FINAL

ELECTRA TRUST

ANNUAL REPORT

FOR THE YEAR ENDED

31 March 2021

Profile

Electra Trust (formerly known as "Horowhenua Energy Trust") owns 100% of the shares in Electra Limited on behalf of 45,757 beneficiaries as defined in its Trust Deed dated 30th April 1993, amended December 1998, amended July 2012, amended March 2015, amended May 2018 and amended July 2020.

Electra Limited operates as an electricity line owner and operator in the Kapiti and Horowhenua region on the west coast of the lower North Island, New Zealand.

At 31 March 2021, the Group had total assets of $304 million and shareholders' funds of $174 million and employed 170 people.

Electra owns 100% of Electra Generation Limited, an electricity generation company that sold total assets in December 2020 and Electra Services Limited, a security and medical alarm monitoring and call centre services business.

Index

All values in this report are in thousands of New Zealand

"This year" means the year ended 31 March 2021
"Last year" means the year ended 31 March 2020
"Next year" means the year ending 31 March 2022

Deloitte.

Independent Auditor's Report

To the Beneficiaries of Electra Trust and Group

Opinion

We have audited the consolidated and separate financial statements of Electra Trust (the 'Trust') and its subsidiaries (the 'Group'), which comprise the consolidated and separate statement of financial position as at 31 March 2021, and the consolidated and separate statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies ('the financial statements').

In our opinion, the accompanying consolidated and separate financial statements, on pages 8 to 33, present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2021, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in the entity, except that partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group

Other Information

The trustees are responsible on behalf of the Trust and the Group for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information, and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Trustees' responsibilities for the financial statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated and separate financial statements in accordance with NZ IFRS and IFRS and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Trustees are responsible on behalf of the Trust and the Group for assessing the Trust's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

A further description of our responsibilities for the audit of the consolidated and separate financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

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

Deloitte Limited

Silvio Bruinsma
Wellington, New Zealand
23 June 2021

Trustees' Report

In the past challenging year Electra has shown how staff and management's careful preparation paid off for us all during the pandemic. This has been recognised by the fact that the company you own is one of the top performing lines companies in the country - shorter outages, constant upgrades of infrastructure, excellent health and safety policies and a deep commitment to and investment in, the local community. Electra supports Kapiti and Horowhenua through sponsorships and campaigns to assist us to maximise our energy use in the most efficient and cost effective way.

But radical change is coming in the energy sector. The Climate Change Commission has signalled that our dependence on fossil fuels has to end, with dramatic implications for our use of energy in all aspects of our lives. It's all about decarbonisation, the sooner the better.

In the years ahead there will be greater use of alternatives for the electrification of industry, for everyday power consumption, for how we get around and live our lives. Will it be solar, wind, hydro, hydrogen or geothermal? What sort of batteries will enable us to travel distances in the way we are used to doing? What will it all cost households?

These are the decisions that are being grappled with by governments all over the world. The NZ government is developing the first Emissions Reduction Plan which the Minister has said "incorporates sector specific policies to meet the first emissions budget for 2022-2025. This will be in place by the end of the year".

The target is 100% renewable electricity by 2030. The government has also signalled efficient distribution pricing reforms and more ways to assist those in 'energy hardship'.

I want to reassure beneficiaries that your elected trustees are monitoring all aspects of the sector as it applies to beneficiaries interests. This is done through membership of the Electricity Trusts of NZ, regular briefings with Electra company directors, and daily monitoring of specialist energy information through Energy News. As change unfolds we will post information on the Electra Trust website: www.electratrust.co.nz

I'd like to thank my fellow trustees who have the interests of beneficiaries very much at heart and also thank our hard working Trust Secretary.

Finally I would like to pay tribute to the late Vivien Wright who was for many years involved with the company and latterly as Trust Secretary. She was indispensable and someone who kept us afloat with wisdom, warmth and tolerance. We mourn her unexpected death.

Sharon Crosbie CNZM OBE
Chair

Trustees' Statutory Report

The Trustees take pleasure in presenting their report and financial statements of Electra Limited and Group for the year ended 31 March 2021

Principal activities

The Group's principal activities include the ownership of energy distribution networks, contracting, monitoring services and investments servicing the energy sector.

Group results and distributions

		2021 $000	2020 $000
Continuing operations			
Operating revenue		**45,387**	45,894
Other expenses		**(48,902)**	(49,302)
Share of Profit in Joint Venture		**1,574**	93
Movement in investments held at fair value		**845**	-
Profit / (loss) before tax		**(1,096)**	(3,315)
Income tax (expense)/ benefit		**1,346**	1,132
Net profit / (loss) after tax for the year from continuing operations *		**250**	(2,183)
Discontinued operations			
Gain on disposal of operations	Note 25	**594**	-
Profit / (loss) for the year from discontinued operations	Note 3	**(299)**	(901)
Profit for the year after tax		**545**	(3,084)
Other movements through retained earnings		**49**	41
Retained earnings brought forward		**75,013**	78,056
Retained earnings carried forward		**75,607**	75,013

* No goodwill impairment was recognised in 2021 (2020: nil)

Trustees' interests

Trustees have no direct interest in equity securities issued by the Company. Trustees may be beneficiaries of Electra Trust, which holds the shares in the Company for end-customers of the day.

Retirement of Trustees

No Trustees due to retire at the 2021 Annual General Meeting of the Trust.

Auditor

Deloitte Limited was appointed as Auditor.

For and on behalf of the Trust

S M Crosbie
Chair

23 June 2021

J L Yeoman
Trustee

23 June 2021

Index for the Audited Financial Statements

THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

		Group*		Parent	
	Note	**2021**	2020	**2021**	2020
Continuing Operations		**$000**	$000	**$000**	$000
Revenue					
Revenue	1	**44,600**	45,566	**-**	-
Interest income		**283**	46	**-**	3
Dividends from Electra Limited		**-**	-	**300**	330
Other Income		**504**	281	**-**	-
Total operating revenue and income		**45,387**	45,894	**300**	333
Expenses					
Interest expense		**(2,287)**	(1,977)	**-**	-
Other expenses	2	**(46,615)**	(47,325)	**(365)**	(345)
Total operating expenses		**(48,902)**	(49,302)	**(365)**	(345)
Share of profit in joint ventures & associate	19	**1,574**	93	**-**	-
Movement in investments held at fair value	18	**845**	-		
Profit before tax from continuing operations		**(1,096)**	**(3,315)**	**(65)**	(12)
Income tax benefit/(expense)	4	**1,346**	1,132	**-**	-
Profit/(loss) for the year from continuing operations		**250**	(2,183)	**(65)**	(12)
Discontinued operations					
Gain on disposal of operations	3 , 25	**594**	-	**-**	-
Earnings for the year from discontinued operations	3	**(299)**	(901)	**-**	-
Profit for the year		**545**	(3,084)	**(65)**	(12)
Other comprehensive income					
Gain on asset revaluation	5	**14,190**	30,023	**-**	-
(Loss) on disposal of revalued assets		**(58)**	(132)	**-**	-
Income tax benefit relating to components of other comprehensive income	4	**(3,956)**	(8,357)	**-**	-
Other comprehensive (loss) for the year net of tax		10,176	21,534	**-**	-
Total comprehensive profit/(loss) for the year net of tax		10,721	18,450	**(65)**	(12)

* Discontinued operations have been separated out. Refer to note 3 for further details

The notes on pages 12 to 33 form part of these financial statements.

THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Note	Issued Capital	Asset Revaluation Reserve	Retained Earnings	Attributable to beneficiaries	Total
		$000	$000	$000	$000	$000
Balance at 1 April 2019		**18,000**	**49,104**	**78,056**	**145,160**	**145,160**
Loss for the year		-	-	(3,084)	(3,084)	**(3,084)**
Revaluation of assets movement	5	-	30,023	-	30,023	**30,023**
Disposal of revalued assets		-	(132)	-	(132)	**(132)**
Tax benefit relating to revalued assets	4	-	(8,357)	-	(8,357)	**(8,357)**
Total comprehensive profit / (loss) for the year		**-**	**21,534**	**(3,084)**	**18,450**	**18,450**
Transfer to retained earnings			(41)	41	-	-
Balance at 31 March 2020		18,000	70,597	75,013	163,610	163,610
Balance at 1 April 2020		18,000	70,597	75,013	163,610	163,610
Profit for the year		-	-	545	545	**545**
Revaluation of assets movement	5	-	14,190	-	14,190	**14,190**
Disposal of revalued assets		-	(58)		(58)	**(58)**
Tax benefit relating to revalued assets	4	-	(3,956)	-	(3,956)	**(3,956)**
Total comprehensive profit / (loss) for the year		**-**	**10,176**	**545**	**10,721**	**10,721**
Transfer to retained earnings			**(49)**	**49**	**-**	**-**
Balance at 31 March 2021		**18,000**	**80,724**	**75,607**	**174,331**	**174,331**

PARENT		Issued Capital	Asset	Retained	Attributable to	Total
		$000	$000	$000	$000	$000
Balance at 1 April 2019	11	**18,000**	**-**	**51**	**18,051**	**18,051**
Profit and total comprehensive income		-	-	(12)	(12)	**(12)**
Balance at 31 March 2020		**18,000**	**-**	**39**	**18,039**	**18,039**
Balance at 1 April 2020	11	**18,000**	**-**	**39**	**18,039**	**18,039**
Profit and total comprehensive income		-	-	(65)	(65)	**(65)**
Balance at 31 March 2021		**18,000**	**-**	**(26)**	**17,974**	**17,974**

The notes on pages 12 to 33 form part of these financial statements.

THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**255,258**	242,543	**0**	1
Investment in Electra Limited	17	**-**	-	**18,000**	18,000
Goodwill and intangible assets	6	**7,542**	8,704	**-**	-
Finance receivables	8	**-**	733	**-**	-
Right of Use Assets	13	**3,999**	4,008	**-**	-
Investments	17	**2,566**	1,721	**-**	-
Investment in joint ventures and associate	18	**13,713**	11,387	**-**	-
Total non-current assets		**283,078**	269,096	**18,000**	18,001
Current assets					
Cash and cash equivalents		**5,074**	1,199	**6**	54
Receivables and prepayments	7	**9,061**	4,358	**4**	4
Finance receivables	8	**5,599**	-	**-**	-
Inventories and work in progress	9	**1,006**	834	**-**	-
Total current assets		**20,740**	6,391	**10**	58
Total assets		**303,818**	275,487	**18,010**	18,059
LIABILITIES					
Non-current liabilities					
Debt finance	16	**75,731**	42,718	**-**	-
Lease liability	13	**3,864**	3,864	**-**	-
Deferred tax liability	4	**41,664**	39,720	**-**	-
Total non-current liabilities		**121,259**	86,302	**-**	-
Current liabilities					
Debt finance	16	**2,379**	18,342	**-**	-
Trade and other payables	10	**5,496**	6,974	**36**	20
Lease liability	13	**353**	259	**-**	-
Total current liabilities		**8,228**	25,575	**36**	20
Total liabilities		**129,487**	111,877	**36**	20
Net assets		**174,331**	163,610	**17,974**	18,039
EQUITY					
Trust capital	11	**18,000**	18,000	**18,000**	18,000
Reserves		**80,724**	70,597	**-**	-
Retained earnings		**75,607**	75,013	**(26)**	39
Total equity		**174,331**	163,610	**17,974**	18,039

The Trustees of Electra Trust authorised these financial statements for issue on 23 June 2021.

For and on behalf of the Board

S M Crosbie
Chair

J L Yeoman
Trustee

The notes on pages 12 to 33 form part of these financial statements.

THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		**46,296**	46,578	**-**	-
Dividends received		**-**	-	**300**	330
Other interest received		**47**	13	**-**	3
		46,343	46,591	**300**	333
Cash was applied to:					
Payments to suppliers and employees		**(35,298)**	(34,819)	**(348)**	(372)
Interest paid	15	**(2,142)**	(1,934)	**-**	-
Tax paid		**(74)**	(121)	**-**	-
		(37,514)	(36,874)	**(348)**	(372)
Net cash flows from operating activities	15	**8,829**	9,717	**(48)**	(39)
Cash flows from investing activities					
Cash was provided from:					
Sale of property, plant and equipment		**4,665**	147	**-**	-
Finance receivables		**(4,630)**	1,700	**-**	-
		35	1,847	**-**	-
Cash was applied to:					
Purchase of property, plant and equipment and intangible assets		**(16,529)**	(19,622)	**-**	-
Capitalised interest on construction of property, plant and equipment	5	**(39)**	(82)	**-**	-
Purchase of Investments	17	**-**	(221)	**-**	-
Purchase of investment in joint ventures & associate	18	**(4,920)**	-	**-**	-
		(21,487)	(19,925)	**-**	-
Net cash flows to investing activities		**(21,452)**	(19,778)	**-**	-
Cash flows from financing activities					
Cash was provided from:					
Loans raised*		**176,067**	69,271	**-**	-
		176,067	69,271	**-**	-
Cash was applied to:					
Repayment of loans*		**(159,286)**	(60,981)		
Principal reduction in lease liability	13	**(282)**	(228)	**-**	-
		(159,568)	(61,209)	**-**	-
Net cash flows from financing activities		**16,499**	8,062	**-**	-
Net increase / (decrease) in cash and cash equivalents held		**3,875**	(1,999)	**(48)**	(39)
Add opening cash and cash equivalents brought forward		**1,199**	1,498	**54**	93
Ending cash and cash equivalents carried forward		**5,074**	1,199	**6**	54

The notes on pages 12 to 33 form part of these financial statements.

** For 2020, loan withdrawals and repayments are restated separately.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Statement of Accounting Policies

Reporting Entity
The financial statements of the Parent, Electra Trust, formerly the Horowhenua Energy Trust (the Parent), are for a trust established in the terms of a trust deed dated 30 April 1993, amended December 1998, amended July 2012 and amended March 2015. The Trust is a for-profit entity.

The 'Group' for financial reporting purposes comprises of the Parent, Electra Limited (Electra) and its fully owned subsidiaries. The ultimate parent of the Group is the Electra Trust.

Basis of Preparation
These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Energy Companies Act 1992. The financial statements have also 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 with International Financial Reporting Standards (IFRS).

Basis of Measurement
The financial statements have been prepared on the basis of historical cost except for the revaluation of certain non-current assets.

Separate accounting policies are outlined below and in the notes.

Cost is based on the fair value of the consideration given in exchange for assets.

The financial statements have been prepared in New Zealand dollars (NZD), rounded to the nearest thousand, as both the functional and presentation currency.

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.

Critical accounting estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are based on historical experience and other factors, as appropriate to the circumstances, and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the specific note as shown below:

Area of estimate or judgement	**Note**	
Estimation of electricity distribution revenue	Note 1	Revenue
Revaluation and impairment review	Note 5	Property, plant and equipment
Impairment of Goodwill	Note 6	Goodwill and intangible assets
Provision for doubtful debts	Note 7 + 8	Trade & Finance receivables
Determination of lease terms	Note 13	Leases

Estimates are designated by this symbol in the notes to the financial statements: E

Significant accounting policies
The significant accounting policies which are pervasive throughout the financial statements are set out below. Other significant accounting policies which are specific to certain transactions or balances are set out within the particular note to which they relate and are designated by the following symbol: P

Basis of consolidation
The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the parent entity, and its subsidiaries as defined in NZ IAS 27: 'Consolidated and Separate Financial Statements'.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control the subsidiary.

In preparing consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Comparatives may have deviated due to changes in classification. No material changes in classification occurred.

Goods and services tax (GST)

Revenues, expenses, cash flows, liabilities and assets are recognised net of the amount of GST, except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expenses. Cash flows in respect of payments to and receipts from the Inland Revenue Department are shown net in the Consolidated Statement of Cash Flows.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Foreign currency monetary items at balance date are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates ruling at the date when the fair value is determined.

Investments in joint ventures and associate

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture.

Investment in subsidiary

Under NZ IAS 27: Separate Financial Statements, the Trust has elected to value the investment in Electra Limited at cost. This investment is eliminated on consolidation.

Changes in accounting policy

There were no changes in accounting policies for this financial year.

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Impairment of assets

The Group reviews the carrying value of its tangible assets at balance date to determine whether there is any indication that the assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

The Group considers that the electricity network represents a single cash generating unit for the purposes of impairment assessment, and the individual subsidiaries are cash generating units as they each derive their own cash flows.

Goodwill and other intangible assets are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

The recoverable amount is the higher of fair value (less the costs to sell) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, then the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in through profit and loss immediately unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of any revaluation reserve in relation to that asset. A reversal of an impairment loss is recognised through profit and loss, unless the relevant asset has been revalued. A reversal of an impairment loss on a revalued asset is recognised through profit and loss to the extent of any previous impairment of that asset previously recognised through profit and loss. Any additional reversal is recognised in other comprehensive income, increasing the revaluation surplus for that asset.

