3,377,351	4,847,380
<i>NON CASH EXPENSES</i>			
Depreciation		1,209	1,878
		<hr/>	<hr/>
<i>NET SURPLUS TRANSFERRED TO EQUITY</i>		<u>\$3,376,142</u>	<u>\$4,845,502</u>

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Focus Chartered Accountants Limited

EASTERN BAY ENERGY TRUST

TRUSTEES INCOME ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	<i>This Year</i>	<i>Last Year</i>
Balance at Beginning of Year	14,123,150	11,938,739
ADD		
Net Surplus	3,376,142	4,845,502
LESS Distributions		
Distribution to Beneficiaries	(1,885,545)	(2,661,091)
BALANCE RETAINED AS TRUSTEES INCOME	<u>\$15,613,747</u>	<u>\$14,123,150</u>

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EASTERN BAY ENERGY TRUST

TRUSTEES CAPITAL ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	<i>This Year</i>	<i>Last Year</i>
Balance at Beginning of Year	26,637,600	26,637,600
Add		
Imputation Credits on Taxable Income	1,664,935	2,237,488
	<u>1,664,935</u>	<u>2,237,488</u>
Less		
Taxation on Trustees Income	1,577,473	2,127,102
Imputation Credit Adjustment	87,894	110,386
	<u>1,665,367</u>	<u>2,237,488</u>
TOTAL CAPITAL AT END OF PERIOD	<u>\$26,637,168</u>	<u>\$26,637,600</u>

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Focus Chartered Accountants Limited

EASTERN BAY ENERGY TRUST

BALANCE SHEET AS AT 31 MARCH 2007

	<i>This Year</i>	<i>Last Year</i>
CURRENT ASSETS		
National Bank - Administration Account	-	25,248
National Bank - Grants Account	-	25,686
Petty Cash Imprest	100	100
ASB Bank - 00 Account	11,163	1,081,160
ASB Bank - 02 Account	19,564	72,277
ASB Bank - 61 Account	50,087	-
Accounts Receivable	56,010	849
Taxation Refund Due	1,164	20,877
	<hr/>	<hr/>
	138,088	1,226,197
NON CURRENT ASSETS		
Property, Plant and Equipment		
As per Schedule (at Book Value)	3	3,680
		4,889
Investments		
Other Entity Related Investments	37,600,331	34,285,325
Other Investments	5,616,302	6,857,093
	<hr/>	<hr/>
	43,216,633	41,142,418
TOTAL ASSETS	<hr/>	<hr/>
	\$43,358,401	\$42,373,504
CURRENT LIABILITIES		
Accounts Payable	42,242	258,100
Grant Payments Owing	1,065,244	1,354,654
	<hr/>	<hr/>
	1,107,486	1,612,754
Trustees Income Account	15,613,747	14,123,150
Trustees Capital Account	26,637,168	26,637,600
TOTAL EQUITY & LIABILITIES	<hr/>	<hr/>
	\$43,358,401	\$42,373,504

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Focus Chartered Accountants Limited

EASTERN BAY ENERGY TRUST

SCHEDULE OF INVESTMENTS AS AT 31 MARCH 2007

	Value	No	This Year	No	Last Year
Other Entity Related Investments					
Shares - Horizon Energy Distribution L	1.76	19,316,130	33,915,325	19,316,130	33,915,325
Shares - Development Enterprises Lim	30.71	120,000	<u>3,685,006</u>	<u>120,000</u>	<u>370,000</u>
			37,600,331		34,285,325
Other Investments					
National Bank - S.E. Investment Portfo	-	-	-	-	164,958
National Bank - Investment Deposits	-	-	-	-	250,000
National Bank - Investment Portfolio	-	-	-	-	3,239,736
National Bank - Portfolio Cash Accoun	-	-	-	-	2,088,244
National Bank - S.E. Portfolio Cash Ac	-	-	-	-	547,768
Loan - Energy Options Ltd	-	-	25,000	-	60,000
Loan - Development Enterprises Limite	-	-	100,000	-	100,000
Loan - Parkwood Biomass Solution Pa	-	-	1,200,000	-	150,000
Loan - Development Enterprises	-	-	874,051	-	250,000
Loan - Eastbay REAP	-	-	20,000	-	-
Term Deposits - ASB	-	-	1,529,685	-	-
Private Asset Management - Investme	-	-	1,721,474	-	-
ASB - Cash Management Account	-	-	144,501	-	-
Accrued Interest	-	-	<u>1,591</u>	-	<u>6,387</u>
			5,616,302		6,857,093
			<u>\$43,216,633</u>		<u>\$41,142,418</u>

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Focus Chartered Accountants Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007****1 STATEMENT OF ACCOUNTING POLICIES**

These are the financial statements of Eastern Bay Energy Trust. Eastern Bay Energy Trust is a trust established by a trust deed dated 1 August 1994.

