

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENTS OF FINANCIAL PERFORMANCE

For the Year ended 31 March 2004

	Note	Group 2004 \$000	2003 \$000	Parent 2004 \$000	2003 \$000
CONTINUING ACTIVITIES					
Total Revenue	1	19,770	17,883	183	179
Less Expenses:					
Maintenance and Operations		10,257	5,760	0	0
Administration and General Expenses		2,716	2,707	122	110
Depreciation		1,975	1,869	0	0
Loss (Gain) On Sale Of Fixed Assets		210	220	0	(92)
Write Down in Valuation of Land and Buildings		0	0	0	0
Total Expenses	2	15,158	10,556	122	18
Net Surplus Before Income Tax		4,612	7,327	61	161
Income Tax	3	1,348	1,501	0	0
Net Surplus After Income Tax		3,264	5,826	61	161

The accompanying notes and policies form part of and are to be read in conjunction with these financial statements.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENTS OF MOVEMENTS IN EQUITY

For the Year ended 31 March 2004

	Note	Group		Parent	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
EQUITY AT BEGINNING OF THE YEAR		56,763	50,939	30,865	30,706
Net surplus (deficit) for the period		3,264	5,826	61	161
Revaluation of Assets & Investments		2,724	0	0	0
Total recognised revenues and expenses		5,988	5,826	61	161
Beneficiary Disbursement		2	2	2	2
EQUITY AT END OF THE YEAR	10	62,749	56,763	30,924	30,865

The accompanying notes and policies form part of and are to be read in conjunction with these financial statements.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2004

	Note	Group		Parent	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
TOTAL EQUITY	10	62,749	56,763	30,924	30,865
Represented by:					
CURRENT ASSETS:					
Bank & Cash		1,020	860	119	92
Debtors	4	2,855	3,169	13	13
Income Tax Refund Due		388	53	2	10
Inventories - Reticulation		357	320	0	0
		<u>4,620</u>	<u>4,402</u>	<u>134</u>	<u>115</u>
NON-CURRENT ASSETS:					
Investments	5	928	835	30,816	30,752
Fixed Assets	6	62,487	57,302	0	1
Deferred Tax Asset		0	0	0	0
		<u>63,415</u>	<u>58,137</u>	<u>30,816</u>	<u>30,753</u>
TOTAL ASSETS		68,035	62,539	30,950	30,868
CURRENT LIABILITIES:					
Creditors, Accruals & Consumer Deposits	7	2,114	1,808	26	3
		<u>2,114</u>	<u>1,808</u>	<u>26</u>	<u>3</u>
NON-CURRENT LIABILITIES					
Borrowings	8	2,902	3,652	0	0
Provision for Retiring Gratuities and Long Service Leave	9	270	316	0	0
		<u>3,172</u>	<u>3,968</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES		5,286	5,776	26	3
NET ASSETS		62,749	56,763	30,924	30,865

Authorised for issue on 10 August 2004 for and on behalf of the Trustees.

D O'Sullivan
CHAIRMAN
Date

D Robinson
TRUSTEE

The accompanying notes and policies form part of and are to be read in conjunction with these financial statements.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

For the Year ended 31 March 2004

	Note	Group 2004 \$000	2003 \$000	Parent 2004 \$000	2003 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash was provided from:</i>					
Receipts from Customers		20,387	17,278	0	0
Interest Received		92	71	27	21
Dividends Received		6	0	156	143
		<u>20,485</u>	<u>17,349</u>	<u>183</u>	<u>164</u>
<i>Cash was applied to:</i>					
Payments to Suppliers & Employees		13,478	8,437	98	112
Interest Paid		277	541	0	0
Income Tax Paid		1,631	1,136	(8)	1
GST Paid		(117)	103	0	0
		<u>15,269</u>	<u>10,217</u>	<u>90</u>	<u>113</u>
Net cash inflows/(outflows) from operating activities	14	5,216	7,132	93	51
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash was provided from:</i>					
Sale of Fixed Assets		32	67	0	0
Sale of Investments		0	0	0	0
		<u>32</u>	<u>67</u>	<u>0</u>	<u>0</u>
<i>Cash was applied to:</i>					
Purchase of Fixed Assets		4,243	6,799	0	0
Purchase of Investments		93	131	64	100
		<u>4,336</u>	<u>6,930</u>	<u>64</u>	<u>100</u>
Net cash inflows/(outflows) from investing activities		(4,304)	(6,863)	(64)	(100)

