

CENTRAL LAKES TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 March 2011

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CENTRAL LAKES TRUST

BUSINESS DIRECTORY

Nature of Business	Charitable Trust
Business Address	10 The Mall, Cromwell
Postal Address	P.O Box 138, Cromwell
Trustees	Graeme Bell Sir Eion Edgar Alexander Huffadine Bernice Lepper Malcolm Macpherson Gregory Wilkinson
Trustees retired during the year	Michael Allison Duncan Butcher Elizabeth Duggan Peter Mead
Auditors	WHK 173 Spey Street, Invercargill
Bankers	Bank of New Zealand 11-13 Rees Street Queenstown
Solicitors	MacTodd P.O Box 653 Queenstown

INDEPENDENT AUDITOR'S REPORT

Private Bag 90106
Invercargill 9840

To the Trustees of Central Lakes Trust Group Report on the Financial Statements

We have audited the consolidated financial statements of Central Lakes Trust Group on pages 4 to 32, and its subsidiaries, which comprise the Statement of Financial Position of Central Lakes Trust Group and the consolidated Statement of Financial Position as at 31 March 2011, and the consolidated Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Trustees' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

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

Other than in our capacity as auditors we have no relationship with or interests in the Central Lakes Trust Group.

Opinion

In our opinion, the consolidated financial statements on pages 4 to 32 present fairly, in all material respects, the financial position of Central Lakes Trust Group as at 31 March 2011 and its financial performance and cash flows for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required.

A handwritten signature in blue ink that reads 'WHK South NZ'.

WHK South NZ
Invercargill, New Zealand
CHARTERED ACCOUNTANTS
27 June 2011

CENTRAL LAKES TRUST

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	Notes	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Income					
Investments	2a	13,442	21,501	10,234	19,648
Generation of Electricity	2b	-	-	12,355	10,763
Impairment Losses recovered	2c	-	748	-	748
Other Income	2c	1	13	96	91
Total Revenue		13,443	22,262	22,685	31,250
Less Expenses					
Audit Fees	2d	23	17	52	37
Other Fees paid to Auditor	2d	1	-	5	6
Impairment Losses on Investments written off		-	-	-	-
Investment Advice/Management Fees		471	523	721	635
Trustees Remuneration		95	82	95	82
Employees Remuneration		366	342	2,322	1,911
Depreciation	7	26	27	2,099	1,694
Finance Costs		-	-	1,684	2,004
Impairment Losses Fixed Assets		-	23	166	45
Other Expenses		217	139	2,845	2,746
Total Expenses		1,199	1,153	9,989	9,160
Net Operating Surplus		12,244	21,109	12,696	22,090
Less Grants Approved		(4,576)	(4,354)	(4,576)	(4,354)
		7,668	16,755	8,120	17,736
Gains(losses) on derivatives	2e	(1,021)	1,369	(853)	2
Net Surplus (deficit) for the year		6,647	18,124	7,267	17,738
Other Comprehensive Income					
Revaluation of Pioneer Generation					
Revaluation of Pioneer Generation	12a	50,255	-	-	-
Movement in hedge Reserve	12d	-	-	(202)	-
Total Comprehensive Income for Period		56,902	18,124	7,065	17,738



CENTRAL LAKES TRUST

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	Notes	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Opening Equity	12	275,706	257,582	196,572	178,686
Surplus and revaluations					
Comprehensive Income for period		56,902	18,124	7,065	17,738
Unrealised FX Gain on Investment	12c	-	-	-	148
Closing Equity	12	<u>332,608</u>	<u>275,706</u>	<u>203,637</u>	<u>196,572</u>

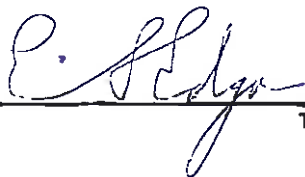


CENTRAL LAKES TRUST

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Notes	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Current assets					
Cash and Cash Equivalents	13a	2,315	2,018	2,473	2,011
Receivables	5	70	7	1,019	1,144
Work in Progress		-	-	-	24
Current portion of Investments	6a	2,061	-	2,061	-
		4,446	2,025	5,553	3,179
Non Current Assets					
Property, Plant and Equipment	7	67	48	54,345	49,085
Capital Work in Progress	7a	1,640	-	7,815	5,830
Investments-non current	6a	333,898	279,015	156,766	155,215
Other financial assets		-	-	-	-
		335,605	279,063	218,926	210,130
Intangible Assets					
Goodwill	8c	-	-	14,636	14,636
Total Assets		340,051	281,088	239,115	227,945
Current Liabilities					
Payables and Accruals	8	193	160	916	847
Provision for Grants	9	6,344	5,012	6,344	5,012
Advance CLT		-	-	-	-
Finance Leases		-	-	-	-
Other Financial Liabilities	6b	906	210	1,732	937
		7,443	5,382	8,992	6,796
Non Current Liabilities					
Borrowings	10	-	-	26,000	24,000
Preference Shares	11	-	-	-	-
Other financial liabilities	6b	-	-	486	578
		-	-	26,486	24,578
Total Liabilities		7,443	5,382	35,478	31,374
Equity					
Capital and Reserves	12	332,608	275,706	203,637	196,571
Total Liabilities and Equity		340,051	281,088	239,115	227,945

For and on behalf of the trust:


Trustee


Trustee



CENTRAL LAKES TRUST

CONSOLIDATED CASHFLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Cashflows from Operating Activities				
<u>Cash was provided from:</u>				
Receipts from customers	-	-	12,642	10,472
GST received/(paid) net	(54)	-	31	(83)
Other Investment Income	1	1,121	1	2,062
Gain/Loss on derivatives	(325)	2,169	(325)	2,169
Interest & Dividends Received	13,432	7,717	9,513	5,269
	13,054	11,007	21,862	19,889
<u>Cash was disbursed to:</u>				
Payments to suppliers and employees	(1,139)	(1,144)	(5,792)	(5,650)
Interest paid	-	-	(1,693)	(2,004)
Payment of grants	(3,244)	(4,311)	(3,243)	(4,311)
	(4,383)	(5,455)	(10,728)	(11,965)
Net cash inflow/(outflow) from operating activities	8,671	5,552	11,134	7,924
	13b			
Cash Flows from Investing activities				
<u>Cash was provided from:</u>				
Investment movements	-	-	-	-
Sale of property	-	-	44	5
	-	-	44	5
<u>Cash was disbursed to:</u>				
Investment movements	(621)	(3,689)	(3,156)	(5,081)
Payment for property, plant & equipment	(45)	(19)	(7,921)	(5,177)
Progress payments on new building	(1,640)	-	(1,640)	-
Preference shares - PGL	(3,500)	-	-	-
Loan Central Lakes Direct Ltd	(2,568)	(108)	-	-
Net cash inflow/(outflow) from investing activities	(8,374)	(3,816)	(12,673)	(10,253)
Cash Flows from Financing activities				
<u>Cash was provided from:</u>				
Proceeds from borrowings	-	-	2,000	5,000
Repayment of borrowings	-	-	-	(1,000)
Dividends paid	-	-	-	-
Net cash inflow/(outflow) from financing activities	-	-	2,000	4,000
Net Increase/(decrease) in cash	297	1,736	461	1,671
Add cash at start of year	2,018	282	2,012	341
Cash at end of the year	2,315	2,018	2,473	2,012
Represented by:				
Cash at the end of the year	2,315	2,018	2,473	2,012
	13a			