The financial statements have been prepared in accordance with generally accepted accounting principles.

The trust qualifies for differential reporting based on the following criteria:

- . It is not publicly accountable and
- . The trust is 'not large' as defined by the New Zealand Institute of Chartered Accountants.

The trust has adopted all available differential reporting exemptions.

MEASUREMENT SYSTEM

The measurement system adopted is that of historical cost.

PARTICULAR ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the trust in the preparation of these financial statements.

Property, Plant and Equipment

Property, plant and equipment are included at cost less aggregate depreciation provided at the maximum rates allowed by the Inland Revenue Department. Property, plant and equipment that are leased under a specified lease for the purposes of the Income Tax Legislation are capitalised and depreciated. The depreciation rates used are:

Taxation

Taxation charged against profits is based on estimated tax payable for the current year. Deferred tax accounting has not been adopted by the trust.

Accounts Receivable

Accounts receivable are stated at their estimated realisable value.

Investments

Investments are stated at cost.

Changes in Accounting Policies

There have been no specific changes in accounting policies and they have been applied on a consistent basis with those of the previous period.

2 ANALYSIS OF EQUITY

The Trust Deed makes distinction between trust capital and accumulated trustees income. The Equity of the Trust consists of the following:

	<i>This Year</i>	<i>Last Year</i>
Capital		
Taxation on Trustees Income	(1,577,473)	(2,127,102)
Imputation Credit Adjustment	(87,894)	(110,386)
Imputation Credits on Taxable Income	<u>1,664,935</u>	<u>2,237,488</u>
	(432)	-
Accumulated Trustees Equity	<u>28,128,197</u>	<u>28,822,011</u>
	<u>\$28,127,765</u>	<u>\$28,822,011</u>

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Focus Chartered Accountants Limited

EASTERN BAY ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

3 **PROPERTY, PLANT AND EQUIPMENT SUMMARY**

<i>This Year</i>	<i>Cost</i>	<i>Accum Deprn</i>	<i>Book Value</i>
Plant & Equipment	<u>11,925</u>	<u>8,245</u>	<u>3,680</u>
<i>Last Year</i>			
Plant & Equipment	<u>11,925</u>	<u>7,036</u>	<u>4,889</u>

4 **CONTINGENT LIABILITIES**

There are no contingent liabilities at year end (31 March 2006: \$Nil).

5 **CAPITAL COMMITMENTS**

There are no capital commitments at year end (31 March 2006: \$Nil).

6 **RELATED PARTIES**

Other than the transactions shown in the beneficiaries' current accounts, there were no material related party transactions.

7 **TAXABLE PROFIT**

	<i>This Year</i>	<i>Last Year</i>
Net Surplus per Accounts	3,376,142	4,845,502
<i>Plus</i>		
Office Development - Non Deductible	-	45,000
Taxable Surplus	<u>\$3,376,142</u>	<u>\$4,890,502</u>

Comprised of:

Taxation Refund Receivable □ □ □ 312,464

Imputation Credits Carried Forward □ □ □ 364,403

□ □ □ □ 676,867 □

**ACCOUNTANTS REPORT
DISCLAIMER OF LIABILITY**

We have compiled the financial statements of Eastern Bay Energy Trust for the year ended 31 March 2007.

A compilation is limited primarily to the collection, classification, and summarisation of financial information supplied by our client. A compilation does not involve the verification of that information. We have not carried out an audit or a review assignment on the financial statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the materials from which the financial statements have been prepared.

Further, the financial statements have been prepared at the request of and for the purpose of our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. In addition, these financial statements are legally privileged.

Focus Chartered Accountants Limited
Chartered Accountants
Whakatane

22 August 2007

EASTERN BAY ENERGY TRUST

**Taxation Depreciation Schedule
For the Year Ended 31 March 2007**

	Private Use %	Date	Orig Cost	Open W.D.V	Add'ns (Sales)	Profit(Loss) on Sale
Plant & Equipment						
Desk			574	380		
Chair			202	120		
Storage Cupboard			399	290		
2 x 3 Draw Filing Cabinet			522	346		
3 x Lounge Chair			597	359		
2 Draw Credenza			339	228		
Meeting Table			264	177		
Storage Cupboard			319	237		
Whiteboard Flip Chart			300	204		
Computer & Printer			5722	1114		
Adobe Software			1050	250		
Digital Camera			700	283		
Signwriting Pyne Street Office			937	901		
			<hr/>	<hr/>	<hr/>	<hr/>
			11925	4889		
			<hr/>	<hr/>	<hr/>	<hr/>