ELECTRA TRUST

ANNUAL REPORT

FOR THE YEAR ENDED

31 March 2022

Profile

Electra Trust (formerly known as "Horowhenua Energy Trust") owns 100% of the shares in Electra Limited on behalf of 45,958 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 2022, the Group had total assets of $303 million and shareholders' funds of $174 million and employed 158 people.

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

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All values in this report are in thousands of New Zealand

"This year" means the year ended 31 March 2022
"Last year" means the year ended 31 March 2021
"Next year" means the year ending 31 March 2023

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Independent Auditor's Report

To the Beneficiaries of Electra Trust and Group

Opinion

We have audited the 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 2022, and the consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate 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 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 2022, 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 Group or any of its subsidiaries, 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 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 financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of 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 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.

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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 financial statements.

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

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7

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 2022

Trustees' Report

The past year marks a watershed in the way we will deal with electricity in the future. The watchwords have been: climate change, decarbonisation, green energy, sustainability etc and they all have implications for our lines company and how the directors and the company prepare for a very different future - but still keeping the lights on and the energy always available!

The challenge confronting New Zealand is to reach net zero carbon emissions by 2050 and an aspirational goal of 100% renewable electricity by 2030. Most of us don't realise how much we still depend on coal, for boilers used in industry and for heating many of our schools and then there's our dependence on oil, gas and petrol, the dreaded fossil fuels. These will have to be replaced by solar, wind, geothermal or renewable energy like biomass or hydro. And lots of battery storage. And we'll need a lot more of that 'good' energy for charging the EVs we'll drive. We face pretty radical change.

Be assured, on your behalf Electra's team have been working on this for months and future investments will reflect our local concerns and the changes we have to make. The company still remains one of the country's top performing lines companies. Its core business is exemplary. Do visit the Electra company website: electra.co.nz and electratrust.co.nz for more information.

The Trust act as guardians to represent your interests in the entity that you own. We appoint and receive briefings from the directors several times a year. We also belong to the national body of trusts, ETNZ, and are kept abreast of all developments and decisions in the energy sector.

This year two valued trustees are standing down. I'd like to thank Ray Latham and Janet Holborow for their contribution to our group on your behalf. We will miss their input and wish them well in future endeavours. Thanks too to fellow trustees for their input and to our patient and very competent Secretary, Anne Robb.

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 2022

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

		2022	2021
		$000	$000
Continuing operations			
Operating revenue		**50,929**	45,387
Other expenses		**(52,467)**	(48,902)
Share of Profit in Joint Venture		**2,132**	1,574
Movement in investments held at fair value		**64**	845
Gain / (loss) on sale of investments		**(1,337)**	-
Profit / (loss) before tax		**(679)**	(1,096)
Income tax (expense)/ benefit		**511**	1,346
Net profit / (loss) after tax for the year from continuing operations *		**(168)**	250
Discontinued operations			
Gain on disposal of operations	Note 25	**-**	594
Profit / (loss) for the year from discontinued operations	Note 3	**-**	(299)
Profit for the year after tax		**(168)**	545
Other movements through retained earnings		**557**	49
Retained earnings brought forward		**75,607**	75,013
Retained earnings carried forward		**75,996**	75,607

* No goodwill impairment was recognised in 2022 (2021: 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

In accordance with the Trust Deed, Ray Latham, Janet Holborow and Sharon Crosbie retire by rotation at the annual general meeting of the Trust. Sharon Crosbie being eligible, has offered herself for re-election.

Auditor

Deloitte Limited was appointed as Auditor.