**CENTRAL LAKES TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2011**

The financial statements of the Trust and Group are for the year ended 31 March 2011. The Financial Statements were authorised for issue by the Trustees on 27 June 2011.

1. SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

Central Lakes Trust is a Charitable Trust incorporated in New Zealand on 7 February 2001 under the Charitable Trusts Act 1957. The group consists of Central Lakes Trust and three 100% owned subsidiaries, Pioneer Generation Ltd, Central Lakes Direct Ltd, and Cromwell Medical Holdings Ltd.

The principle activities of the Trust are:

- To lawfully make charitable grants for the benefit of the Central Lakes Trust region,
- To ensure that grant applications are assessed and decided upon in an unbiased manner.
- To produce a portfolio of grants that is representative of the region's interests and needs.
- To be helpful, responsive and accessible to communities within the Central Lakes Trust region.
- To prudently manage investments to maximise returns.

Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for public benefit entities..

Compliance with NZ IFRS ensures that the financial statements comply with International Financial Reporting Standards ("IFRS").

Functional and Presentation Currency

The financial statements are presented in thousands of New Zealand dollars (000's). The New Zealand dollar is the Central Lakes Trust Group's functional currency.

Measurement Basis

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Changes in Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied consistently to all periods in these financial statements.

Basis of Consolidation Policy

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on Consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.



Critical Judgements, estimates and assumptions.

In the application of NZ IFRS Trustees are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements, estimates and assumptions made in the preparation of these financial statements are outlined below:

- **Depreciation**

In determining the appropriate depreciation rate to apply against property, plant and equipment, Trustees are required to make estimates regarding the useful lives and residual values of property, plant and equipment. The estimates used by trustees in determining the depreciation rate may ultimately be different to the actual pattern of use. In the event these estimates differ to the actual pattern of use the depreciation charge recognised may be more or less than what would have been charged had this information been available at the time of determining the estimate.

- **Valuation of derivative financial instruments**

The valuation of electricity derivatives relies on an internally developed pricing methodology. The valuation of foreign currency contracts relies on a mark to market pricing calculation carried out by Tuatara Management Ltd (Central Lakes Trust) and the Bank of New Zealand (Pioneer Generation Ltd).

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

Revenue Recognition

Central Lakes Direct Ltd, a subsidiary Company, is not registered for GST, whereas Central Lakes Trust and Pioneer Generation Ltd are registered for GST purposes. Central Lakes Trust was registered for GST purposes on 1 April 2010.

Revenue is measured at the fair value on the following basis:

- a) **Supply of Electricity-** Revenue is measured at the fair value of the consideration received or receivable in relation to the normal course of business net of discounts and GST
- b) **Rental Income-** Revenue is recognised as it is earned on an accrual basis
- c) **Investment income** -Revenue is recognised as it is earned on an accrual basis. Unrealised gains / losses are recognised through the statement of comprehensive income.

Other Gains and Losses

Net gains or losses on the sale of property, plant and equipment are recognised when unconditional title has transferred and it is probable that the Company will receive the consideration due.



Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a basis representative of the pattern of benefits to be derived from the leased asset.

Assets under finance leases are recognised at their fair value or if lower at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

Pioneer Generation Limited holds Crown Pastoral Leases with rights of renewal every 33 years in perpetuity. The Crown Pastoral Leases have been classified as Property, Plant and Equipment in the Statement of Financial Position.

Taxation

The Trust is a charitable organisation which was granted exemption from Income Tax under Section CB 4(1)e of the Income Tax Act 1994 (replaced with Section CW 42(1) of the Income Tax Act 2007). Charitable Status for the Trust was effective from the inception of the Trust. Charitable status for Pioneer Generation Limited was effective from 23 October 2002, and accordingly income earned after that date is exempt from taxation.

Goods and Services Tax

Since 1 April 2010 Central Lakes Trust has been registered for GST. The registration arose as a result of the Trust's decision to build a property in Cromwell for the principal purposes of making taxable supplies. Approval has been given by the Inland Revenue Department for the use of an alternative apportionment method. The approved apportionment method is calculated on a "time spent basis" on taxable supply against the "time spent" on exempt supply. Central Lakes Trust and Pioneer Generation Ltd financial statements have been prepared on a GST exclusive basis, with an adjustment for the time spent by Central Lakes Trust on exempt supply. Central Lakes Direct Ltd which is not registered for GST, has been consolidated on a GST inclusive basis as the accounts are prepared on an inclusive basis.

Comparative figures for Central Lakes Trust are stated inclusive of GST

Cash and Cash equivalents

Cash and Cash equivalents comprise cash on hand and cash in banks.

Financial Instruments

Financial assets and liabilities are recognised in the Balance Sheet when the Trust becomes a party to contractual provisions of the instrument.

- **Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' 'amortised cost' and fair value through other comprehensive income. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- Has been acquired principally for the purpose of selling in the near future; or
- Is a part of an identified portfolio of financial instruments that the company manages together and has a recent actual pattern of short term profit taking; or
- Is a derivative that is not designated and effective as a hedging instrument

Pioneer Generation Ltd has various electricity price hedging agreements for the primary purpose of reducing its exposure to fluctuations in electricity spot market prices. The Trust and Pioneer Generation enter into forward foreign exchange contracts as a hedge against fluctuations in exchange rate movements as follows:

- In the Trust's case, as a hedge against fluctuations against unhedged managed funds which are vulnerable to exchange rate movements.
- In Pioneer Generation Ltd's case as a hedge against fluctuations in the cost of capital equipment due to exchange rate movements where these are seen to be significant

While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the value of the items or funds being hedged.