Notes to the Financial Statements

1 Revenue

P

Revenue comprises the fair value for the sale of goods and services, excluding GST.

Specific accounting policies are as follows:

Distribution and recoverable costs revenue
Recognised at the fair value of services provided, these revenue streams relate to the provision of distribution services for electricity. Prices are regulated, and customers are charged through a mix of fixed charges which are recognised on a straight-line basis, and variable charges which are recognised based on the volume of distribution services provided. Consistent with NZ IFRS 15, this revenue is recognised over time based on an output method as the service is delivered to match the pattern of consumption. Recoverable costs relate to transmission charges paid to Transpower and embedded generators providing transmission services to the Group.

E

The Company invoices its customers (predominantly electricity retailers) monthly for electricity distribution services on an estimation of usage based on certain metering data from electricity retailers. As final wash-up metering data is not available for periods in excess of twelve months, it is possible that the final amounts payable or receivable may vary from that calculated.

Discount to customers
In February each year the Group credits the customers of the network an annual discount. This discount is made up of a fixed and variable consideration based on the customer's volume of distribution services consumed over the previous 12 months.

Contracting revenue
The Group provides network contracting services to third parties. Such contracts are entered into before work commences. Revenue from contracting is recognised over time on a cost–to–cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Transfer of assets from customers
Comprises revenue from assets acquired from customers where the consideration paid is below the fair value of those assets. The revenue recognised is the difference in the fair value and the consideration paid. This is recognised at a point in time, when ownership of the asset is vested to the Group.

Alarm monitoring
The Group provides a monitoring and response service for security and medical alarms. Customers are charged a monthly fee which includes two major performance obligations; Monitoring of the alarm and response. For a number of alarms, a lease portion will be included if the customer does not retain ownership of the monitoring device. All obligations are recognised over time as Alarm Monitoring revenue as the customer receives the benefit of the monitoring service.

Other revenue primarily comprises of:

Alarm sales
FFor alarm sales, the Group recognises revenue at a point in time when the customer takes possession of the alarm. The amount of revenue recognised from the sale of alarms is the consideration received for the transfer of ownership of the associated alarm.

Alarm technical services
The Group provides technical services to install and service alarms. Technical service contracts do not extend past one day. Technical service contract revenue is recognised at a point in time immediately after the contract is complete.

	Group		**Parent**	
	2021	2020	**2021**	2020
	$000	$000	**$000**	$000
Distribution revenue	**31,188**	33,225	-	-
Discount to customers	**(5,100)**	(8,000)	-	-
Pass through and recoverable cost revenue	**9,275**	10,433	-	-
Transfer of assets from customers	**510**	997	-	-
Contracting revenue	**2,892**	2,512	-	-
Alarm Monitoring	**4,981**	5,182	-	-
Other Revenue	**854**	1,217	-	-
	44,600	45,566	-	-

Discontinued operations are a result of diesel and gas generation assets sold during the current year (refer to note 3 & 25).

2 Other expenses

	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
Transmission charges	9,275	10,433	-	-
Remuneration of auditors	241	210	6	6
Bad debts	(2)	31	-	-
Change in provision for doubtful debts	(5)	(449)	-	-
Depreciation and amortisation expenses	14,688	12,837	-	1
Employee benefits expense	11,041	11,104	-	-
Inventory expense	2,028	2,823	-	-
Contractors	1,492	1,639	-	-
Vehicle expenses	731	779	-	-
Trustee fees	90	90	90	90
Other expenses	7,036	7,828	269	248
	46,615	47,325	365	345

Remuneration of auditors	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
Audit of the financial statements	161	156	6	6
Audit related services	80	53	-	-
	241	218	6	6

Audit related services comprise the audit of Electra Limited's regulatory disclosures in accordance with the Electricity (Information Disclosure) Requirements under Part 4 of the Commerce Act 1986 and amendment notices.

Discontinued operations are a result of diesel and gas generation assets sold during the current year (refer to note 3 & 25).

3 Discontinued Operations

On 24 December 2020, the Group entered into a sale agreement to dispose of the gas and diesel powered generation assets belonging to Electra Generation Limited. The disposal was completed on 24 December 2020, on which date control was passed to the acquirer.

Analysis of profit for the year from discontinued operations

The result of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been represented to include those operations classified as discontinued in the current year.

	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
Profit / (loss) for the year from discontinued operations				
Revenue	1,993	423	-	-
Other gains	366	67	-	-
	2,359	490	-	-
Expenses*	(2,774)	(1,483)	-	-
Profit / (loss) before tax	(415)	(993)	-	-
Attributable income tax expense	116	92	-	-
Earnings for the year from discontinued operations	(299)	(901)	-	-
Gain on disposal of operations (refer to note 25)	594	-	-	-
Profit / (loss) for the year from discontinued operations	295	(901)	-	-

Cash flows from discontinued operations	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
Net cash inflows / (outflows) from operating activities	(698)	(250)	-	-
Net cash inflows / (outflows) from investing activities	(36)	(73)	-	-
Net cash inflows / (outflows) from financing activities	-	-	-	-
Net cash (outflows)	(734)	(323)	-	-

*Audit fees amounting to $8k are included in Expenses for 2021 ($9k for 2020).

4 Tax

P

Current tax is based on the net profit for the year adjusted for non-deductible expenditure and non-assessable income, plus any adjustments to income tax payable in respect of prior years. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for the current and prior years is recognised as a liability (or asset) to the extent that it is unpaid or refundable.

Deferred tax is accounted for in accordance with IFRS, which requires that the full impact of temporary accounting adjustments, including revaluations are accounted for in calculation of the total liability.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the Consolidated Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the current or deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination in which case it is taken into account in the determination of goodwill or excess.

Income Tax	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
Profit or (loss) before tax from continuing operations	**(1,096)**	(3,315)	**(65)**	(12)
Tax expense / (benefit) @ 28%	**(307)**	(928)	**(18)**	(3)
Tax effect of				
Permanent difference expense / (benefit)	**(509)**	385	**18**	3
Deferred tax expense / (benefit) on acquisition of assets	**104**			
Effect expense / (benefit) of excluding loss offsets from discontinued operations	**(343)**			
Prior year adjustments				
Taxable allocation of partnership income expense / (benefit)	**(391)**	291	**-**	-
Other tax adjustments expense / (benefit)	**100**	(881)	**-**	-
Tax expense/(benefit) from continuing operations	**(1,346)**	(1,133)	**-**	-
Tax expense / (benefit) comprised of:				
Current tax expense / (benefit)	**1,616**	(234)	**-**	-
Deferred tax expense / (benefit)*	**(2,962)**	(899)	**-**	-
Total tax expense / (benefit) from continuing operations	**(1,346)**	(1,133)	**-**	-

*Excluding deferred tax expense from discontinued operations of 2021: $120k (2020: $6k).
Also included in the $1.6 million current tax expense and $(2.9m) deferred tax benefit above, is $1.8m relating to a timing differences of partnership income. The net effect on the tax benefit in the Statement of Comprehensive Income is zero.

Deferred Tax	Opening Balance	Charged to income	Tax losses	Allocated Partnership Income	Charged to Other Comprehensive Income	Acquisitions / disposals	Closing Balance
	$000	$000	$000	$001	$000	$000	$000
Net deferred tax assets / (liabilities)							
Provisions	247	103	-	-	-	-	350
Deferred tax on Partnership Income	-	-	-	1,794		-	1,794
Doubtful debts	62	(7)	-	-	-	-	55
Property, plant and equipment	(39,466)	617	-	-	(3,956)	-	(42,805)
Intangibles	(1,290)	336	-	-	-	(104)	(1,058)
Losses carried forward	727	-	(727)	-	-	-	-
As at 31 March 2021	**(39,720)**	**1,049**	**(727)**	**1,794**	**(3,956)**	**(104)**	**(41,664)**
Provisions	288	(41)	-	-	-	-	247
Doubtful debts	332	(270)	-	-	-	-	62
Property, plant and equipment	(32,008)	899	-	-	(8,357)	-	(39,466)
Intangibles	(1,607)	317	-	-	-	-	(1,290)
Sale of business	-	-	727	-	-	-	727
As at 31 March 2020	**(32,995)**	**905**	**727**	**-**	**(8,357)**	**-**	**(39,720)**

Parent - nil (2020: nil)

Imputation credit account	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
Closing balance	**17,923**	16,277	**-**	-

5 Property, plant and equipment

P

The electricity distribution network is recorded at fair value. Fair value is determined based on a periodic independent valuation prepared by external valuers, using an income (present value) approach. The fair value of the electricity distribution network is reviewed at the end of each reporting period to ensure that the carrying value is not materially different from the fair value. Consideration is given as to whether the assets are impaired

All other land and buildings, property, plant and equipment assets are accounted for at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. The cost of assets constructed by the Group includes the cost of materials, direct labour and an allowance for overheads.