WESTPOWER LIMITED

STATEMENTS OF CASH FLOWS (cont'd)

For the Year ended 31 March 2004

	Note	Group		Parent	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash was provided from:</i>					
Contributions from Owners		0	0	0	0
Term Loan		500	0	0	0
		<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Cash was applied to:</i>					
Repayment of Loan		1,250	750	0	0
Payment to Beneficiaries		2	2	2	2
		<u>1,252</u>	<u>752</u>	<u>2</u>	<u>2</u>
Net cash inflows/(outflows) from financing activities		(752)	(752)	(2)	(2)
NET INCREASE (DECREASE) IN CASH HELD					
Cash at beginning of the year		160	(483)	27	(51)
		860	1,343	92	143
CASH AT END OF THE YEAR		<u>1,020</u>	<u>860</u>	<u>119</u>	<u>92</u>
COMPOSITION OF CASH AT END OF THE YEAR					
Bank Accounts		1,020	860	119	92
Call Investments		0	0	0	0
		<u>1,020</u>	<u>860</u>	<u>119</u>	<u>92</u>

The accompanying notes and policies form part of and are to be read in conjunction with these financial statements.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1. TOTAL REVENUE

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
CONTINUING ACTIVITIES				
Line Charges	11,762	11,902	0	0
Interest	92	76	27	23
Dividends	0	0	156	156
Rentals & Sundry Income	228	217	0	0
Capital Contributions *	335	2,447	0	0
Contracting Income	7,353	3,241	0	0
	<u>19,770</u>	<u>17,883</u>	<u>183</u>	<u>179</u>

* Capital Contributions reflect the contributions made by developers towards the costs of network assets built. For 2003 a large capital contribution (\$2.4m) was received from Westland Milk Products towards the cost of building the Hokitika 66/33/11kV substation. In addition a number of smaller contributions were received during the year.

This significant contribution is included in 2003 revenues and therefore operating results, however it should be viewed as a non-recurring item for the purposes of financial performance.

NOTE 2. EXPENSES

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
INCLUDED IN EXPENSES ARE THE FOLLOWING ITEMS:				
<i>Amounts paid to auditors</i>				
Audit fees paid to auditors	64	55	6	11
Fees paid for other services provided by auditors	0	5	0	0
Trustees Honoraria	40	40	40	40
Directors' Fees	74	53	0	0
Depreciation :				
Distribution System	1,680	1,583	0	0
Land and Buildings	11	12	0	0
Plant and Equipment	53	49	0	0
Motor Vehicles	164	149	0	0
Other	67	77	0	0
Loan Interest	251	448	0	0
Bad debts written off	0	0	0	0
Increase (decrease) in estimated doubtful debts	(20)	(7)	0	0
Loss (Profit) on Sale of Fixed Assets	210	220	0	(92)
Rent and Lease Costs	20	24	0	0
Donations	0	0	0	0

NOTE 3. INCOME TAX

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
(i) INCOME TAX EXPENSE				
Net Surplus before Income Tax	4,612	7,327	61	161
Taxation thereon at 33%	1,522	2,418	20	53
Previously unrecognised Income tax losses	36	28	36	28
Taxation adjustment previous year return	125	0	0	0
Taxation adjustment opening current tax balance	0	0	0	0
Imputation Credits received	(3)	(1)	0	0
Tax effect of Permanent Differences and Timing Differences not recognised	(332)	(944)	(56)	(81)
Income Tax attributable to Operating Surplus	1,348	1,501	0	0
Comprising				
Current Tax Provision	1,224	1,501	0	0
Prior Period Adjustments	124	0	0	0
Deferred Tax Asset	0	0	0	0
	1,348	1,501	0	0

The group has not recognised a deferred taxation liability of \$7,221,000 (2003 \$6,942,968)

(ii) IMPUTATION CREDIT MEMORANDUM ACCOUNT

Balance at beginning of year	6,697	5,440	798	727
Prior Year Adjustments	(37)	76	0	0
Current Year Dividends paid	0	0	0	0
Taxation payments made	1,679	1,179	(10)	0
Taxation transferred	0	0	0	0
Imputation Credits Attached to Dividends Received	3	1	77	70
UOMI Interest	(1)	0	0	0
Resident Withholding Tax	2	1	2	1
Balance at end of the year	8,343	6,697	867	798

NOTE 4. SUNDRY DEBTORS

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Dividend Receivables	0	0	13	13
Electricity & Sundry Debtors	2,860	3,194	0	0
Doubtful Debts Provision	(5)	(25)	0	0
	2,855	3,169	13	13

