# TECT Consumer Trust

Financial Statements

for the year ended 31 March 2026

# Report contents

# Directory

as at 31 March 2026

# Trustees approval of financial statements

The Trustees are pleased to present the approved financial statements including historical financial statements of TECT Consumer Trust for the year ended 31 March 2026.

Trustee

Trustee

Dated this day of 2026

# Statement of profit or loss and other comprehensive income

for the year ended 31 March 2026

| | Notes | 2026<br>$ | 2025<br>$ |
|---|---|---|---|
| **Income** | | | |
| Finance income | 2 | 13,237,665 | 14,321,336 |
| Rebate obligation - churn and assumption changes | 7 | - | 83,722,651 |
| Total income | | 13,237,665 | 98,043,987 |
| **Expenses** | | | |
| Administration expenses | 3 | 700,466 | 677,273 |
| Rebate obligation - churn and assumption changes | 7 | 566,437 | - |
| Finance expenses | 4 | 138,452,424 | 9,038,764 |
| Total expenses | | 139,719,327 | 9,716,037 |
| **Profit/(loss) before taxation** | | (126,481,661) | 88,327,950 |
| Tax expense | 5 | 39,327,153 | (4,546,043) |
| **Net profit/(loss) for the year** | | (87,154,508) | 83,781,907 |
| **Other comprehensive income** | | | |
| Fair value gain/(loss) on investments | | - | - |
| **Total other comprehensive income** | | - | - |
| **Total comprehensive income/(loss) for the year** | 9 | **(87,154,508)** | **83,781,907** |

# Statement of changes in equity

for the year ended 31 March 2026

| | Notes | Trust Equity |
|---|---|---|
| | | $ |
| Balance at 1 April 2024 | | 79,366,244 |
| Total comprehensive income/(loss) for the year | | 83,781,907 |
| **Balance at 31 March 2025** | | **163,148,151** |
| Total comprehensive income/(loss) for the year | | (87,154,508) |
| **Balance at 31 March 2026** | | **75,993,643** |

# Statement of financial position

as at 31 March 2026

| | Notes | 2026<br>$ | 2025<br>$ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 370,319 | 134,665 |
| Accrued interest | | - | 4,791,302 |
| Goods and services tax | | 35,871 | 22,820 |
| TECT Community Trust loan receivable | 8 | 16,997,677 | 20,679,953 |
| Total current assets | | 17,403,867 | 25,628,741 |
| | | | |
| **Non-current assets** | | | |
| TECT Community Trust loan receivable | 8 | 160,458,932 | 291,945,042 |
| Deferred tax | 5 | 39,331,441 | 4,288 |
| Total non-current assets | | 199,790,373 | 291,949,330 |
| | | | |
| **Total assets** | | **217,194,240** | **317,578,071** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | | - | 48,929 |
| Provision for taxation | 5 | - | 1,143,962 |
| Accrued expenses | | 12,995 | 12,995 |
| Provision for distributions | 6 | 84,981 | 87,734 |
| Rebate obligation- current portion | 7 | 16,483,533 | 17,962,061 |
| Total current liabilities | | 16,581,509 | 19,255,680 |
| | | | |
| **Non-current liabilities** | | | |
| Rebate obligation - non-current portion | 7 | 124,619,088 | 135,174,244 |
| Total non-current liabilities | | 124,619,088 | 135,174,244 |
| | | | |
| **Total liabilities** | | **141,200,597** | **154,429,925** |
| | | | |
| **Net assets** | | **75,993,643** | **163,148,151** |
| | | | |
| **Equity** | | | |
| | | | |
| Accumulated profits | | 75,993,643 | 163,148,151 |
| **Total equity** | | **75,993,643** | **163,148,151** |

These statements are to be read in conjunction with the notes to the financial statements.