Amortised Cost

Trade and other receivables are classified as 'amortised cost'. These are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is expensed in the Statement of Comprehensive Income in the regular way. Purchases and sales of financial assets are accounted for at trade or settlement date (whichever is applicable).

Fair Value through Other Comprehensive Income

Pioneer Generation Ltd enters into foreign exchange forward contracts as a hedge against fluctuations in the cost of capital equipment due to exchange rate movements where these are seen as significant.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Comprehensive Income.

Financial Liabilities

Trade and other payables

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

Trade and other payables are initially recognised as fair value and are subsequently measured at amortised cost using the effective interest method

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost, with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowing using the effective interest rate method.



Derivative Financial Instruments

Pioneer Generation Ltd enters into certain derivative financial instruments to manage its exposure to movements in the spot price for electricity. The Trust and its subsidiary, Pioneer Generation Ltd also enters into certain derivative financial instruments to manage its exposure to movements in the foreign exchange rate.

The group does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date.

The resulting gain or loss is recognised immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit and loss depends on the nature of the hedge relationship.

The group designates electricity derivatives as fair value hedges and hedges of foreign currency forward contracts are accounted for as cash flow hedges.

Changes in the fair value of electricity derivatives that are designated as fair value hedges are recorded in profit and loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedging risk.

The effective portion of changes in the fair value of foreign currency forward contracts are designated as cash flow hedges and are recognised in other comprehensive income and accumulate as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Grant Expenditure

Grants approved by Trustees are recognised as an expense in the Statement of comprehensive income when approved by Trustees. A provision for the Grants approved is kept in the Balance Sheet and added to when grants approved and reduced when grants are uplifted.

Goodwill

Goodwill arose on the valuation of Pioneer Generation Ltd at 31 March 2003 and it is assessed as having an indefinite useful life for this reason.

Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill is impairment tested annually

Valuation of Pioneer Generation Investment

The Trustees of Central Lakes Trust had the shares in Pioneer Generation valued by Wilson Cook & Co –Valuers in November 2010. As a result, the shares were valued at \$170.85 million and resulted in an increase in the equity by \$50.25 million. These equity instruments have been designated as measured at fair value through other comprehensive income, as the Trustees have made an irrevocable election to do this as the equity instrument is not held for trading.

Inventories

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

Property, Plant and Equipment

Cost

Property, plant and equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Depreciation

Depreciation is provided on a straight line basis for the main generation assets. For all other assets, the diminishing value method has been adopted using the effective rates set out below.

Expenditure incurred to maintain these assets is charged to the Statement of Financial Performance in the period incurred.

Any Capital expenditure incurred subsequent to the commissioning of fixed assets is capitalised to the asset at the time it is incurred.

The cost of internally constructed assets in Pioneer Generation Ltd comprise of direct labour, materials, transport and overhead apportioned on the basis of labour and plant costs.

The estimated useful lives of the major asset classes have been estimated as follows:

Generation Assets	Rate	Method
Dams and associated headworks	Nil	
Land Improvements	4.8-11.4 & 2%	DV & SL
Buildings, Generation Assets and Meters	4-26.4% & 1-28.8%	DV & SL
Transmission Lines	5%	SL
Motor Vehicles	20 - 31.2% & 8-25.2%	DV & SL
Plant	10-12.5% & 2-80.4%	DV & SL
Furniture & Fittings	20-25% & 8.4-21.6%	DV & SL
Office Equipment	14.4-25% & 15-48%	DV & SL
Computer Equipment	25.5- 60% & 6.67-48%	DV & SL
Other Equipment & Tools	10-14.4% & 1.3-80.4%	DV & SL

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated at the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the period the asset is derecognised.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred. The accounting policy for borrowing costs, NZ IAS 23, only applies to qualifying assets where the commencement date for capitalisation is on or after 1 April 2010.

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. 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 they are separately identifiable cash flows that are largely independent of the cash flows from other assets or group of assets (cash generating units).

Provisions

Provisions are recognised when the group has a present obligation arising from past events, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

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

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal rates using the remuneration rate expected to apply at the time of settlement.

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

Cashflow Statement

Operating activities include cash received from all income sources and record the cash payments made for supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the group.

Comparatives

When the presentation or classification of items is changed, comparative amounts are reclassified unless the reclassification is impracticable. Certain items of property, plant and equipment have been reclassified amongst the group property, plant and equipment groupings in note 7.

Comparative amounts have been reclassified amongst the Group property, plant and equipment groupings in Note 7. The amount that has been reclassified at Note 7 is represented by Generation Plant which had a carrying value at 31 March 2010 of \$360,000. This amount has been reclassified from inventory to property, plant and equipment as the spare parts are expected to be used during more than one period and can only be used in connection with another item of property, plant and equipment.

Certain items in the Statement of Cashflows have also been reclassified.

Standards and Interpretations in Issue not yet adopted

At the date of authorisation of these financial statements, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognized in the financial report, but will change the presentation and disclosures presently made in relation to the Trust's and group's financial report

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Amendments to NZIAS 24 "Related Party Disclosures"	1 January 2011	31 March 2012
Amendments to NZ IFRS 7 "Financial Instruments: Disclosures"	1 July 2011	31 March 2013
Amendments to NZ IFRS 7 – Appendix E	1 April 2011	31 March 2012
<i>Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Trust and Group:</i>		
NZ IFRIC 19 " Extinguishing Financial Liabilities with Equity Instruments"	1 July 2010	31 March 2012
Amendments to NZIFRIC 14 "Prepayments of a Minimum Funding Requirement"	1 January 2011	31 March 2012
Improvements to New Zealand Equivalents International Financial Reporting Standards 2010 -Improvements to NZ IFRS 3 and NZ IAS 27 -Improvements to other standards	1 July 2010 1 January 2011	31 March 2012 31 March 2012
Amendments to NZ IAS 26 "Accounting and Reporting by Retirement Benefit Plans"	1 April 2011	31 March 2012
Amendments to NZ IAS 12 "Income Taxes " –Deferred Tax: Recovery of underlying Assets	1 January 2012	31 March 2013

The Trustees expect to adopt the above Standards and Interpretations in the period in which they become mandatory. The Trustees anticipate that the above Standards and Interpretations will have no material impact on the financial statements in the period of initial application.

Change in Accounting Policies.