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

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

Depreciation on revalued buildings and the electricity distribution system is charged to the consolidated Statement of Comprehensive Income. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Depreciation is calculated for buildings and electricity distribution assets so as to write off the cost of each asset over its expected useful life to its estimated residual value. Other property, plant and equipment items are depreciated so as to expense the cost of the assets over their useful lives.

The following rates are used in the calculation of depreciation:

Category	Rate of depreciation
Distribution plant and equipment	1% - 50% straight line or 10% - 25% diminishing value
Other buildings at cost	2% - 36% straight line
Other plant and equipment	7.8% - 50% straight line or 10% - 39.6% diminishing value
Mother vehicles	10% - 33.3% diminishing value

	Distribution plant & equipment (incl. land and buildings) at valuation	Other land and buildings at cost	Other plant and equipment at cost	Motor vehicles at cost	Alarms held to be leased at cost	Other capital work in progress at cost	Total
Cost	$000	$000	$000	$000	$000	$000	$000
Balance as at 1 April 2019	227,004	3,994	8,523	7,356	2,395	4,579	253,851
Additions	272	109	806	112	695	17,518	19,512
Disposals	(713)	-	(67)	(581)	-	-	(1,361)
Transfer to / (from) capital work in progress	17,084	-		939	-	(18,023)	-
Revaluation	(14,527)	-	-	-		-	(14,527)
Balance as at 31 March 2020	**229,120**	**4,103**	**9,262**	**7,826**	**3,090**	**4,074**	**257,475**
Balance as at 1 April 2020	229,120	4,103	9,262	7,826	3,090	4,074	257,475
Additions	222	29	654	366	645	13,298	15,214
Disposals	(195)	(1,677)	(3,882)	(670)	(2)	-	(6,426)
Transfer to / (from) capital work in progress	13,720	-	-	-	-	(13,720)	-
Revaluation	1,824	-	-	-	-	-	1,824
Balance as at 31 March 2021	**244,691**	**2,455**	**6,034**	**7,522**	**3,733**	**3,652**	**268,087**

Depreciation and impairment losses

	Distribution plant & equipment (incl. land and buildings) at valuation	Other land and buildings at cost	Other plant and equipment at cost	Motor vehicles at cost	Alarms held to be leased at cost	Other capital work in progress at cost	Total
	$000	$000	$000	$000	$000	$000	$000
Balance as at 1 April 2019	(40,645)	(525)	(4,725)	(3,026)	(232)	-	(49,153)
Depreciation charge	(8,868)	(83)	(961)	(596)	(401)	-	(10,909)
Write back on disposals	157	-	17	405	-	-	579
Revaluation	44,550	-	-	-		-	44,550
Balance as at 31 March 2020	**(4,806)**	**(608)**	**(5,669)**	**(3,217)**	**(633)**	**-**	**(14,933)**
Balance as at 1 April 2020	(4,806)	(608)	(5,669)	(3,217)	(633)	-	(14,933)
Depreciation charge	(10,684)	(87)	(695)	(560)	(506)	-	(12,532)
Write back on disposals	16	13	1,725	479	-	-	2,233
Revaluation	12,403	-	-	-		-	12,403
Balance as at 31 March 2021	**(3,071)**	**(682)**	**(4,639)**	**(3,298)**	**(1,139)**	**-**	**(12,829)**
Carrying amounts							
Balance as at 31 March 2020	224,314	3,495	3,593	4,609	2,457	4,074	242,542
Balance as at 31 March 2021	**241,620**	**1,773**	**1,395**	**4,224**	**2,594**	**3,652**	**255,258**

Parent

Cost	Distribution plant & equipment (incl. land and buildings) at valuation	Other land and buildings at cost	Other plant and equipment at cost	Motor vehicles at cost	Alarms held to be leased at cost	Other capital work in progress at cost	Total
	$000	$000	$000	$000	$000	$000	$000
Balance as at 1 April 2019	-	-	4	-	-	-	4
Additions	-	-	-	-	-	-	-
Balance as at 31 March 2020	**-**	**-**	**4**	**-**	**-**	**-**	**4**
Balance as at 1 April 2020	-	-	4	-	-	-	4
Additions	-	-	-	-	-	-	-
Balance as at 31 March 2021	**-**	**-**	**4**	**-**	**-**	**-**	**4**

Depreciation and impairment losses

	Distribution plant & equipment (incl. land and buildings) at valuation	Other land and buildings at cost	Other plant and equipment at cost	Motor vehicles at cost	Alarms held to be leased at cost	Other capital work in progress at cost	Total
	$000	$000	$000	$000	$000	$000	$000
Balance as at 1 April 2019	-	-	(2)	-	-	-	(2)
Depreciation charge	-	-	(1)	-	-	-	(1)
Balance as at 31 March 2020	**-**	**-**	**(3)**	**-**	**-**	**-**	**(3)**
Balance as at 1 April 2020	-	-	(3)	-	-	-	(3)
Depreciation charge	-	-	-	-	-	-	-
Balance as at 31 March 2021	**-**	**-**	**(3)**	**-**	**-**	**-**	**(3)**
Carrying amounts							
Balance as at 31 March 2020	-	-	1	-	-	-	1
Balance as at 31 March 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**

E

Revaluation and Impairment Review

In carrying out the revaluation of the network distribution assets judgement was required to make assumptions and estimates used in the valuation model.

The Group's distribution plant and equipment (shown in column one above but excluding land and buildings), such as poles, transformers and cables have undergone an independent fair value assessment as at 31 March 2021 by Richard Krogh from Energia Limited, using an income (present value) approach. This approach was considered to be the most appropriate valuation technique given the current electricity industry environment and the availability of input data. The review placed the value of the distribution assets (excluding land and buildings) within a range of $220.8m and $244.0m. The Group has adopted the mid-point of this valuation being $232.4m representing a revaluation gain of $14.2m.

The key assumptions in the valuation are the discount rate of 4.78% (2020: 5.20%) and the regulatory weighted-average cost of capital (WACC) rate (average of 5.68%, 2020: average of 5.96%), which is a key input in determining revenue over the forecast period. The impact of a change in these key assumptions is disclosed below.

Assumption	Movement	Adjusted Network Valuation	Impact
Discount Rate	-0.50%	$251.8m	+$19.4m
	0.50%	$214.6m	-$17.8m
Regulatory WACC Rate	-0.50%	$219.8m	-$12.4m
	0.50%	$244.8m	+12.4m

P

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, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
Capitalised borrowing costs	**39**	82	**-**	-
Average interest rate	**3.0%**	3.0%	**0.0%**	0.0%

6 Goodwill and intangible assets

P

Software
Computer software is capitalised as an intangible asset of finite life on the basis of the costs incurred to acquire and bring the software into service and it is amortised over its expected useful economic life on a diminishing value basis. Costs associated with improving and maintaining computer software programmes are recognised as expenses as incurred.

Goodwill
Goodwill representing the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and is not amortised but is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and not subsequently reversed.

Easements
Easements obtained in relation to access, construction and maintenance of electricity distribution system assets are capitalised as assets to the extent of survey, legal and registration costs and any lump sum payments made to landowners in exchange for certain rights. Such easements are capitalised and amortised over the duration of the agreement.

Customer lists
Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their expected finite life of 5 years for medical customers lists and 12.9 years for security customers lists.

Gross carrying amount	Software $000	Goodwill $000	Easements $000	Customer lists $000	Total $000
Balance as at 1 April 2019	6,312	10,927	255	7,137	24,631
Additions	1,024	132	-	169	1,325
Disposals	-	(1,021)	-	-	(1,021)
Balance as at 31 March 2020	**7,336**	**10,038**	**255**	**7,306**	**24,935**
Balance as at 1 April 2020	7,336	10,038	255	7,306	24,935
Additions	835	-	-	200	1,035
Disposals	(1)	-	-	-	(1)
Balance as at 31 March 2021	**8,170**	**10,038**	**255**	**7,506**	**25,970**
Accumulated amortisation and impairment losses					
Balance as at 1 April 2019	(3,803)	(9,130)	(90)	(1,400)	(14,423)
Amortisation expenses	(677)	-	(8)	(1,132)	(1,817)
Disposals	9	-	-	-	9
Balance as at 31 March 2020	**(4,471)**	**(9,130)**	**(98)**	**(2,532)**	**(16,231)**
Balance as at 1 April 2020	(4,471)	(9,130)	(98)	(2,532)	(16,231)
Amortisation expenses	(679)	-	(58)	(1,201)	(1,938)
Disposals	1	(259)	-	-	(258)
Balance as at 31 March 2021	**(5,149)**	**(9,389)**	**(157)**	**(3,733)**	**(18,427)**
Carrying amounts					
As at 31 March 2020	2,865	908	157	4,775	8,704
As at 31 March 2021	**3,021**	**649**	**98**	**3,773**	**7,542**

Parent - nil (2020: nil)

Impairment
Goodwill has been allocated at the cash generating unit (CGU) level for Electra Services Limited to determine their respective carrying amounts. The recoverable amount of each subsidiary is based on its value in use, which is an income (present value) approach. If the recoverable amount is below the carrying amount then this would indicate potential impairment.