For and on behalf of the Trust

S M Crosbie
Chair

23 June 2022

J Holborow
Trustee

23 June 2022

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THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

		Group*		Parent	
	Note	**2022**	2021	**2022**	2021
Continuing Operations		**$000**	$000	**$000**	$000
Revenue					
Revenue	1	**50,014**	44,600	**-**	-
Interest income		**427**	283	**-**	-
Dividends from Electra Limited		**-**	-	**300**	300
Other Income		**488**	504	**0**	-
Total operating revenue and income		**50,929**	45,387	**300**	300
Expenses					
Interest expense		**(2,789)**	(2,287)	**-**	-
Other expenses	2	**(49,678)**	(46,615)	**(238)**	(365)
Total operating expenses		**(52,467)**	(48,902)	**(238)**	(365)
Share of profit in joint ventures & associate	19	**2,132**	1,574	**-**	-
Movement in investments held at fair value	18	**64**	845	**-**	-
Gain/(Loss) on sale of investments	19	**(1,337)**	-	**-**	-
Profit before tax from continuing operations		**(679)**	**(1,096)**	**63**	(65)
Income tax benefit/(expense)	4	**511**	1,346	**-**	-
Profit/(loss) for the year from continuing operations		**(168)**	250	**63**	(65)
Discontinued operations					
Gain on disposal of operations	3 , 25	**-**	594	**-**	-
Earnings for the year from discontinued operations	3	**-**	(299)	**-**	-
Profit for the year		**(168)**	545	**63**	(65)
Other comprehensive income					
Gain on asset revaluation	5	**-**	14,190	**-**	-
(Loss) on disposal of revalued assets		**31**	(58)	**-**	-
Income tax benefit relating to components of other comprehensive income	4	**148**	(3,956)	**-**	-
Other comprehensive (loss) for the year net of tax		179	10,176	-	-
Total comprehensive profit/(loss) for the year net of tax		**11**	10,721	**63**	(65)

* Discontinued operations only relates to 2021 and is for Electra Generation. Refer to note 3 & 24 for further detail.

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 2022

	Note	Issued Capital	Asset Revaluation Reserve	Retained Earnings	Attributable to beneficiaries	Total
		$000	$000	$000	$000	$000
Balance at 1 April 2020		**18,000**	**70,639**	**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**	**80,766**	**75,607**	**174,331**	**174,331**
Balance at 1 April 2021		**18,000**	**80,766**	**75,607**	**174,373**	**174,373**
Profit for the year		-	-	(168)	**(168)**	**(168)**
Revaluation of assets movement	5	-	-	-	**-**	**-**
Disposal of revalued assets		-	31		**31**	**31**
Tax benefit relating to revalued assets	4	-	148	-	**148**	**148**
Total comprehensive profit / (loss) for the year		**-**	**179**	**(168)**	**11**	**11**
Transfer to retained earnings			**(557)**	**557**	**-**	**-**
Balance at 31 March 2022		**18,000**	**80,388**	**75,996**	**174,384**	**174,384**

PARENT		Issued Capital	Asset	Retained	Attributable to	Total
		$000	$000	$000	$000	$000
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**
Balance at 1 April 2021	11	**18,000**	**-**	**(26)**	**17,974**	**17,974**
Profit and total comprehensive income		-	-	63	63	**63**
Balance at 31 March 2022		**18,000**	**-**	**37**	**18,037**	**18,037**

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

THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	Group 2022 $000	Group 2021 $000	Parent 2022 $000	Parent 2021 $000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**257,259**	255,258	**4**	0
Investment in Electra Limited	17	**-**	-	**18,000**	18,000
Goodwill and intangible assets	6	**4,658**	7,542	**-**	-
Right of Use Assets	13	**4,476**	3,999	**-**	-
Investments at fair value	17	**2,650**	2,566	**-**	-
Investment in joint ventures and associate	18	**4,695**	13,713	**-**	-
Non-current assets held for sale	25	**2,111**	-	**-**	-
Total non-current assets		**275,848**	283,078	**18,004**	18,000
Current assets					
Cash and cash equivalents		**13,076**	5,074	**68**	6
Receivables and prepayments	7	**9,501**	9,061	**4**	4
Finance receivables	8	**3,612**	5,599	**-**	-
Inventories and work in progress	9	**566**	1,006	**-**	-
Current assts held for sale	17	**513**	-	**-**	-
Total current assets		**27,268**	20,740	**72**	10
Total assets		**303,117**	303,818	**18,076**	18,010
LIABILITIES					
Non-current liabilities					
Debt finance	16	**76,000**	75,731	**-**	-
Lease liability	13	**4,226**	3,864	**-**	-
Deferred tax liability	4	**41,804**	41,664	**-**	-
Total non-current liabilities		**122,030**	121,259	**-**	-
Current liabilities					
Debt finance	16	**112**	2,379	**-**	-
Trade and other payables	10	**6,023**	5,496	**39**	36
Lease liability	13	**568**	353	**-**	-
Total current liabilities		**6,703**	8,228	**39**	36
Total liabilities		**128,733**	129,487	**39**	36
Net assets		**174,384**	174,331	**18,037**	17,974
EQUITY					
Trust capital	11	**18,000**	18,000	**18,000**	18,000
Reserves		**80,388**	80,724	**-**	-
Retained earnings		**75,996**	75,607	**37**	(26)
Total equity		**174,384**	174,331	**18,037**	17,974