Other than the adoption of the new and revised standards described above there have been no other changes in accounting policies.

CENTRAL LAKES TRUST
 NOTES TO THE FINANCIAL STATEMENTS
 For the financial year ended 31 March 2011.

2 INCOME

a) Investments

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Interest	3,332	3,363	2,874	3,366
Dividends	4,295	4,362	984	1,911
Realised Gains/Losses	1,634	1,108	1,713	2,048
Unrealised Gains/Loss	4,181	12,668	4,663	12,323
	13,442	21,501	10,234	19,648

b) Generation of Electricity

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Generation	0	0	12,355	10,763

c) Other Income

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Impairment losses recovered		748		748
Rent	0	0	67	66
Other Revenue	1	13	10	22
Depreciation Recovered			19	3
	1	761	96	839

Total Revenue **13,443** **22,262** **22,685** **31,250**



d) Other Expenses

Profit/loss has been arrived at after charging the following expenses:

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Fees paid to current auditor				
Audit fees	8	17	22	37
Other fees paid to auditor (professional advice over and above audit work)	1	0	1	6
Fees paid to previous auditor				
Audit fees	15	0	30	0
Other fees paid to previous auditor (professional advice over and above audit work)	0	0	4	0
Total	24	17	57	43

e) Gain/Losses on Derivatives

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Electricity hedge contracts				
-Realised			1,279	43
-Unrealised			(1,111)	(1,169)
Foreign currency forward contracts				
-Realised	(325)	1,579	(325)	1,128
-Unrealised	(696)	(210)	(696)	(1,126)
Total	(1,021)	1,369	(853)	2

f) Lease Payments

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Lease payments	22	20	50	50

3. TAXATION

The Trust is exempt from Income Tax. Pioneer Generation Ltd was granted charitable tax status effective 23 October 2002. All income earned by Pioneer Generation Ltd subsequent to 23 October 2002 is tax exempt.

4. KEY MANAGEMENT PERSONNEL COMPENSATION

The following remuneration (in total) is paid to executives, being the key management personnel

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Wages and Salaries	145	140	897	864
Other entitlements	1	1	212	27
Total	146	141	1,109	891

5. TRADE & OTHER RECEIVABLES

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Trade & Other			949	1,136
Sundry Receivables	70	7	70	8
Prepayments	0	0	0	0
	70	7	1,019	1,144

6 OTHER FINANCIAL ASSETS AND (LIABILITIES)

a) Investments-Non Current

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Asset Class				
NZ Cash	33,735	32,142	33,735	32,142
NZ Bonds	24,976	31,411	24,976	31,411
International Bonds	18,062	16,575	18,062	16,575
Australasian Equities	28,816	22,568	28,816	22,568
International Equities	31,350	29,516	31,350	29,516
Alternative Asset Classes	8,548	7,931	8,548	7,931
Structured Credit	1,097	835	1,097	835
Property Funds	712	7,758	712	7,758
Other				
Advance Central Lakes Direct Ltd	7,247	4,679		
Private Equity				
Direct Cap.Partners			5,042	3,999
Goldman Sachs			1,583	1,429
Maui Capital Fund			2,300	1,050
Mercury no 1 Capital			545	
Pioneer Generation Ltd	170,855	120,600		0
Pioneer Generation Ltd Preference shares	8,500	5,000		0
Total	333,898	279,015	156,766	155,214

Investments-Current

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
NZ Cash	2,061	-	2,061	



b) OTHER FINANCIAL ASSETS AND (LIABILITIES)

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Current				
Electricity Hedge Contracts	-	-	(624)	(591)
Foreign Currency Forward Contracts- fair value through profit and loss	(906)	(210)	(906)	(346)
Foreign Currency forward contracts- hedge accounted	-	-	(202)	-
Total Current	(906)	(210)	(1,732)	(937)
Non Current				
Electricity Hedge Contracts	-	-	(486)	(578)
Total	(906)	(210)	(2,218)	(1,515)

6c) GOODWILL

GROUP

	2011	2010
1 April 2010	\$000	\$000
Cost	14,636	14,636
Accumulated impairment losses		
Carrying Amount	<u>14,636</u>	<u>14,636</u>

Year ended 31 March 2011		
Carrying amount 1 April 2010	14,636	14,636
Additions		
Disposals		
Impairment losses		
Carrying Amount at 31 March 2011	<u>14,636</u>	<u>14,636</u>

31 March 2011		
Cost or valuation	14,636	14,636
Accumulated impairment losses		
Carrying Amount at 31 March 2011	<u>14,636</u>	<u>14,636</u>

The goodwill arises on the consolidation of the subsidiaries at 31 March 2003 and is assessed as having an indefinite useful life for this reason.

All recognised intangible assets are allocated to cash generating units.



7 Property, Plant and Equipment (\$000)

Trust 2011	Cost 1 April 2010	Additions	Disposals	Cost 31 March 2011	Accumulated Depreciation and Impairment Charges 1 April 2010	Impairment losses charged in statement of comprehensive income	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 31 Mar 2011	Carrying Value 31 March 2011
Property Improvements	33			33	26	0	1		27	6
Motor vehicles	87	45	(1)	131	64	0	17	0	81	50
Plant	11			11	8	0	1	0	9	2
Office Equipment	14	1		15	10	0	1	0	11	4
Computer Equipment	48			48	36	0	6	0	42	6
Total	193	46	(1)	238	144	0	26	0	170	68

Trust 2010	Cost 1 April 2009	Additions	Disposals	Cost 31 March 2010	Accumulated Depreciation and Impairment Charges 1 April 2009	Impairment losses charged in statement of comprehensive income	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 31 Mar 2010	Carrying Value 31 March 2010
Property Improvements	33			33	5	19	1		26	7
Motor vehicles	87			87	54		10		64	23
Plant	13		(2)	11	9	0	1	(1)	8	3
Office Equipment	15		(1)	14	8	2	1	(1)	10	4
Computer Equipment	44	19	(15)	48	37	1	14	(15)	36	12
Total	192	19	(18)	193	113	23	27	(17)	144	48



Property, Plant and Equipment (continued)