E

Determining whether there has been impairment in relation to goodwill requires an assessment of the value in use of the cash generating units with which the goodwill is associated. This is undertaken by estimating the future cash flows expected to arise and using a suitable discount rate to estimate the present value of the future cash flows.

Electra Services Limited
Electra engaged EverEdge Global, an independent valuer experienced in valuing similar businesses to determine the value in use. No impairment has been recognised in the current or prior year. The cashflows are based on financial budgets approved by the Board for a period of 3 years to 31 March 2024. Growth rates applied to revenue projections after 2024 are 7.2% geometrically declining to 4.4% by 2030. The discount rate applied to cashflows from core business operations was 8.9% and 18.9% for other operations. The recoverable amount is sensitive to changes in the discounts rates, growth rates and Earnings Before Interest, Tax, Depreciation and Amortisation margin. In the current environment the range of possible outcomes to the above assumptions is broad. The total carrying amount of goodwill allocated to the CGU is $649,000.

7 Receivables and prepayments

Receivables

P

Trade receivables are initially measured at fair value and are subsequently recognised at amortised cost less impairment using the effective interest method less any lifetime credit losses. All known bad debts are written off during the financial year.

	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
Trade receivables	**4,403**	3,993	**-**	-
Other receivables and accruals*	**4,453**	180	**-**	-
Prepayments	**406**	410	**4**	4
	9,262	4,583	**4**	4
Less allowance for credit losses	**(201)**	(225)	**-**	-
	9,061	4,358	**4**	4

The Group's exposure to credit risk and impairment losses related to trade receivables are disclosed in Note 16: Financial Risk Management

*Other receivables and accruals include a washup adjustment due from Quail Ridge Country Club Limited detailed in note 19.

8 Finance receivables

Finance receivables

P

Finance receivables, comprising mortgage advances and loans made available to Group investments, are initially measured at fair value at trade date and are subsequently measured at amortised cost under the effective interest method plus any directly attributable transaction costs, less any lifetime expected credit losses.

Finance receivables include:

Impaired assets:

- 'Non-accrual loans' being loans where the Group do not expect to be able to collect all the amounts owing in terms of the contract and therefore a credit loss is required under NZ IFRS 9 (but is not a restructured asset).
- 'Assets acquired through security enforcement' being assets acquired in full or partial satisfaction of outstanding loans.

E

A key area of estimation is the expected credit loss allowance reflecting the non-performance of the counterparties to finance receivables. A degree of estimation has been required to determine the level of current risk inherent within the loan. The historical loss experience is adjusted based on the current observable data and events and discounted future cash flow projections.

	Group 2021 $000	Group 2020 $000	Parent 2021 $000	Parent 2020 $000
Finance receivables*	**5,599**	733	**-**	-
Less provision for unearned interest	**-**	-	**-**	-
Total	**5,599**	733	**-**	-
Allowance expected credit losses	**-**	-	**-**	-
Total finance receivables	**5,599**	733	**-**	-
Due for repayment				
Current	**5,599**	-	**-**	-
Non-current	**-**	733	**-**	-
Total	**5,599**	733	**-**	-

*Finance receivables include short-term loans advanced to Quail Ridge Country Club and Kerikeri Falls Investments, that are detailed in note 21.

Bad debts and expected credit loss

P

Finance receivables are written down, by way of a specific write-off, to their expected net collectable amounts with the amount written off or provided recognised as an expense in the Consolidated Statement of Comprehensive Income, comprising:

Specific provisions: these are raised when there is objective evidence (identified on a counterparty by counterparty basis) that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using the original effective interest rate. The Group identifies impaired assets where the security has been repossessed and sold due to a breach of agreement. Also where the security has become damaged or written off.

If in a subsequent period the amount of a credit loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down or allowance is reversed through the Consolidated Statement of Comprehensive Income.

9 Inventories and work in progress

P

Inventories are valued on the basis of the lower of cost and net realisable value. Cost is determined on the basis of weighted average of purchase costs. Due allowance is made for damaged and obsolete inventory. Work in progress comprises the cost of direct materials and labour together with direct overheads.

Net realisable value is the estimated amount the inventories are expected to realise in the ordinary course of business less an estimate of any costs to completion and applicable variable selling expenses.

	Group		Parent	
	2021	2020	**2021**	2020
	$000	$000	**$000**	$000
Inventory - Finished goods	**709**	727	**-**	-
Inventory - Work in progress	**297**	107	**-**	-
	1,006	834	**-**	-

Judgement has been exercised in assessing the level of any unrecoverable work in progress.

10 Trade and other payables

Trade payables

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Trade payables and other accounts payable are recognised at fair value when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are subsequently recognised at amortised cost.

Liabilities in respect of employee entitlements

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Employee entitlements expected to be settled within the next 12 months are measured at the amounts expected to be paid when the obligations are settled. Liabilities made in relation to employee entitlements, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees to the Group up to the reporting date. In relation to retirement gratuities, the present value calculations also provide for the probability of the employees completing employment to the point of entitlement (retirement).

Liabilities include employee entitlements in relation to wages and salaries, annual leave, long service leave, retiring gratuities and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

	Group		Parent	
	2021	2020	**2021**	2020
	$000	$000	**$000**	$000
Trade payables	**2,536**	4,280	**36**	20
Other payables	**1,430**	754	**-**	-
Accruals	**367**	525	**-**	-
Liabilities in respect of employee entitlements	**1,163**	1,415	**-**	-
	5,496	6,974	**36**	20

Judgement has been exercised in calculating estimates for retiring gratuities.

11 Issued capital

The Trust capital was settled on the formation of the Parent and is subject to the terms of the Trust Deed. No changes to the amount of Trust capital or Trust deed have been made during the year (2020: nil)

12 Commitments

Capital commitments

At balance date, there was $378,000 commitments contracted for and approved by the Group (2020:$731,000)

	Group		Parent	
	2021	2020	**2021**	2020
	$000	$000	**$000**	$000
Distribution network	**378**	543	**-**	-
Intangible assets	**-**	188	**-**	-
	378	731	**-**	-

Distribution network expenditure will be incurred when the work is completed (estimated to be over the next 12 months).

13 Leases

Operating leases

Lease liabilities are measured at the present value of their remaining lease payments, discounted at the rate implicit in the lease. Where this rate is not readily available the payments are discounted at the groups incremental borrowing rate. The weighted average rate applied is 7.39% across all leases. Right of use assets are initially recognised at the amount of the lease liability. The assets are subsequently depreciated using the straight-line method over the lease term.

The Group accounts for short term, and leases of low value by applying paragraph 6 of NZ IFRS 16, which requires the cost to be spread over the lease term on a systematic basis.

During initial application, the Group applied the following practical expedients offered under paragraph C10 of NZ IFRS 16:
- A single discount rate has been used where the right of use assets of a particular entity within the Group are similar in nature.
- Where the remaining lease term lease then 12 months at initial application the lease is treated as a short term lease.

In determining the lease term, the Group applies judgement in deciding whether it is reasonably certain that an extension or termination option will be exercised.

Right of use assets	Land buildings and improvement $000	Vehicles $000	Other plant and equipment $000	Total $000
Opening net book value 1 April 2019	-	-	-	-
Movements on transition	4,091	-	17	4,108
Additions/Remeasurements	45	191	7	243
Depreciation for the period	(299)	(33)	(10)	(342)
Carrying amount 31 March 2020	**3,836**	**158**	**14**	**4,009**
Additions/Remeasurements	97	263	16	376
Disposals	-	-	-	-
Depreciation for the period	(310)	(65)	(10)	(386)
Balance as at 31 March 2021	**3,623**	**356**	**21**	**3,999**
Cost	4,233	454	40	4,727
Accumulated Depreciation	(610)	(98)	(20)	(728)
Balance as at 31 March 2021	**3,623**	**356**	**21**	**3,999**

Lease Liability Maturity Analysis	Minimum lease payments $000	Interest $000	Present value $000
Within 1 year	635	(282)	353
1 - 5 years	2,521	(1,007)	1,514
Beyond 5 years	3,077	(727)	2,350
	6,233	**(2,016)**	**4,217**
Current Portion			**353**
Non-current Portion			**3,864**
Total			**4,217**

Lease expense included in profit and loss	
Short term leases	57
Interest on liabilities	281
Total cash outflow in relation to leases	620

Parent - nil (2020: nil)

The majority of the lease commitments are for building accommodation. The remainder relate to vehicles and equipment. There are no contingent rents payable and all leases are subject to renewals at the election of the Electra Group.