# Statement of cash flows

for the year ended 31 March 2026

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Interest, dividends and other investment receipts | 4,804,631 | 14,187,374 |
| Payments to suppliers and Trustees | (755,704) | (725,183) |
| Taxes paid | (1,157,013) | (8,246,112) |
| **Net cash from operating activities** | 2,891,914 | 5,216,079 |
| | | |
| **Cash flows from investing activities** | | |
| Loans receivable repaid | 16,378,003 | 14,780,717 |
| **Net cash from investing activities** | 16,378,003 | 14,780,717 |
| | | |
| **Cash flows from financing activities** | | |
| Payments to consumers (including grants) | (19,034,268) | (20,315,661) |
| **Net cash from financing activities** | (19,034,268) | (20,315,661) |
| | | |
| **Net (decrease)/increase** | 235,648 | (318,865) |
| | | |
| Opening cash and cash equivalents | 134,665 | 453,533 |
| | | |
| **Closing cash and cash equivalents** | 370,319 | 134,665 |
| | | |
| **Made up of:** | | |
| Bank balances | 370,319 | 134,665 |
| **Total cash and cash equivalents** | 370,319 | 134,665 |

# Notes to the financial statements

for the year ended 31 March 2026

## 1 Reporting entity

TECT Consumer Trust is a trust formed and domiciled in New Zealand at 145 Seventeenth Avenue, Tauranga. As required by its Trust Deed, TECT Consumer Trust complies with the financial reporting requirements of the Financial Reporting Act 2013.

**Background**

The TECT Consumer Trust was established under a Trust Deed on 21 December 1993 as a consequence of the Tauranga Electric Power Board's Establishment Plan.

The Trustees of the Trust shall at any time be those same persons who are validly elected, or appointed, and continuing in the office of a TECT Community Trust Trustee pursuant to the TECT Community Trust Deed at any time.

The purpose of the TECT Consumer Trust is to service long term rebate obligations for eligible consumers. As at 31 March 2026, the rebate obligation was funded from principal repayments on the loan to TECT Community Trust.

**Basis of Preparation**

**Going Concern**

The financial statements have been prepared on a going concern basis.

**Measurement Base**

The accounting principles recognised for the measurement and reporting of financial performance and financial position are on an historical cost basis, or as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

The information has been presented in New Zealand dollars, which is also the functional currency of the Trust, rounded to the nearest dollar.

**Statement of Compliance**

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalent to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS RDR") as appropriate for profit oriented entities. Trustees have determined that TECT Consumer Trust does not meet the definition of a public benefit entity. This is because the majority of distributions are in the form of financial returns to beneficiaries. In addition, TECT Consumer Trust's Trust Deed defines 'Consumers' very strictly and therefore limits benefits to a very specific and narrow section of the public. For this purpose the Trust has designated itself as 'profit oriented'.

*Application of the Reduced Disclosure Regime*

TECT Consumer Trust, has previously elected to report under NZ IFRS. TECT Consumer Trust has adopted the Reduced Disclosure Regime (RDR) applicable for Tier 2 entities. This has resulted in a reduction of disclosures for items such as financial instruments, reconciliation of net cash flow from operating activities to profit and loss in the Statement of Cash Flows and disclosure of accounting policies not yet effective and not early adopted. Since the RDR changes only impact presentation aspects, there is no impact on comprehensive income.

All accounting policies have been consistently applied by TECT Consumer Trust for all periods covered by these financial statements.

# Notes to the financial statements

for the year ended 31 March 2026

**Use of Estimates and Judgements**

The preparation of the financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the accounting policies. In making these judgements, estimates and assumptions concerning the future are made. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

**- Rebate Obligation**

NZ IFRS requires that if there is a change in the timing or amount of estimated cash flows, then the gross carrying amount of the amortised cost of the rebate obligation is adjusted in the period of change to reflect the actual and revised estimated cash flows. This requires Trustees to make judgements based on a range of assumptions - refer note 9. Trustees must apply judgement in assessing likely outcomes.