NOTE 5. INVESTMENTS

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Sinking Funds	382	353	0	0
Shares				
- International Panel & Lumber (West Coast) Limited	30	30	0	0
BNZ Term Deposit	155	101	155	101
ANZ Term Deposit	361	351	361	351
Westpower Limited Ordinary Shares	0	0	25,000	25,000
Westpower Limited Preference Shares	0	0	5,300	5,300
	928	835	30,816	30,752

The Trust's investment in subsidiaries comprises shares at cost. Significant subsidiaries comprise:

Name of entity	Principal activities	Interest held	
		2004	2003
Westpower Limited :	Electricity lines company	100%	100%
ElectroNet Services Limited	Electrical contracting	100%	100%

All subsidiary companies have a balance date of 31 March.

NOTE 6. FIXED ASSETS

PARENT 2004

	Cost/ Valuation \$000	Accumulated Depreciation \$000	Book Value 2003 \$000
At Cost:			
Other	5	5	0
Total Parent	5	5	0

SUBSIDIARIES 2004

At Cost:

Distribution System			
Land & Buildings			
Other	3,042	1,553	1,489
	<u>3,042</u>	<u>1,553</u>	<u>1,489</u>

At Valuation:

Distribution System	59,346		59,346
Land & Buildings	1,652		1,652
	<u>60,998</u>		<u>60,998</u>

Total Subsidiaries

	64,040	1,553	62,487
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GROUP 2004

	64,045	1,558	62,487
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The fair value of land and buildings is equivalent to the net book value for both the Group and Parent, being market value as at 31 March 2004. Carrying value is considered an accurate reflection of fair value.

PARENT 2003

	Cost/ Valuation \$000	Accumulated Depreciation \$000	Book Value 2003 \$000
At Cost:			
Other	5	4	1
Total Parent	5	4	1

SUBSIDIARIES 2003

At Cost:

Distribution System	10,731	119	10,612
Land & Buildings	274	2	272
Other	2,641	1,337	1,304
	<u>13,646</u>	<u>1,458</u>	<u>12,188</u>

At Valuation:

Distribution System	47,551	2,916	44,635
Land & Buildings	498	20	478
	<u>48,049</u>	<u>2,936</u>	<u>45,113</u>

Total Subsidiaries

	61,695	4,394	57,301
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GROUP 2003

	61,700	4,398	57,302
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NOTE 7. CREDITORS, ACCRUALS & CONSUMER DEPOSITS

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Creditors	1,716	1,452	26	3
Accrued Holiday Pay	375	318	0	0
Accrued Interest	23	38	0	0
	<u>2,114</u>	<u>1,808</u>	<u>26</u>	<u>3</u>

NOTE 8. BORROWINGS

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Term Liabilities - Repayable 1-2 years	2,500	3,250	0	0
- Repayable 2-5 years	402	0	0	0
- Repayable later than 5 years	0	402	0	0
	<u>2,902</u>	<u>3,652</u>	<u>0</u>	<u>0</u>

Loans are secured as followed:

Loan:

Short Term Advance Facility \$7,000,000 * (2003:\$13,000,000)	2,500	3,250	0	0
Various (No Security)	402	402	0	0
	<u>2,902</u>	<u>3,652</u>	<u>0</u>	<u>0</u>

* Secured by a charge over all assets.

The National Bank Short Term Advance facility is due to roll over for one year on 31 July 2004. The roll over of this facility is at the discretion of the Bank. The Company expects that this loan will be rolled over for at least another year.

The interest rates payable on these loans are:

Floating Rate - based on 90 day bill rate
Fixed Rates 5.77% - 10.5%

NOTE 9. PROVISION FOR RETIRING GRATUITIES AND LONG SERVICE LEAVE

	Retiring Gratuities \$000	Long Service Leave \$000	Total \$000
Movements in Provisions			
Opening Balance	216	100	316
Additional provisions made during the year.	0	21	21
Transfer to current liabilities	41	26	67
Closing Balance	<u>175</u>	<u>95</u>	<u>270</u>

NOTE 10. EQUITY

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Asset Revaluation Reserve - Distribution	21,861	19,137	0	0
Other Equity	40,888	37,626	30,924	30,865
Total Equity	<u>62,749</u>	<u>56,763</u>	<u>30,924</u>	<u>30,865</u>

NOTE 11. FINANCIAL INSTRUMENTS

Credit Risk

Financial instruments which potentially subject the Group to credit risk principally consist of bank accounts, accounts receivable and investments.