Group 2011	Cost 1 April 2010	Additions	Disposals	Cost 31 March 2011	Accumulated Depreciation and Impairment Charges 1 April 2010	Impairment losses charged in statement of comprehensive income	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 31 March 2011	Carrying Value 31 March 2011
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Land	2,876			2,876						2,876
Land Improvements	404	136		540	190		12		202	338
Buildings, generation assets, meters	31,244	3,788	(95)	34,937	6,224		585	(16)	6,793	28,144
Transmission lines	720			720	228		36		264	492
Property Improvements	33			33	26	0	1		27	6
Motor vehicles	987	180	(71)	1,096	594		144	(77)	661	435
Plant	22,782	1,626	(492)	23,916	6,793		877	(392)	7,278	16,638
Furniture & fittings	44	0		44	30		2		32	12
Office equipment	74	19	(24)	69	63	0	9	(23)	49	20
Computer equipment	643	147	0	790	345	0	115	0	459	331
Other equipment & tools	4,797	1,655	0	6,452	1,026		319	0	1,345	5,107
Total	64,605	7,550	(682)	71,473	15,519	0	2,099	(490)	17,128	54,345



Group 2010	Cost 1 April 2009	Additions	Disposals	Cost 31 March 2010	Accumulated Depreciation and Impairment Charges 1 April 2009	Impairment losses charged in statement of comprehensive income	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 31 March 2010	Carrying Value 31 March 2010
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Land	2,876			2,876						2,876
Land Improvements	404			404	179		11		190	214
Buildings, generation assets, meters	31,247	18	(21)	31,244	5,665		563	(4)	6,224	25,020
Transmission lines	720			720	192		36		228	492
Property Improvements	33			33	5	20	1		26	7
Motor vehicles	830	185	(28)	987	500		120	(26)	594	393
Plant	18,264	4,520	(2)	22,782	6,161		634	(2)	6,793	15,989
Furniture & fittings	35	9		44	28		2		30	14
Office equipment	74	1	(1)	74	56	2	6	(1)	63	11
Computer equipment	615	61	(33)	643	298	1	78	(32)	345	298
Other equipment & tools	4,048	755	(6)	4,797	786		242	(2)	1026	3,771
Total	59,146	5,549	(91)	64,605	13,870	23	1,694	(67)	15,519	49,085

7a CAPITAL WORK IN PROGRESS

The Trust has decided to build an investment property in Cromwell. The property is situated in Waenga Drive and estimated completion date is July 2011. Tenants of the property will be Central Lakes Trust, Cromwell Medical Centre and one other tenancy to be determined. At 31 March, progress payments amounting to (\$000) 1,640 (2010:nil) have been made.

The total group Capital work in Progress is (\$000) 7,815 (2010 - (\$000) 5,830).

8. PAYABLES AND ACCRUALS

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Trade Payables			443	526
Employee Entitlements	17	14	148	92
Accrued Expenses	176	146	325	229
Total	193	160	916	847



9 PROVISION FOR GRANTS

As at 31 March 2011, the Trust had approved grants totaling (\$000) 49,997 of which (\$000) 43,653 has been uplifted, leaving a current liability as shown in the Balance Sheet of (\$000) 6,344 (2010:(\$000) 5,012)
The grants approved figure includes grants approved at 31/3/10 of (\$000) 45,422.

10 BORROWINGS

At 31 March 2011 the groups borrowings were as follows:

Loan No	Maturity Date	Int Rate 2011	Int Rate 2010	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
BNZ 1	23/12/11	7.36%	7.36%	-	-	5,000	5,000
BNZ 2	24/12/13	9.09%	9.09%	-	-	5,000	5,000
BNZ 4	31/03/16	9.12%	9.12%	-	-	2,000	2,000
BNZ 5	28/3/13	8.97%	8.97%	-	-	2,000	2,000
BNZ 6	28/3/14	7.12%	7.12%	-	-	5,000	5,000
Cash Advance Facility	13/10/13	4.33%	3.70%	-	-	7,000	5,000
Total				-	-	26,000	24,000

Disclosed in the Statement of Financial position as

Current

-

-

Non-Current

26,000

24,000

In November 2002 a cash advance facility was entered into with the BNZ. Its limit at 31 March 2011 is \$7million (2010: \$5million) The facility is drawn down as required to cover shortfalls in day to day operating cashflows. The facility is payable on a monthly basis and had an interest rate of 4.33% at year end (2010: 3.7%) The facility was renewed for an additional three years until 13 October 2013.

Pioneer Generation Ltd has an undrawn facility in place for \$12.5million for the Mt Stuart project.

The Bank of New Zealand has agreed to renew loan number 1 for 5 years up until 23 December 2016.

The Bank of New Zealand has also agreed to renew loan no 4 for 5 years up until 31 March 2016 and it is now on a floating interest rate. The interest rate at balance date was 5.94%.

The loan and Cash advance facility are secured by way of a debenture over the Company's assets and undertakings

The group has complied with all bank covenants set by the Bank of New Zealand during the year.

BORROWING COSTS CAPITALISED

During the year, there were borrowing costs totalling (000) \$70 that were directly attributable to the Mount Stuart Wind Farm project. These borrowing costs have been capitalised to capital work in progress in the group statement of financial position.

11. REDEEMABLE PREFERENCE SHARES

	Maturity Date	Int Rate 2011	Int Rate 2010	2011 \$000	2010 \$000
1. Redeemable Preference Shares	08/12/14	7.5%	7.5%	5,000	5,000
2. Redeemable Preference Shares	06/12/15	7.5%		3,500	0
Total				8,500	5,000

1,500,000 redeemable preference shares bearing fixed dividends of 7.50%pa were issued by Pioneer Generation Ltd to its Parent Central Lakes Trust on 8 December 2009 at an issue price of \$1 per share. The shares are redeemable at any time after 8 December 2014 at \$1 per share.

2. A further 3,500,000 redeemable preference shares bearing fixed dividends of 7.50%pa were issued by Pioneer Generation Ltd to Central Lakes Trust on 6th December 2010 at an issue price of \$1 per share. The shares are redeemable at any time after 6 December 2015 at \$1 per share.