14 Contingent liabilities

Electra Limited and Electra Services Limited in its ordinary course of business undertakes various contracting works, some of which will be subject to customer disputes. There is no indication that any liability with regard to disputes will crystallise in the foreseeable future.

15 Statement of cash flows

P

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks (including bank overdrafts), demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts (if any at year end) are shown within debt finance in current liabilities in the Consolidated Statement of Financial Position.

Cash flows are inflows and outflows of cash and cash equivalents.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing.

Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

	Group		Parent	
	2021	2020	**2021**	2020
	$000	$000	**$000**	$000
Reported profit / (loss) after tax	**545**	(3,084)	**(65)**	(12)
Adjustments for non- cash items:				
Depreciation and amortisation	**14,860**	13,070	**1**	1
Doubtful debt provision movement	**(5)**	(49)	**-**	-
Bad debts written off and bad debts provision	**(2)**	31	**-**	-
Gain on sale of business operations	**(845)**	-	**-**	-
Non-cash revenue from assets transferred to Electra	**282**	(997)	**-**	-
IRFS - 16 Interest (Lease)	**(510)**			
Loss on sale of Property, Plant & Equipment	**223**	488	**-**	-
Tax expense recognised in profit or loss (including from discontinued operations)	**(1,462)**	(1,224)	**-**	-
Share of profit in Joint Venture	**(1,574)**	(93)	**-**	-
Movements in working capital:				
(Increase) / decrease in accounts payable and other provisions	**(1,619)**	1,564	**16**	(28)
Increase / (decrease) in trade receivables	**(583)**	833	**-**	-
(Increase) / decrease in finance receivables	**(236)**	1,267	**-**	-
(Increase) / decrease in inventory and work in progress	**(172)**	(268)	**-**	-
Income taxes paid	**(74)**	(121)	**-**	-
Net cash inflow from operating activities	**8,829**	11,417	**(48)**	(39)

16 Financial risk management

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Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Interest and dividends are classified as expenses or as distributions of profit consistent with the Consolidated Statement of Financial Position classification of the related debt or equity instruments or component parts of compound instruments.

Financial assets and liabilities are not offset unless there is a legally enforceable right, or where required by a standard.

Credit risk

Credit risk is the potential that the counterparty to a financial transaction will fail to perform according to the terms and conditions of the contract, thus causing a loss.

Financial assets which potentially subject the Group to credit risk principally consist of bank balances, accounts receivable, finance receivables, other receivables and which the Group consider is covered within general liquidity management. The Group has considered the credit quality of all its borrowers in relation to finance receivables outstanding at balance date. Management has assessed that the future financial prospects and associated security over its lending is adequate and therefore any credit losses are not expected to be material and no adjustments have been made.

The Group manages their principal credit risk by having Use of System Agreements with its major customers and performing credit evaluations on customers requiring advances.

The status of trade receivables as at reporting date is as follows:	**Gross 2021 $000**	**Impairment 2021 $000**	Gross 2020 $000	Impairment 2020 $000
Not past due	**3,349**	**-**	3,385	-
Past due 0 - 30 days	**224**	**-**	47	-
Past due 31 - 60 days	**95**	**(9)**	47	(9)
Past due more than 60 days	**735**	**(216)**	513	(216)
Total trade receivables	**4,403**	**(225)**	3,992	(225)

No interest is charged on trade receivables outstanding

Parent - nil (2020: nil)

Movement in impairment allowance for expected credit losses	**Group 2021 $000**	Group 2020 $000	**Parent 2021 $000**	Parent 2020 $000
Balance at beginning of year	**(225)**	(271)	**-**	-
Amount charged to the statement of comprehensive income	**1**	18	**-**	-
Provisions reversed	**23**	28	**-**	-
	(201)	(225)	**-**	-

The above maximum exposures are gross of any recognised provision for losses on these financial assets. No collateral is held on the above amounts. The trade receivables are within their contractual terms and are considered to be collectible.

In accordance with the Group's Treasury policy Bank balances in short term deposits are made with registered banks. The registered banks currently have a Standard & Poor's credit rating of AA-.

Concentrations of credit risk

The Group has exposure to concentration of credit risk by having electricity retailer customers. This is managed as mentioned above through the Use of System Agreements.

Foreign currency risk

The Group had not entered into any Forward Exchange Contracts expressed in New Zealand dollars at balance date.

Interest rate risk

Liabilities

The interest rate risk exposure is bank borrowings. The Company has no interest hedge contracts.

Fair values

The carrying amounts recorded in the Consolidated Statement of Financial Position are considered to be their fair values for all classes of financial instruments with the exception of bank borrowings and amounts which are not able to be determined because there is no available market data.

Borrowings

Borrowings are recorded initially at fair value net of any transaction costs. Borrowings are subsequently recognised at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Consolidated Statement of Comprehensive Income over the year of the borrowing using the effective interest method. Borrowings are classified as non current liabilities where the Group holds an agreement with the lender which includes the right to settle the liability in an accounting year at least 12 months after the balance date.

Borrowing costs are expensed using the effective interest method, except for the capitalised borrowing costs.

Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of on-balance sheet financial assets and financial liabilities has been prepared on the basis of maturity or contractual repricing whichever is the earlier. During the year, that Group changed it's borrowing arrangements to Pricoa Private Capital and ANZ. Borrowings are in New Zealand dollars. The majority of borrowings are at fixed interest rates between 5 - 12 years terms, therefore the Group is less exposed to variable interest rates and has no outstanding interest related derivatives.

Financial instrument carrying values by category

As at 31 March 2021

$000	Int Rate %	Total	0-12 mths	1- 2 years	> 2 years
Financial assets measured at amortised cost					
Cash and cash equivalents	-	5,074	5,074	-	-
Trade and other receivables		8,655	8,655	-	-
Finance receivables		5,599	5,599		-
Total financial assets measured at amortised cost		**19,328**		-	-
Financial assets measured at FVTPL					
Investments		2,566		-	2,566
Total financial assets measured at FVTPL		**2,566**	-	-	**2,566**
Financial liabilities					
Trade and other payables		5,496	5,496	-	-
Debt finance	1.49 - 3.58	78,110	2,379		75,731
Total financial liabilities at amortised cost		**83,606**	**7,875**	-	**75,731**
Movement in interest rates.		1% Increase		1% Decrease	
Impact on profit and loss from a 1% increase/decrease in interest rates		(696)		696	
As at 31 March 2020					
Financial assets					
Cash and cash equivalents	-	1,199	1,199	-	-
Trade and other receivables		4,358	4,358	-	-
Finance receivables		733	-	733	-
Total financial assets at amortised cost		**6,290**	**5,557**	**733**	-
Financial assets measured at FVTPL					
Investments		1,721		-	1,721
Total financial assets measured at FVTPL		**1,721**	-		
Financial liabilities					
Trade and other payables		6,974	6,974	-	-
Debt finance	2.54 - 4.50	61,060	18,342	24,703	18,015
Total financial liabilities at amortised cost		**68,034**	**25,316**	**24,703**	**18,015**

Financial instrument carrying values by category - Parent

As at 31 March 2021 $000	Int Rate %	Total	0-12 mths	1- 2 years	> 2 years
Financial assets measured at amortised cost					
Cash and cash equivalents	-	6	6	-	-
Trade and other receivables		-	-		
Total financial assets measured at amortised cost		**6**	**6**	**-**	**-**
Financial liabilities					
Trade and other payables		36	36		
Total financial liabilities at amortised cost		**36**	**36**	**-**	**-**
As at 31 March 2020					
Financial assets measured at amortised cost					
Cash and cash equivalents	-	54	54	-	-
Trade and other receivables		-	-		
Total financial assets at amortised cost		**54**	**54**	**-**	**-**
Financial liabilities					
Trade and other payables		20	20		
Total financial liabilities at amortised cost		**20**	**20**	**-**	**-**

Liquidity risk

Liquidity risk represents the risk that the Group may not have the financial ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis.