**- Impairment of Assets**

NZ IFRS requires that assets are carried at no more than their recoverable amount. This requires Trustees to make judgements regarding amounts recoverable and provisions for impairment. Trustees must apply judgements in assessing likely outcomes.

**Status of Accounting Standards**

There were no new standards or interpretation issued that were mandatory for the current reporting period. As a result there were no changes in these financial statements as a result of adopting the new Accounting Standards. Other issued standards and amendments that are not yet effective are not expected to have an impact on the financial statements.

**Significant Accounting Policies**

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied consistently to all periods presented in the financial statements and consistently by the Trust.

**Taxation**

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

# Notes to the financial statements

for the year ended 31 March 2026

**Goods and Services Tax**

These financial statements have been prepared on a GST exclusive basis. TECT Consumer Trust is registered for GST and GST payable or receivable by these entities are shown in the Statement of Financial Position. Accounts receivable and payable are shown inclusive of GST.

**Financial Instruments**

Financial instruments are recognised in the Statement of Financial Position when the TECT Consumer Trust becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables, investments in and loans to others, and term borrowings.

*TECT Community Trust Loan receivable*

*The TECT Community Trust Loan receivable is initially recorded at fair value. Subsequently it is measured at amortised cost using the effective interest method.*

*All other financial instruments are shown at values equivalent to their fair values, excluding the rebate obligation which is recorded at amortised cost.*

*Financial Liabilities*

*TECT Consumer Trust derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. TECT Consumer Trust also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.*

*On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.*

**Income**

Income comprises interest income on funds invested in financial assets, distributions received and other income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

**Finance Expenses**

Finance expenses comprise interest expense on borrowings and are recognised in profit or loss.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, current accounts, deposits held at call with banks and other short-term liquid assets of less than 90 days not forming part of the investment portfolio.

TECT Consumer Trust has a credit card facility with a limit of $10K.

# Notes to the financial statements

for the year ended 31 March 2026

**Impairment of Assets**

The carrying amounts of assets other than those at fair value through profit or loss are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the assets' recoverable amount is estimated. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in profit or loss.

Estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

**Provisions**

A provision is recognised if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions represent expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

# Notes to the financial statements

for the year ended 31 March 2026

## 2 Finance income

| | Notes | 2026 $ | 2025 $ |
|---|---|---|---|
| Interest | | 13,329 | 14,321,313 |
| Interest - IRD | | - | 23 |
| Effective interest adjustment of interest free loans | | 13,224,337 | - |
| | | 13,237,665 | 14,321,336 |

## 3 Administration expenses

| | Notes | 2026 $ | 2025 $ |
|---|---|---|---|
| Audit fees | | 12,595 | 13,433 |
| Management fees incurred | | 536,843 | 504,500 |
| Other administration expenses | | 151,027 | 159,340 |
| | | 700,466 | 677,273 |

## 4 Finance expenses

| | Notes | 2026 $ | 2025 $ |
|---|---|---|---|
| Bank fees | | 6,310 | 6,482 |
| Inter-entity loan - Initial remeasurement | 8 | 132,014,720 | - |
| Rebate obligation - effective interest adjustment | | 6,431,394 | 9,032,282 |
| | | 138,452,424 | 9,038,764 |

## 5 Taxation

| **Tax recognised in profit or loss** | | 2026 $ | 2025 $ |
|---|---|---|---|
| Profit/(Loss) before taxation | | (126,481,661) | 88,327,950 |
| Add | Non-deductible expenses | 7,308,471 | 9,170,587 |
| | Timing difference for tax | - | (1,005) |
| | | **(119,173,190)** | **97,497,532** |
| Less | Non-assessable income | - | (83,722,651) |
| **Taxable income/(loss)** | | **(119,173,190)** | **13,774,881** |
| | | | |
| Current tax charge | | - | 4,545,711 |
| **Income tax expense/(benefit)** | | **-** | **4,545,711** |
| | | | |
| **Tax expense comprises** | | | |
| Current tax | | - | 4,545,711 |
| Deferred tax | | (39,327,153) | 332 |
| **Tax expense per Statement of Profit & Loss and Other Comprehensive Income** | | **(39,327,153)** | **4,546,043** |
| | | | |
| **Provisional tax paid** | | **-** | **(3,401,749)** |
| **Tax payable (refund) per Statement of Financial Position** | | **-** | **1,143,962** |
| | | | |
| **Provisional tax paid after balance date** | | **-** | **(1,700,875)** |
| **Tax payable (refund) due** | | **-** | **(556,913)** |