12 EQUITY

a) TRUST CAPITAL

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Gen Funds at 1/4/10	244,144	229,154	164,788	150,183
Surplus/Deficit	6,647	18,124	7,267	17,738
Transfer to Capital maintenance reserve	(6,507)	(3,133)	(6,507)	(3,133)
Gain on revaluation-Pioneer Generation Ltd	50,255	-	-	-
Transfer from Fx Translation Reserve	-	-	221	-
General Funds at 31/3/11	294,539	244,144	165,769	164,788

b) CAPITAL MAINTENANCE RESERVE

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Balance at 1/4/10	31,562	28,429	31,562	28,429
Transfer from General Funds	6,507	3,133	6,507	3,133
Balance at 31/3/11	38,069	31,562	38,069	31,562

c) FOREIGN EXCHANGE TRANSLATION RESERVE

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Balance at 1/4/10	-	-	221	73
Unrealised FX gain	-	-	-	148
Transfer to Trust Capital	-	-	(221)	-
Balance at 31/3/11	-	-	-	221

d) HEDGING RESERVE

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Balance at 1/4/10	-	-	-	-
Movement	-	-	(202)	-
Balance at 31/3/11	-	-	(202)	-

TOTAL EQUITY **332,608** **275,706** **203,637** **196,571**

Nature and Purpose of Reserve

b) Capital Maintenance

The annual percentage movement in the Consumer Price index is calculated on the Trust Capital at 31 March each year and transferred to a Capital Maintenance Reserve. The purpose of this is to set aside an amount and show the real value of the Trusts Capital after taking inflation into account.

d) Hedging Reserve

Pioneer Generation Ltd enters into foreign exchange contracts as a hedge against fluctuations in the cost of Capital equipment due to exchange rate movements where these are seen as significant. The effective portion of changes in the fair value of foreign currency forward contracts are designated as cashflow hedges and are recognised in other comprehensive income and accumulate in the Hedging Reserve as a separate component of equity.



13 NOTES TO CASHFLOW STATEMENT

a) Reconciliation of Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes all cash on hand and in bank. Cash and cash equivalents at the end of the financial year as shown in the cash flow statements is reconciled to the related items in the Balance Sheet as follows:

	Trust 2011 (\$000)	Trust 2010 (\$000)	Group 2011 (\$000)	Group 2010 (\$000)
Cash and Cash Equivalents	2,315	2,018	2,473	2,011

b) Reconciliation of profit for the period to net cash flows from operating activities

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Net Surplus/deficit from Statement of Comprehensive Income	6,647	18,124	7,267	17,738
Add Depreciation/gain/loss of asset disposal	26	28	2,080	1,694
(Gain)/loss on sale of disposal of property, plant and equipment	-	23	166	45
Depreciation recovered on property, plant and equipment	-	-	-	(3)
Gains/(Losses) on FX	-	-	-	-
(Gain)/Loss on derivative financial instruments	696	51	71	1,360
Sub Total	7,369	5,558	9,584	20,834
Adjustments for changes in working capital				
(Increase)/decrease receivables	(64)	(7)	124	(317)
(Increase)/decrease work in progress			24	2
Increase(decrease) provision for grants	1,332	43	1,332	43
Increase(decrease) Trade payables and accruals	33	(42)	70	(315)
Increase/(decrease) accruals	-	-	-	-
Increase(decrease) prepayments				
Sub Total	1,301	(6)	1,550	(587)
Net Cash inflow/(outflow) from operating activities	8,670	5,552	11,134	7,924



14 FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group is currently exposed to market risk (including electricity prices and currency), credit risk, and liquidity risk. The Group seeks to minimise the effects of the exposure to market risk by using derivative financial instruments to hedge exposures to electricity to currency movements and movements in electricity spot prices.

Further details related to specific areas of risk are as follows:

Credit Risk

Financial instruments that potentially subject the group to a credit risk principally consist of bank balances, receivables, investments and electricity price hedge contracts

The Trusts investments are allocated into sectors through managed funds and managed by a professional fund manager. The percentage of funds invested into each sector is governed by Trust policy.

Trade receivables consist mainly of an amount due from Trustpower Ltd. The Directors of Pioneer Generation Ltd have no reason to believe that the amount due from Trustpower Ltd at balance date is unrecoverable. There are no debtors past due or impaired.

Cash Balances are held with Trading Banks with surplus funds deposited with Banks for short terms.

No security or collateral is held by the group in respect of any receivables.

The maximum exposure of credit risk is the carrying value of cash and cash equivalents, trade and other receivables and other financial assets totaling \$162,673 (2010: \$158,394)

Interest Rate Risk

Interest rates on borrowings are fixed and therefore carry no interest rate risk. The interest on the cash advance facility, the BNZ Loan no 4 and the bank overdraft facility are floating and therefore subject to fluctuations and the company is exposed to risk in that regard.

Liquidity Risk

The Group manages liquidity risk by maintaining adequate Reserves, fixed term Banking facilities and floating borrowing facilities, by continuously monitoring forecast and actual cash flows, and by taking out adequate insurance to cover unanticipated events.

Fair Value

The fair value of Balance Sheet financial instruments is deemed to be equivalent to their carrying value.

EXPOSURE AND CONCENTRATION OF CREDIT RISK AND LIQUIDITY PROFILE

Group 2011

	Weighted /ave effective Int Rate%	CCAF Int Rate%	Carrying Value	Contractual Cash flows	Less than 1yr (\$000)	1-2 yrs (\$000)	2-3yrs (\$000)	3-4yrs (\$000)	4-5yrs (\$000)	5+yrs (\$000)	Non Int Bearing (\$000)
Cash & Cash Equivalents	3.24		2,315	2,389	2,389						0
Trade & Other Receivables			1,019	1,019							1,019
Trade Payables and Accruals			(916)	(916)							(916)
Other financial Assets	6.02		159,339	274,995		11,210	12,069	12,998	14,004	224,714	
Bank Borrowings	8.11	4.33	(26,000)	(30,330)	(6,688)	(3,412)	(17,992)	(119)	(2,119)		
Total			135,757	247,157	(4,299)	7,798	(5,923)	12,879	11,885	224,714	103

The above table includes the CCAF facility which is a term facility. The BNZ have agreed to roll the loan expiring in less than one year for a further five year period.

Group 2010

	Weighted /ave effective Int Rate%	CCAF Int Rate%	Carrying Value	Contractual Cash flows	Less than 1yr (\$000)	1-2 yrs (\$000)	2-3yrs (\$000)	3-4yrs (\$000)	4-5yrs (\$000)	5+yrs (\$000)	Non Int Bearing (\$000)
Cash & Cash Equivalents	9.85		2,011	1,063		198	218	239	262	288	
Trade & Other Receivables			1,144	1,144							1,144
Trade Payables and Accruals			(847)	(847)							(847)
Other financial Assets	16.06		155,238	227,457		24,931	10,810	11,458	12,146	168,112	
Bank Borrowings	8.11	3.70	(24,000)	(24,000)	(7,000)	(5,000)	(2,000)	(10,000)			
Total			131,393	204,959	(7,000)	20,129	9,028	1,697	12,408	168,400	297

Fair Value

The fair value of Statement of Financial Position financial instruments is deemed to be equivalent to their carrying values.