Borrowings

Facilities exist with Pricoa Private Capital for a private placement note facility for up to $80m (USD) and a short-term working capital facility with ANZ of $12.5m (NZD). Notes issued under the Pricoa Private Capital funding are denominated in NZD. At balance date, $78m (NZD) had been drawn down (2020: $67m from BNZ), $2m maturing within 27 days of balance date from the ANZ working capital facility. On 12th May 2020 the BNZ facility was repaid with a new $80m (NZD) facility entered into with ANZ. On 27 January 2021 the ANZ loan facility was repaid and replaced with the short-term working capital facility and on the same day the new private placement note facility with Pricoa commenced.

The Pricoa notes - Fixed Interest

Date issues	Amount issues NZD	Interest rate	Date of maturity
27/01/2021	$12m	2.84%	27/01/2026
27/01/2021	$30m	3.03%	27/01/2028
28/01/2021	$13m	3.39%	28/01/2031
27/01/2021	$12m	3.58%	27/01/2033
27/03/2021	$9m	3.54%	27/03/2028

The Group uses its facilities based on forecast expectations of operating cash flows and proceeds of maturing financial assets.

The following table outlines undiscounted cash flows including any accrued interest based on contractual maturities however actual repayments may differ. While most finance receivables are showing in the table with contractual maturities of 0-12 months it is expected some of these will be rolled over at the discretion of the Board.

Contractual maturity analysis

Financial instrument maturity values by category

As at 31 March 2021

$000	Int Rate %	Total	On call	0-12 months	1-2 years	> 2 years
Financial assets						
Cash and cash equivalents	-	5,074	5,074	-	-	-
Trade and other receivables		8,655	-	8,655	-	-
Investment		2,566	-	-	-	2,566
Finance receivables		5,599	-	5,599	-	-
Total financial assets		21,894	5,074	14,254	-	2,566
Financial liabilities						
Trade and other payables		5,496	-	5,496	-	-
Debt finance	1.49 - 3.58	78,110	-	2,379	-	75,731
Other financial liabilities		-	-	-	-	-
Total financial liabilities		83,606	-	7,875	-	75,731
As at 31 March 2020						
Financial assets						
Cash and cash equivalents	-	1,199	1,199	-	-	-
Trade and other receivables		4,358	-	4,358	-	-
Investment		1,721	-	-	-	1,721
Finance receivables		733	-	-	733	-
Total financial assets		8,011	1,199	4,358	733	1,721
Financial liabilities						
Trade and other payables		6,974	-	6,974	-	-
Debt finance	2.54 - 4.50	61,060	-	18,342	24,703	18,015
Other financial liabilities		-	-	-	-	-
Total financial liabilities		68,034	-	25,316	24,703	18,015

Financial instrument maturity values by category - Parent

As at 31 March 2021

$000	Int Rate %	Total	On call	0-12 months	1-2years	> 2 years
Financial assets						
Cash and cash equivalents	-	6	6			
Trade and other receivables		-	-	-		
Total financial assets		6	6	-	-	-
Financial liabilities						
Trade and other payables		36		36		
Total financial liabilities		36	-	36	-	-
As at 31 March 2020						
Financial assets						
Cash and cash equivalents	-	54	54			
Trade and other receivables		-				
Total financial assets		54	54	-	-	-
Financial liabilities						
Trade and other payables		20		20		
Total financial liabilities		20	-	20	-	-

Capital management

The Group's capital includes share capital, asset revaluation reserves and retained earnings. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is subject to capital requirements and covenants:

The Statement of Corporate Intent imposes a restriction that the Group will maintain shareholder funds at not less than 50% (2020:60%) of total assets.

Covenants are applicable to the group under its borrowing facilities. Covenants have been met for the year ended 31st March 2021 and 31st March 2020.

Fair values

Fair value hierarchy

Financial instruments carried at fair value are classified by valuation method based on the following hierarchy

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The investment of Pulse Energy Alliance Partnership classified as a financial asset measured at fair value through profit and loss is the only financial instrument carried by the Group at fair value, with a Level 3 valuation method applied.

17 Investments

Investments measured at FVTPL

	Current 2021 $000	Current 2020 $000	Non-Current 2021 $000	Non-Current 2020 $000
Investment in Pulse Energy Alliance Partnership *	-	-	2,546	1,701
Other Investments	-	-	20	20
Total investments measured at FVTPL	-	-	2,566	1,721

The Group holds a 4.02% ownership in the Pulse Energy Alliance Partnership, a partnership which is involved in electricity retailing. The Group does not have significant influence over the Pulse Energy Alliance Partnership. There were no distributions of profits received from this investment in the year (2020: nil).

* The increase of $845,000 was attributed to revaluation of the investment based on fair value.

Parent - nil (2020: nil)

Investments measured at Cost - Parent

	Current 2021 $000	Current 2020 $000	Non-Current 2021 $000	Non-Current 2020 $000
Investment in Electra Limited	-	-	18,000	18,000
Total investments measured at Cost	-	-	18,000	18,000

Group - nil (2020: nil)

18 Investment in joint ventures and associate

The following table show the summary of joint ventures and associate values as at 31st of March 2021.

Investment	Opening Equity	Initial Investment	Group Share of Profit for the Year	Adjustments to Carrying Value	Year-end Equity
Connect 8 Limited	11,387		886	(41)	12,232
Quail Ridge Country Club Limited	-	4,558	(348)	(4,167)	43
Kerikeri Falls Investments Limited	-	-	619		619
Horowhenua Developments Limited	-	402	417		819
TOTAL	11,387	4,960	1,574	(4,208)	13,713

Connect 8 Limited
The Group holds a 50% joint ownership in Connect 8 Limited, a business which is involved in contracting construction for the water, power and telecommunications sectors. The Group has joint control over Connect 8. There were no distributions of profits received from this investment in the year.

Summarised financial information for each of the Group's material joint ventures is set out below.

	2021 $000	2020 $000
Opening carrying value of investment in Connect 8	11,387	11,294
Initial investment in joint venture	-	-
Share of profits from joint venture	886	93
Other adjustments	(41)	
Carrying value of investment in Connect 8	12,232	11,387
Balance Sheet information for Connect 8:		
Current assets	16,283	10,342
Non current assets	11,040	11,114
Total assets	27,323	21,456
Current liabilities	(9,025)	(5,510)
Non current liabilities	-	-
Total liabilities	(9,025)	(5,510)
Equity	18,298	15,946
Equity accounted earnings comprise		
Revenues - 100%	28,828	34,705
Profits from continuing operations - 100%	1,772	186
Profits from continuing operations - Electra share	886	93

Quail Ridge Country Club Limited
The Group holds a 49.9% shareholding in Quail Ridge Country Club Limited. There were no distributions of profits received from this investment in the year. The original purchase price for Quail Ridge is made up of a cash payment for $4.5m, and further shareholder loans due to be advanced in 2021, interim loans were provided during the year and are detailed in note 8 & 21. A purchase price washup of $4.167m is due to Electra in accordance with the Sale and Purchase Agreement.

The initial investment in Quail Ridge Country Club was for $4.558 million. Because of the $4.167 million due back to the Group, the carrying amount at 31 March 21 is reduced by this amount.

	2021 $000	2020 $000
Opening carrying value of investment in Quail Ridge Country Club Limited	-	-
Initial investment in associate (Net of provision for wash up)	391	-
Share of profits from associate	(348)	-
Carrying value of investment in Quail Ridge Country Club Limited	43	-

Balance Sheet information for Quail Ridge Country Club Limited:

	2021	2020
Current assets	63	-
Non current assets	87,219	-
Total assets	87,282	-
Current liabilities	(24,630)	-
Non current liabilities	(64,111)	-
Total liabilities	(88,741)	-
Equity	(1,459)	-

Equity accounted earnings comprise

	2021	2020
Revenues - 100%	2,498	-
Profits from continuing operations - 100%	(622)	-
Profits from continuing operations - Group's share	(348)	-

Kerikeri Falls Investments Limited
The Group holds a 49.9% shareholding in Kerikeri Falls Investment, a business involved in the construction of the retirement village operated by Quail Ridge Country Club Limited. There were no distributions of profits received from this investment in the year. As part of the investment shareholder loans were due to be advanced in 2021, interim loans were provided during the year and are detailed in note 8 & 21.