The Trustees of Electra Trust authorised these financial statements for issue on 23 June 2022.

For and on behalf of the Board

S M Crosbie
Chair

J Holborow
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 2022

	Note	Group 2022 $000	Group 2021 $000	Parent 2022 $000	Parent 2021 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		**48,301**	46,296	**-**	-
Dividends received		**1,250**	-	**300**	300
Other interest received		**-**	47	**-**	-
		49,551	46,343	**300**	300
Cash was applied to:					
Payments to suppliers and employees		**(32,334)**	(35,298)	**(233)**	(348)
Interest paid	15	**(2,781)**	(2,142)	**-**	-
Tax paid		**(83)**	(74)	**-**	-
		(35,198)	(37,514)	**(233)**	(348)
Net cash flows from operating activities	15	**14,353**	8,829	**67**	(48)
Cash flows from investing activities					
Cash was provided from:					
Sale of property, plant and equipment		**82**	4,665	**-**	-
Finance receivables		**766**	(4,630)	**-**	-
		848	35	**-**	-
Cash was applied to:					
Purchase of property, plant and equipment and intangible assets		**(14,610)**	(16,529)	**(4)**	-
Capitalised interest on construction of property, plant and equipment	5	**(72)**	(39)	**-**	-
Sales/ (Purchase) of investment in joint ventures & associate	18	**10,000**	(4,920)	**-**	-
		(4,682)	(21,487)	**(4)**	-
Net cash flows to investing activities		**(3,834)**	(21,452)	**(4)**	-
Cash flows from financing activities					
Cash was provided from:					
Loans raised*		**2,000**	176,067	**-**	-
		2,000	176,067	**-**	-
Cash was applied to:					
Repayment of loans*		**(3,998)**	(159,286)		
Principal reduction in lease liability	13	**(519)**	(282)	**-**	-
		(4,517)	(159,568)	**-**	-
Net cash flows from financing activities		**(2,517)**	16,499	**-**	-
Net increase / (decrease) in cash and cash equivalents held		**8,002**	3,875	**63**	(48)
Add opening cash and cash equivalents brought forward		**5,074**	1,199	**6**	54
Ending cash and cash equivalents carried forward		**13,076**	5,074	**68**	6

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 2022

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 14	Leases
Investments measured at fair value through profit or loss (FVTPL)	Note 18	Investments measured at fair value

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 changed 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 and 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, assets and liabilities of joint ventures and associates are incorporated in these consolidated financial statements using the equity method of accounting except when held for sale in which case it is accounted for in accordance NZ IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. 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 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.

Assets Held for Sale
Assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of is classified as held for sale when the criteria described above are met, and the Group ceases to apply the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

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.

Electricity revenue
The Group generates and sells electricity to a third party. The price of each unit of electricity generated is based on the wholesale spot price market. Revenue is recognised over time as the benefits are transferred to the customer.

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
For 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	
		*		
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Distribution revenue	**33,581**	31,188	**-**	-
Discount to customers	**(5,100)**	(5,100)	**-**	-
Pass through and recoverable cost revenue	**9,667**	9,275	**-**	-
Transfer of assets from customers	**2,355**	510	**-**	-
Contracting revenue	**3,185**	2,892	**-**	-
Alarm Monitoring	**5,474**	4,981	**-**	-
Other Revenue	**852**	854	**-**	-
	50,014	44,600	**-**	-

* Discontinued operations have been separated out. Discontinued operations in 2021 include the sale of diesel and gas generation assets (refer to note 3 & 24).