Group

Amortised Cost	Fair Value 2011(\$000)	Carrying Value 2011 (\$000)	Fair Value 2010 (\$000)	Carrying Value 2010(\$000)
Cash and Cash equivalents	2,473	2,473	2,011	2,011
Trade and Other Receivables	1,019	1,019	1,144	1,144
Payables	(916)	(916)	(847)	(847)
Borrowings	(26,000)	(26,000)	(24,000)	(24,000)
Investments	158,827	158,827	155,215	155,215

Financial assets (liabilities) at fair value through other comprehensive income.

	Fair Value 2011(\$000)	Carrying Value 2011(\$000)	Fair Value 2010(\$000)	Carrying Value 2010 (\$000)
Derivatives	(202)	(202)	-	-

Financial assets (liabilities) at fair value through profit & loss.

	Fair Value 2011(\$000)	Carrying Value 2011(\$000)	Fair Value 2010(\$000)	Carrying Value 2010 (\$000)
Derivatives	(2,016)	(2,016)	(1,515)	(1,515)



Currency Risk

The group enters into foreign exchange forward contracts in order to manage its exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched with future cash outflows of foreign currencies.

	Market Price 2011 \$000	Market Price 2010 \$000	Nominal Contract value 2011 \$000	Nominal Contract value 2010 \$000	Fair Value 2011 \$000	Fair Value 2010 \$000
Less than 12 mths	42,039	4,019	33,706	4,143	(703)	(178)

Electricity Price Risk

The group enters into electricity price hedges with counterparties. Under these agreements, the group agrees with the counterparties a fixed price (hedge price) for a percentage of its estimated electricity output.

It is the group's policy not to enter into any speculative position in relation to electricity price hedging contracts.

On maturity of the electricity price hedge any difference between the hedge price and the spot market price is settled between the parties. Settlement occurs irrespective of the amount of electricity actually supplied. If the spot market price is less than the hedged price, electricity counter parties must settle the difference with the group. Conversely if the spot market price is greater than the hedge price, the group must settle the difference with electricity counter parties.

Fair val of fwd hedge price Hedge Generation Output

	2011(\$mwh)	2010(\$mwh)	2011(mwh)	2010(mwh)	Fair Value 2011 \$000	Fair Value 2010 \$000
Less than 12 mths	(5.27)	(5.03)	118,389	117,563	(624)	(591)
1-2yrs	(2.27)	(4.08)	110,044	88,265	(250)	(360)
2-3yrs	(1.42)	(3.70)	81,894	58,807	(116)	(218)
3-4yrs	(0.24)		53,727	29,397	(13)	
4-5yrs	(2.48)		25,570		(64)	
5+yrs	(2.33)		19,178		(44)	
Total			408,802	294,032	(1,111)	(1,169)

Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1)-Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) –Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) –Financial Instruments valued using models where one or more significant inputs are not observable.



The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position

TRUST 2011	Total \$000	Quoted Market Price \$000	Valuation Technique Observable inputs \$000	Significant non-observable inputs \$000
Financial liabilities				
Foreign currency forward contracts	906	-	906	-

GROUP 2011	Total \$000	Quoted Market Price \$000	Valuation Technique Observable inputs \$000	Significant non-observable inputs \$000
Financial liabilities				
Foreign currency forward contracts	1,108	-	1,108	-
Electricity Hedge Contracts	1,111	-	-	1,111

TRUST 2010	Total \$000	Quoted Market Price \$000	Valuation Technique Observable inputs \$000	Significant non-observable inputs \$000
Financial liabilities				
Foreign currency forward contracts	210	-	210	-

GROUP 2010	Total \$000	Quoted Market Price \$000	Valuation Technique Observable inputs \$000	Significant non-observable inputs \$000
Financial liabilities				
Foreign currency forward contracts	346	-	346	-
Electricity Hedge Contracts	1,169	-	-	1,169

The table below provides a reconciliation from the closing balance for the level 3 fair value measurements:

	Group 2011	Group 2010
Balance at 1 April	1,169	43
Gain and loss recognised in the surplus or deficit	(58)	1,126
Balance at 31 March	1,111	1,169

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value

Capital Risk Management

The group manages its Capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The overall strategy remains unchanged from 2010.

The Capital structure of the group consists of debt which includes the borrowings in Note 10, cash and cash equivalents, financial investments, and equity comprising of Group Capital, Capital maintenance reserve and retained earnings as disclosed in Note 12.

Liquidity Risk

The group manages liquidity risk by maintaining adequate reserves, fixed term banking facilities and floating borrowing facilities, by continuously monitoring forecast and actual cash flows and by taking out adequate insurance to cover unanticipated events. Included in Note 10 are details of the additional undrawn banking facilities that the group has at its disposal to further reduce liquidity risk.

Sensitivity Analysis

Foreign Currency Contracts

The following table summarises the impact of the relevant forward prices on the Group's Profit/(loss) for the year. The sensitivity analysis is based on the assumption that the relevant forward prices had increased/decreased by 10% with all other variables held constant.

Other group foreign exchange contracts on hand at 31/3/11 are designated as effective hedges and any movement in value is accounted for in other comprehensive income and will not impact on Net Profit in the statement of Comprehensive Income.

	Trust 2011 +10% \$000	Trust 2011 -10% \$000	Group 2011 +10% \$000	Group 2011 -10% \$000
Net Profit(loss)	6,647	6,647	7,267	7,267
Sensitivity impact to net surplus	3,573	(3,573)	3,573	(3,573)
	10,220	3,074	10,840	3,694

	Trust 2010 +10% \$000	Trust 2010 -10% \$000	Group 2010 +10% \$000	Group 2010 -10% \$000
Net Profit(loss)	18,124	18,124	17,738	17,738
Sensitivity impact to net surplus	1,505	(1,505)	1,619	(1,619)
	19,629	16,619	19,357	16,119

Electricity Price Hedges

The following table summarises the impact of increases/decreases of the relevant forward prices on the group's post tax profit for the year. The sensitivity analysis is based on the assumption that the relevant forward prices had increased/decreased by 10% and all other variables held constant.