	2021 $000	2020 $000
Opening carrying value of investment in Kerikeri Falls Investments Limited	-	-
Initial investment in associate	-	-
Share of profits from associate	619	-
Carrying value of investment in Kerikeri Falls Investments Limited	619	-

Balance Sheet information for Kerikeri Falls Investment Limited:

	2021	2020
Current assets	5,017	-
Non current assets	1,609	-
Total assets	6,626	-
Current liabilities	(8,454)	-
Non current liabilities	(306)	-
Total liabilities	(8,760)	-
Equity	(2,134)	-

Equity accounted earnings comprise

	2021	2020
Revenues - 100%	10,955	-
Profits from continuing operations - 100%	1,240	-
Profits from continuing operations - Group's share	619	-

Horowhenua Developments Limited
The Group holds a 25% shareholding in Horowhenua Development Company, a business which is involved in land development within the Horowhenua, Kapiti Coast. There were no distributions of profits received from this investment in the year.

	2021 $000	2020 $000
Opening carrying value of investment in Horowhenua Developments Limited	-	-
Initial investment in associate	402	-
Share of profits from associate	417	-
Carrying value of investment in Horowhenua Developments Limited	819	-
Balance Sheet information for Horowhenua Developments Limited:		
Current assets	4,591	-
Non Current assets	-	-
Total assets	4,591	-
Current liabilities	(2,925)	-
Non current liabilities	-	-
Total liabilities	(2,925)	-
Equity	1,666	-
Equity accounted earnings comprise		
Revenues - 100%	4,693	-
Profits from continuing operations - 100%	1,668	-
Profits from continuing operations - Group's share	417	-

Parent - nil (2020: nil)

19 Interests held by Group

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Subsidiaries
Subsidiaries are all those entities over which the Group has control.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the excess is credited to profit or loss in the period of acquisition.

Investments
Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Name of entity	Principal activities	Classification	2021	2020
Electra Limited	Electricity Distribution	Subsidiary	100.0%	100.0%
Electra DNZ Limited	Non Trading	Subsidiary	100.0%	100.0%
Electra Finance Limited	Financing	Subsidiary	100.0%	100.0%
Electra Generation Limited	Electricity Generation	Subsidiary	100.0%	100.0%
Electra Services Limited	Security Monitoring	Subsidiary	100.0%	100.0%
Horowhenua Wind Energy Limited	Non Trading	Subsidiary	100.0%	100.0%
Pulse Energy Alliance LP	Electricity Retailing	Investment	4.0%	4.0%
Connect 8 Limited	Telecommunications	Joint venture	50.0%	50.0%
Linax Limited	Consumer Goods	Investment	7.0%	7.0%
Quail Ridge Country Club Limited	Retirement Village	Joint venture	49.9%	0.0%
Kerikeri Falls Investments Limited	Building Company for Quail Ridge	Joint venture	49.9%	0.0%
Horowhenua Developments Limited	Property Development	Associate	25.0%	0.0%

The effective ownership and the voting interests in the above subsidiaries are the same.

All subsidiaries, investments and associates have a balance date of 31 March and are incorporated in New Zealand, with the exception of Connect 8 Limited and Horowhenua Development Limited who both have a balance date of 30 June.

20 Transactions with related parties

Trustees

The Parent has paid $90k (2020: $90k) of fees to their trustees, refer to Note 2 - Other Expenses.

Quail Ridge Country Club Limited

During the year, Quail Ridge Country Club Limited was advanced a short-term loan of $1,500,000 at a rate of 11% pa. The total interest income recorded in the financial statements was $79,107. Total accrued receivable in relation to the wash-up payment described in note 19 at balance date was $4,167,013. During the year, director fees charged as $40,500 and receivable at balance date was $3,000.

Kerikeri Falls Investments Limited

During the year, Kerikeri Falls Investments Limited was advanced a short-term loan of $3,130,000 at rate of 11% pa. Total interest income recorded in the financial statement was $ 124,436.

Horowhenua Developments Limited

During the year, the Group entered into transactions with Horowhenua Development Limited for contract works worth $254,228. Horowhenua Development Limited borrowed $1,850,000 from Electra Limited on 18th September 2020 which was settled in full on 31st March 2021 including interest of $27,040.

Connect 8

During the year, the Group provided services to it's joint venture investment Connect 8 for a total value of $1,485. no amount was outstanding at balance date

Other related parties

During the year the Group entered into short-term employment arrangements with close family members of key management personnel. The total value of these arrangements was $21,837 (2020: $27,000).

21 Key management personnel

The compensation of the Directors and Executives, being the key management personnel of the entity, is set out below:

	2021	2020
	$000	$000
Short-term employee benefits	**1,838**	1,925
Defined contribution plans	**67**	67
Termination Benefits	**-**	
	1,905	1,992

22 Subsequent events

A fully imputed net dividend of $300,000 was paid to the Electra Trust on 28 May 2021 in respect of the financial year end 31st March 2021.

23 Operational targets

Four key value drivers have been identified linking the Group's strategy to the operational targets and measures that are critical to achieving the strategy. These drivers are Revenue, Profit, Assets and People and the performance against key targets set in the Statement of Corporate Intent are evaluated below:

1) Asset Targets

Service Standards

The Group has service performance targets for its electricity lines business, such as responding to service requests within a specified time. These targets assist in driving continuous improvement and the measurement here is the number of non-performance to service standards where the specified time is exceeded. This target was not met in 2021 due to multiple faults.

	Actual	Target
Number of Non-performance to service standards	634	<384

Capital Ratio

Electra aims to maintain consolidated shareholders' funds at not less than 50% of consolidated total assets. This target was met in 2021.

	Actual	Target
Consolidated Shareholders Funds to Total Assets percentage	57%	>50%

Network Reliability

The Group aims to uphold a level of electricity network reliability (as defined by the Electricity Distribution Information Disclosure Determination 2012). These include factors of SAIDI (average duration of supply interruptions per connected consumer) and SAIFI (average number of supply interruptions per connected consumer). The SAIDI and SAIFI targets were met in 2021.

	Actual	Target
Minutes per year (SAIDI)	74.3	<83
Times per year (SAIFI)	0.97	<1.66

2) Profit Targets
The majority of the group's profit targets were met during the year

		Target
Group Net Profit after Tax	$0.5m	($0.8m)
Subsidiaries and Investments Net (Loss) after Tax	($1.96m)	($1.2m)
Group Return on Equity (post discount & tax)	0.5%	-0.62%
Group Return on Equity (pre discount & tax)	3.45%	3.17%

3) Revenue Targets
Strong revenues will allow the Group to maintain discounts payments and positive returns. A key driver of revenue is the number of consumers in the Group's network. These targets were met in 2021.

	Actual	Target
Sales Discount (excl GST)	$5.1m	$5.1m
Number of Consumers	45,757	>45,250

4) People Targets
The Group is committed to promoting a culture of health and safety where harm to our people in the workplace is unacceptable. The Group holds a target of nil for Lost Time Injuries (LTIs) such as work related recordable injury or illness resulting in lost time from work.

	Actual	Target
Lost Time Injuries (LTI)	2	0

24 Disposal of Operations

On 24 December 2020, the Group disposed of the gas and diesel generation plant business Electra Generation Ltd located at Papakura, Auckland.

Consideration received	**2021**
	$000
Consideration received in cash and cash equivalents	4,600
Total consideration received	**4,600**
Analysis of assets and liabilities over which control was lost	
Non-current assets	
Property, plant and equipment	3,747
Goodwill	259
Net assets disposed of	**4,006**
Gain on disposal of operations	
Consideration received	4,600
Net assets disposed of	4,006
Gain on disposal	**594**

The gain on disposal is included in the profit for the year from discontinued operations (see note 3)

Directory

Directors
Electra Limited

S A Mitchell-Jenkins, BBS, FCA, CMInstD	Chair
C C Dyhrberg, BCom, LLB, MInstD	
M C Underhill, BE(elect), MCom(hons), FEngNZ, MInstD	
S R Armstrong, BCA, CA, MBA	
S A Houston	
J E Nichols, FCA, CMInstD	Appointed 1/8/20
M I D Gribben, BA (Hons), MBA, CFInstD	Appointed 1/8/20

Executive
N P Simmonds (CE – Electra Group), JP, MBA, BE, FEngNZ
D W Toon (CFO/CIO - Electra Group) BCA, BA, LLM, Sloan MSC, CA, ICSA, MInstD
J R Hazlehurst (GM - People and Culture)
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M K F Smith (GM – Electra Services), BBS
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Silvio Bruinsma
Deloitte Limited
Wellington
On behalf of the Auditor-General

Solicitors

CS Law	Levin
Quigg Partners	Wellington

Bankers
Bank of New Zealand
Australia and New Zealand Banking Group Limited
Pricoa Private Capital