The Group places its cash with high quality financial institutions and limits the amount of exposure to any one financial institution. Due to the sale of electricity retail operations there are high concentrations of credit risk to Trustpower.

The maximum exposure to credit risk at balance date is the fair value of the instruments as stated in the Statement of Financial Position.

Fair Values

For all financial instruments other than the interest rate swaps and the shareholding in International Panel and Lumber (West Coast) Limited the fair value is equivalent to the carrying amount as stated in the Statement of Financial Position. Borrowings are planned to be run to maturity. The fair value of the interest rate swaps at 31 March 2004 is \$0 (2003 \$0).

The fair value of the shares in International Panel and Lumber (West Coast) Limited is \$83,010 (2003 \$71,856). This represents the value of the 30,000 shares based on the value of net assets as at 31 January 2004.

Currency Risk

The Group has minimal currency risk given that financial instruments are principally transacted in New Zealand dollars. Forward exchange contracts may be employed by the Group to manage exposure to currency fluctuations.

Interest Rate Risk

Interest rate risk is small as borrowings have fixed interest rates except for the Short Term Advance Facility for \$7,000,000 (2003 \$13,000,000). The contract amount of interest rates swaps held at 31 March 2004 is \$0 (2003 \$0).

Electricity Hedges

Westpower no longer holds any electricity hedges.

NOTE 12. COMMITMENTS and CONTINGENT LIABILITIES

Capital Commitments

	Group		Parent	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000
The total amount committed at balance date was	0	85	0	0

Operating Lease Commitments

These are long-term operating leases relating to land occupied by the group.

Period	Group		Parent	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000
Not later than 1 year	21	7	0	0
1 - 2 years	21	0	0	0
2 - 5 years	63	0	0	0
Later than 5 years	42	0	0	0
	<u>147</u>	<u>7</u>	<u>0</u>	<u>0</u>

Contingent Liabilities

There are no contingent liabilities at 31 March 2004.

NOTE 13. RELATED PARTIES**Subsidiaries*****ElectroNet Services Limited***

ElectroNet Services Ltd is a wholly owned subsidiary of Westpower. The following transactions occurred between Westpower and ElectroNet Services Ltd:

	2004	2003
	\$000	\$000
Services received from ElectroNet Services Ltd	7,197	7,956
Services provided to ElectroNet Services Ltd	189	270
Amounts receivable from ElectroNet Services Ltd	68	0
Amounts owing to ElectroNet Services Ltd	1,032	764

West Coast Options Limited

West Coast Options Ltd is a wholly owned subsidiary of Westpower, which has not traded in the period to 31 March 2004.

Directors Interests

	2004	2003
	\$000	\$000
Hugh Little - Operations Manager - Westland Milk Products Ltd		
Services received from the group.	35	3,447
Services provided to the group.	0	1
Sue Merriman - Managing Director - Marshall and Heaphy Ltd		
Services received from the group.	10	34
Services provided to the group.	0	0

No related party debts have been written off or forgiven during the year.

NOTE 14. CASH FLOWS**RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES**

	Group		Parent	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000
Net surplus After Income Tax	3,264	5,826	61	161
Plus Non Cash Items:				
Depreciation	1,975	1,869	0	0
Vested Assets	(335)	0	0	0
	4,904	7,695	61	161
Movements in Working Capital:				
(Increase) Decrease in Debtors	(54)	(787)	0	(13)
(Increase) Decrease in General Stocks	(32)	(5)	0	0
Increase (Decrease) in Creditors, Accrued Interest	529	(347)	24	(4)
(Increase) Decrease in Income Tax Refund	(282)	367	8	(1)
	161	(772)	32	(18)
Other				
(Profit) Loss on Sale of Fixed Assets	197	218	0	(92)
Decrease in Provision for Retiring Gratuities	(46)	(9)	0	0
Operating Cashflow	5,216	7,132	93	51

NOTE 15. BUSINESS ACTIVITIES

Westpower Limited and its subsidiaries conducts its business predominantly on the West Coast of New Zealand and is therefore within one geographical area for financial reporting purposes.

The group's activities were vertically integrated.

These activities included:

- . Line Owner - ownership of works for the conveyance of electricity
- . Electrical Contracting - maintenance of the network and generation assets and construction of new assets

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 March 2004

Entities Reporting

The financial statements for the "Parent" are for West Coast Electric Power Trust as a separate legal entity.