As the Trust falls under the definition of a 'lines trust', the IRD have confirmed that the effective tax rate applied is 33%.

# Notes to the financial statements

for the year ended 31 March 2026

## 5 Taxation (continued)

**Deferred Tax Asset/(Liability)**

Deferred tax shown in the Statement of Financial Position arises from tax losses and minor timing differences.

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| **Opening deferred tax** | 4,288 | 4,620 |
| **Deferred tax adjustments through profit or loss** | | |
| Deferred tax on tax losses | 39,327,153 | - |
| Deferred tax on accrued expenses | - | (332) |
| **Closing deferred tax** | **39,331,441** | **4,288** |

Deferred tax assets and liabilities are attributable to the following:

| **2026** | **Assets** | **Liabilities** | **Net** |
|---|---|---|---|
| Tax losses | 39,327,153 | - | 39,327,153 |
| Loans and receivables | 4,288 | - | 4,288 |
| Tax assets (liabilities) | 39,331,441 | - | 39,331,441 |
| **Net tax assets (liabilities)** | **39,331,441** | **-** | **39,331,441** |

| **2025** | **Assets** | **Liabilities** | **Net** |
|---|---|---|---|
| Tax losses | - | - | - |
| Loans and receivables | 4,288 | - | 4,288 |
| Tax assets (liabilities) | 4,288 | - | 4,288 |
| **Net tax assets (liabilities)** | **4,288** | **-** | **4,288** |

## 6 Provision for distributions

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Balance at beginning of year | 87,734 | 99,734 |
| | 87,734 | 99,734 |
| Less distributions paid | (2,755) | (12,002) |
| **Balance at end of year** | **84,981** | **87,734** |
| | | |
| **Distributions not yet uplifted** | | |
| Direct consumer distributions - prior years carried forward | 84,981 | 87,734 |
| | **84,981** | **87,734** |

Following the establishment of the rebate obligation in the 2023 financial year (refer note 7), rebates paid are recorded against this liability per note 7. Any rebates paid prior to this are reflected in the above provisions (note 6). These reflect the liability for prior year rebates unclaimed by consumers.

# Notes to the financial statements

for the year ended 31 March 2026

## 7 Rebate obligation

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Balance at beginning of year | 153,136,305 | 248,123,853 |
| Less rebates written back | 37,485 | 74,071 |
| | 153,173,790 | 248,197,924 |
| Less rebates paid | (19,069,000) | (20,371,250) |
| Impact of change in assumptions | 566,437 | (83,722,651) |
| Effective interest adjustment | 6,431,394 | 9,032,282 |
| **Balance at end of year** | **141,102,621** | **153,136,305** |
| | | |
| Current portion of rebate obligation | 16,483,533 | 17,962,061 |
| Non-current portion of rebate obligation | 124,619,088 | 135,174,244 |

TECT Consumer Trust, (TECT) has an obligation to pay a fixed rebate to eligible beneficiaries who previously had energy contracts with Trustpower and continue to be beneficiaries at the rebate payment date.

TECT pays out these rebates using its available assets and interest income from a loan that it provided to TECT Community Trust (TCommT). If there are any surplus assets in TECT after 2050, the money will be transferred to TCommT.

The rebate obligation is a financial liability accounted for at amortised cost. The financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition. Fair value was determined on the present value of the future rebate obligations, adjusted for expected attrition.