2 Other expenses

	Group		Parent	
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Transmission charges	**9,667**	9,275	**-**	-
Remuneration of auditors	**239**	241	**8**	6
Bad debts	**14**	(2)	**-**	-
Change in provision for doubtful debts	**48**	(5)	**-**	-
Depreciation and amortisation expenses	**15,880**	14,688	**-**	1
Employee benefits expense	**11,253**	11,041	**-**	-
Inventory expense	**2,449**	2,028	**-**	-
Contractors	**1,576**	1,492	**-**	-
Vehicle expenses	**763**	731	**-**	-
Trustee fees	**91**	90	**91**	90
Other expenses	**7,697**	7,036	**139**	248
	49,678	46,615	**238**	**345**

	Group		Parent	
Remuneration of auditors	**2022**	* 2021	**2022**	2021
	$000	$000	**$000**	$000
Audit of the financial statements	**173**	161	**8**	6
Audit related services	**83**	80	**-**	-
	256	241	**8**	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 have been separated out. Discontinued operations in 2021 include the sale of diesel and gas generation assets (refer to note 3 & 24).

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		Parent	
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Profit / (loss) for the year from discontinued operations				
Revenue	**-**	1,993	**-**	-
Other gains	**-**	366	**-**	-
	-	2,359	**-**	-
Expenses*	**-**	(2,774)	**-**	-
Profit / (loss) before tax	**-**	(415)	**-**	-
Attributable income tax expense	**-**	116	**-**	-
Earnings for the year from discontinued operations	**-**	(299)	**-**	-
Gain on disposal of operations (refer to note 25)	**-**	594	**-**	-
Profit / (loss) for the year from discontinued operations	**-**	295	**-**	-

	Group		Parent	
	2022	2021	**2022**	2021
Cash flows from discontinued operations	**$000**	$000	**$000**	$000
Net cash inflows / (outflows) from operating activities	**-**	(698)	**-**	-
Net cash inflows / (outflows) from investing activities	**-**	(36)	**-**	-
Net cash inflows / (outflows) from financing activities	**-**	-	**-**	-
Net cash (outflows)	**-**	(734)	**-**	-

*Audit fees amounting to $8k are included in Expenses for 2021.

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** **2022** **$000**	2021 $000	**Parent** **2022** **$000**	2021 $000
Profit or (loss) before tax from continuing operations	**(679)**	(1,096)	**63**	(65)
Tax expense / (benefit) @ 28%	**(190)**	(307)	**18**	(18)
Tax effect of				
Permanent difference expense / (benefit)	**399**	(509)	**(18)**	18
Deferred tax expense / (benefit) on acquisition of assets	**12**	104		
Effect expense / (benefit) of excluding loss offsets from discontinued operations	**-**	(343)		
Prior year adjustments				
Taxable allocation of partnership income expense / (benefit)	**(346)**	(391)	**-**	-
Other tax adjustments expense / (benefit)	**100**	100	**-**	-
Imputation Credits Received	**(486)**	-	**-**	-
Tax expense/(benefit) from continuing operations	**(511)**	(1,346)	**-**	-
Tax expense / (benefit) comprised of:				
Current tax expense / (benefit)	**(673)**	1,616	**-**	-
Deferred tax expense / (benefit)*	**162**	(2,962)	**-**	-
Total tax expense / (benefit) from continuing operations	**(511)**	(1,346)	**-**	-