The consolidated financial statements for the "Group" are for the economic entity comprising West Coast Electric Power Trust and its subsidiaries.

Statutory Base

West Coast Electric Power Trust is a consumer Trust.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 as required by the Electricity Amendments Act 2001, clause 15(8)(a).

Measurement Base

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain assets as identified in specific accounting policies below.

Accounting Policies

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below.

Group Financial Statements

The Group financial statements consolidate the financial statements of Subsidiaries using the purchase method.

Subsidiaries are entities that are controlled, either directly or indirectly, by the Parent.

All material transactions between subsidiaries or between the parent and subsidiaries are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of financial performance from the date of acquisition or up to the date of disposal.

Revenue

Revenue comprises the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Line Charges represent income charged to Energy Retailers based on their meter readings during the period. An allowance is made for unbilled Lines Charges from Energy Retailers to the end of the period.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 March 2004

Investments

The parent Company's investment in Westpower Limited is stated at cost.

Sinking Fund Investments are shown at cost plus accumulated interest.

Other investments are stated at cost.

Dividend income is accounted for on a cash basis. Interest income is accounted for as earned.

Fixed Assets and Depreciation

Valuation

Fixed assets of the subsidiary, Westpower Limited, comprise Distribution System Assets (being the network system consisting of distribution and transmission lines and cables, zone substations, distribution transformers, protection and control equipment, communications equipment and metering) and other assets (land, buildings, plant and equipment, motor vehicles, furniture and fittings).

Distribution System Assets have been revalued to Optimised Deprival Value which incorporates a valuation based on the engineering optimisation of the system and its components after allowing for depreciation and is based on the value of the company of being deprived of the assets. The valuation was conducted by KPMG in conjunction with Kerlake and Partners, Registered Valuers, as at 31 March 2004.

Land and Buildings have been revalued to market value as at 31 March 2004. The valuation was conducted by Coast Valuations Limited, registered valuers.

Distribution equipment is revalued on a cyclical basis with no individual asset being included at valuation made more than three years previously.

All other fixed assets are valued at cost less accumulated depreciation where applicable.

Additions between revaluations are recorded at cost.

Depreciation

Distribution assets are depreciated using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

The main basis are periods not exceeding:

Electricity Distribution System 15-70 Years

The electricity distribution system economic lives have been set consistent with the Ministry of Commerce's revised ODV Handbook. The economic lives range from 15 - 70 years for the different components of the distribution system.

Other assets are depreciated using rates which write off the cost or valuation of the fixed assets their expected economic lives as below:

Buildings	1% - 2.5% SL
Motor Vehicles	20% -25% DV
Plant and Equipment	10% - 50% DV
Furniture and Fittings	20% - 48%

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 March 2004

Profits and losses on disposal are calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal. Any depreciation recovered and any loss on sales is included in the operating result of the Group in the year of the disposal.

Inventories

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

The cost of stocks is determined on a weighted average basis.

Some stocks may be subject to retention of title clauses on purchase.

The cost of work-in-progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

Debtors

Debtors are stated at estimated realisable value after providing for debts where collection is doubtful.

Taxation

The taxation charge against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred taxation.

The liability method of accounting for deferred taxation is applied. Future taxation benefits attributable to losses carried forward or timing differences are recognised in the financial statements only where there is virtual certainty of realisation.

Goods and Services Tax

All items in the financial statements are net of Goods and Services Tax except for debtors and creditors which are shown in the Statement of Financial Position inclusive of GST.

Financial Instruments

West Coast Electric Power Trust's subsidiary, Westpower Limited, is party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, debtors, creditor, borrowings and interest rate swaps.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Unrealised revenue and expenses associated with electricity hedges are not recognised in the financial statements. Realised revenue and expenses are recognised in the Statement of Financial Performance on maturity of the hedging contracts and are incorporated as part of the cost of electricity.

All financial instruments are recognised in the Statement of Financial Position, with the exceptions of contingent liabilities and interest rate swaps which are disclosed by way of a note to the financial statements.

WEST COAST ELECTRIC POWER TRUST AND SUBSIDIARIES

STATEMENT OF ACCOUNTING POLICIES
For the year ended 31 March 2004

Provision for Retiring Gratuities and Long Service Leave

West Coast Electric Power Trust's subsidiary, Westpower Limited, has a provision for Retiring Gratuities and Long Service Leave that has been calculated on an actuarial basis.

Changes in Accounting Policies

There have been no changes in accounting policies during the year. All policies have been applied on a basis consistent with the previous year.