	Trust 2011 +10% \$000	Trust 2011 -10% \$000	Group 2011 +10% \$000	Group 2011 -10% \$000
Net Profit(loss)	6,647	6,647	7,267	7,267
Sensitivity impact to net surplus	0	0	(3,081)	3,081
	6,647	6,647	4,186	10,348

	Trust 2010 +10% \$000	Trust 2010 -10% \$000	Group 2010 +10% \$000	Group 2010 -10% \$000
Net Profit(loss)	18,124	18,124	17,738	17,738
Sensitivity impact to net surplus	0	0	(1,948)	1,948
	18,124	18,124	15,790	19,686



INTEREST RATE RISK SENSITIVITY ANALYSIS

Interest rates

The following table summarises the impact of increases/decreases of interest rates on the Trust and groups profit for the year. The calculation has been done assuming a movement of 10% on the Trusts investments and a 10% change in interest rate on the borrowings of Pioneer Generation Ltd

	Trust 2011 +10% \$000	Trust 2011 -10% \$000	Group 2011 +10% \$000	Group 2011 -10% \$000
Net Profit(loss)	6,647	6,647	7,267	7,267
Sensitivity impact to net surplus	963	(963)	933	(933)
	7,610	5,684	8,200	6,334

15 Capital Commitments

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Estimated commitments for the acquisition of property, plant and equipment contracted for at balance date but not provided for.	2,660	0	11,683	1,144
Estimated commitments for the acquisition of investments contracted for at balance date but not provided for.	0	12,093	15,813	12,093
TOTAL	2,660	12,093	27,496	13,237

As at 31 March 2011 an amount of \$2,660million (2010-nil) had been committed but not spent on the Trust's new building situated at Waenga Drive, Cromwell

Pioneer Generation Ltd had committed at 31 March but not yet spent \$9.023million (2010 \$1.144m)

Central Lakes Direct Ltd have committed \$15.813million to calls not yet made in Private Equity investments (2009 \$12.093million)-Details of the private equity commitments for Central lakes Direct Ltd are:

Company	Commitment 31/3/11 (\$000)	Commitment 31/3/10 (\$000)
DCP III	39	333
JB Were	558	531
Maui Capital	2,700	3,950
DCP IV	6,416	7,279
Mercury Capital	6,100	0
Total	15,813	12,093



Non-Cancellable operating lease Commitments

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Less than one year	10	23	123	129
One to two years	0	12	113	118
Three to five years			338	317
Over five years			2358	2,145
Total A	10	35	2932	2,709

Less than 1 year

1) Trust –Lease of no 10 the Mall-Lease 1/8/2008 to 31/8/2011

The lease of the premises occupied by Central lakes Trust situated at no 10 the Mall has the following terms
Commencement Date: 1 September 2005

Rights of Renewal: 1 September 2008, 1 September 2011 and 1 September 2014

The Trust will not be renewing the lease on 1 September 2011 due to the fact that they will be
Moving into the Trusts new building in July/August 2011

Other Non Cancellable Contracts

The Group has entered into non-cancellable contracts for the provision of services such as the use of electricity system line functions, the supply of metering equipment and data services and operations contracts with a range of renewal options. Details of the commitments under the contracts are as follows:

	Trust 2011 \$000	Trust 2010 \$000	Group 2011 \$000	Group 2010 \$000
Less than one year			832	452,
One to two years			809	439
Two to five years			2,293	1,229
Over five years			2,216	1,538
Total (B)		0	6,150	3,658
Total (A+B)	10	35	9,082	6,467

16. Contingent Liabilities

There are no contingent liabilities (2010: nil.)



17 Related Party Transactions

The Trust has 3 100% owned subsidiaries

- Pioneer Generation Ltd
- Central Lakes Direct Ltd
- Cromwell Medical Holdings Ltd

All subsidiaries have a 31 March balance date.

<u>Trustee/Director</u> <u>Trustees</u>	<u>Related Party</u>	<u>Purchases/services</u>	<u>Amount</u> <u>\$000</u>	<u>Outstanding</u> <u>at 31/3/11</u>
Eion Edgar	Forsyth Barr Ltd(Chairman)	Advisory Fees	58	NIL
Eion Edgar	Wakatipu Trails Trust(Trustee)	Grant	1,000	
Duncan Butcher	Otago Regional Council(Councillor)	Grant	70	70
Graeme Bell	CODC Councillor			
	Central Otago Wastebusters	Grant	55	55
	CODC –Becks Hall	Grant	60	60
	CODC Pioneer Park	Grant	60	60
	CODC-Roxburgh Gorge Trail	Grant	130	82
	CODC Swim Skills	Grant	22	22
	Poolburn /Moa Creek Hall	Grant	4	0
Greg Wilkinson	Cromwell Youth Worker Trust(Trustee)	Grant	40	40
Liz Duggan	Anglican Family Care(Committee member)	Grant	25	25
	Alexandra Council of Social Services(Secretary)	Grant	1	1
	Alexandra Community Youth Trust(Secretary)	Grant	30	30
Bernice Lepper	Alexandra Community House Trust	Grant	1,000	813
	Alexandra Community House Trust	Grant	73	1
	Central Otago REAP	Grant	20	20
Malcolm Macpherson	Alzheimers Society(SDHB Board member)	Grant	13	13
Mike Allison	CO Regional Choir(Patron)	Grant	8	3
Peter Mead	Cromwell & Districts Community Arts(Secretary)	Grant	30	0
	St John-Cromwell(Treasurer)	Grant	62	62
	Central Lakes Arts Support scheme(Secretary – CromwellCommunity Arts)	Grant	80	8
Director –PGL Ltd				
Mike Paardekooper	Paper Plus Store(Owner)	Purchase of goods	1	0

Cromwell Medical Holdings Ltd was formed to develop a property for a new Medical centre in Cromwell. Central lakes Trust, after negotiations with Cromwell Medical Centre purchased the Company for \$70,000 and agreed to take over the project in conjunction with the Central Otago District Council to build a new building for Central Lakes Trust which would incorporate the Cromwell Medical Centre.

All Trustees of Central Lakes Trust are also Directors of Central Lakes Direct Ltd. Central Lakes Trust has an advance account with Central Lakes Direct Ltd-the balance of which is disclosed in note 6a.

Transactions with Pioneer Generation Ltd:

An amount of \$3.5 million was advanced by Central Lakes Trust Ltd to Pioneer Generation Ltd. This advance was by way of 3.5million Redeemable Preference shares at \$1 per share. This made the total redeemable Preference shares advanced to \$8,5million. The advance bears an interest rate of 7.5% pa. At balance date an amount of (000) \$17 was owing (2010:(000) \$8)

18 Significant Events after Balance Date

No significant events after balance date have occurred.