As at 31 March 2025, the rebate obligation was updated for revised methodology, which was reflected via the profit & loss.

For financial reporting purposes, the financial liability shows a closing balance of $141.1M as at 31 March 2026. However this is the discounted value of the financial liability based on the present value of future cashflows. The nominal closing balance of the financial liability is $206.2M, which reflects that TECT will have retained funds which are sufficient to pay the rebates out to eligible beneficiaries up until 31 December 2050.

# Notes to the financial statements

for the year ended 31 March 2026

## 8 Related party transactions

Trustees of TECT Consumer Trust are also trustees of TECT Community Trust. Given the common ownership and the dependency on funding between the two entities, they are considered related parties. All transactions with related parties are undertaken in the normal course of business on normal commercial terms.

TECT Consumer Trust has a management agreement with TECT Community Trust. Management fees of $519,094 (net of GST) have been charged by TECT Community Trust for the period ended 31 March 2026 (2025: $504,000).

A loan agreement formed part of the TECT restructure and expires on 31 December 2050.

Effective 1 April 2025, a variation to the related party loan from TECT Consumer Trust was negotiated to reduce the interest rate from 4.5% to 0%. This resulted in a remeasurement of the loan, with the $132M reduction recognised in the Statement of Profit and Loss and Other Comprehensive Income.

As the related party loan is a financial arrangement, the remeasurement gives rise to a loss recognised for tax purposes under the financial arrangement rules.

Although the loan does not bear contractual interest, the Trust recognises a notional interest adjustment over the term of the loan to reflect the economic return on the asset. This is calculated by applying the effective interest method based on estimated future cash flows, at an effective interest rate of 4.5% per annum.

Effective interest was recognised of $13,224,337 during the year 31 March 2026 (2025: $14,311,723).

For financial reporting purposes, the financial arrangement shows a closing balance of $177.4M as at 31 March 2026. However this is the discounted value of the financial liability based on the present value of future cashflows. The nominal closing balance of the financial arrangement is $296.2M.

***Loans to related entities***

| | 2026 | 2025 |
|---|---|---|
| **TECT Community Trust** | $ | $ |
| Opening balance | 312,624,995 | 327,405,711 |
| Initial remeasurement | (132,014,720) | - |
| Repayments | (16,378,004) | (14,780,716) |
| Effective interest adjustment | 13,224,337 | - |
| Closing balance | **177,456,609** | **312,624,995** |
| | | |
| Current portion of advance | 16,997,677 | 20,679,953 |
| Non-current portion of advance | 160,458,932 | 291,945,042 |

## 9 Explanation of FY2026 Result and Going Concern

The net loss reported for the year ended 31 March 2026 was predominantly driven by the accounting remeasurement of the inter-entity loan receivable from TECT Community Trust following the reduction in the contractual interest rate from 4.5% to 0%. Under applicable accounting standards, the loan is measured at amortised cost and the change in terms resulted in a one-off accounting adjustment of $132M being recognised in the Statement of Profit or Loss and Other Comprehensive Income. This adjustment is non-cash in nature and does not affect the contractual repayments receivable by TECT Consumer Trust.

The Trustees have assessed the Trust's ability to continue as a going concern and consider the going concern basis of preparation to remain appropriate. TECT Consumer Trust continues to hold a substantial loan receivable from TECT Community Trust and, based on current financial projections, has sufficient resources to meet its rebate obligations to eligible beneficiaries through to 31 December 2050. The Trust remains solvent, is able to meet its liabilities as they fall due, and continues to receive repayments under the loan arrangement.

# Notes to the financial statements

for the year ended 31 March 2026

## 10 Commitments and contingencies

TECT Consumer Trust has retained assets which, based on current financial projections, are sufficient to pay rebates to eligible beneficiaries until 31 December 2050. No other commitments exist as at balance date.

## 11 Significant events after balance date

There were no significant events material to the Trust as at balance date.