*Excluding deferred tax expense from discontinued operations of 2022: nil (2021: $120k).
Also included in 2021 in the $(673k) (2021: $1.6m) current tax expense and $162k (2021: $(2.9m)) deferred tax benefit above, is $401k relating to a timing differences of partnership income (2021: $1.8m). 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	350	36	-	-	-	-	386
Deferred tax on Partnership Income	1,794		-	(402)			1,392
Doubtful debts	55	(3)	-	-	-	-	52
Property, plant and equipment	(42,805)	(348)	-	-	148	128	(42,877)
Intangibles	(1,058)	301	-	-	-	-	(757)
Sale of business	-	-			-	-	-
Losses carried forward	-	-	-	-			-
As at 31 March 2022	**(41,664)**	**(14)**	**-**	**(402)**	**148**	**128**	**(41,804)**
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)**

Parent - nil (2021: nil)

Imputation credit account	**Group** **2022** **$000**	2021 $000	**Parent** **2022** **$000**	2021 $000
Closing balance	**17,174**	17,923	**-**	-

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. The cost includes expenditure that is directly attributable to the acquisition of the item. The cost of assets constructed by the Group consists of the cost of materials, direct labour and an allowance for overheads.

Any revaluation increase arising on the revaluation of land and buildings or 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 reduction 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. The attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings on the subsequent sale or retirement of a revalued asset.

Depreciation is calculated for buildings and electricity distribution assets to write off each asset's cost over its expected useful life to its estimated residual value. Other property, plant and equipment items are depreciated to expense the assets' cost 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 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**
Balance as at 1 April 2021	244,691	2,455	6,034	7,522	3,733	3,652	268,087
Additions	1,713	-	1,210	62	6	13,045	16,037
Disposals	(707)	(41)	(1,053)	(368)	-	-	(2,169)
Transfer to / (from) capital work in progress	11,087	-	-	-	-	(11,087)	-
Revaluation	-	-	-	-		-	-
Transfers between classifications		5			(5)		-
Balance as at 31 March 2022	**256,784**	**2,419**	**6,192**	**7,216**	**3,734**	**5,610**	**281,956**

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 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)**
Balance as at 1 April 2021	(3,071)	(682)	(4,639)	(3,298)	(1,139)	-	(12,829)
Depreciation charge	(11,668)	(81)	(652)	(469)	(650)	-	(13,522)
Write back on disposals	291	41	1,041	280	-	-	1,653
Revaluation	-	-	-	-		-	-
Transfers between classifications	-	(1)	-	-	1	-	-
Balance as at 31 March 2022	**(14,448)**	**(723)**	**(4,251)**	**(3,487)**	**(1,788)**	**-**	**(24,697)**
Carrying amounts							
Balance as at 31 March 2021	241,620	1,773	1,395	4,224	2,594	3,652	255,259
Balance as at 31 March 2022	**242,336**	**1,696**	**1,941**	**3,728**	**1,946**	**5,610**	**257,259**

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 2020	-	-	4	-	-	-	4
Additions	-	-	-	-	-	-	-
Balance as at 31 March 2021	**-**	**-**	**4**	**-**	**-**	**-**	**4**
Balance as at 1 April 2021	-	-	4	-	-	-	4
Additions	-	-	4	-	-	-	4
Balance as at 31 March 2022	**-**	**-**	**8**	**-**	**-**	**-**	**8**

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 2020	-	-	(3)	-	-	-	(3)
Depreciation charge	-	-	-	-	-	-	-
Balance as at 31 March 2021	**-**	**-**	**(3)**	**-**	**-**	**-**	**(3)**
Balance as at 1 April 2021	-	-	(3)	-	-	-	(3)
Depreciation charge	-	-	(1)	-	-	-	(1)
Balance as at 31 March 2022	**-**	**-**	**(4)**	**-**	**-**	**-**	**(4)**
Carrying amounts							
Balance as at 31 March 2021	-	-	1	-	-	-	1
Balance as at 31 March 2022	**-**	**-**	**4**	**-**	**-**	**-**	**4**

The prior year comparative figures have been re-classified in the current year between other plant and equipment and alarms held to be leased to more accurately reflect the carrying amounts of these categories of property, plant and equipment. This re-classification is not material and has no impact on the total carrying amount of property, plant and equipment.

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 assets (excluding land and buildings) and the electricity distribution network underwent a fair value assessment in March 2021 by Richard Krogh, of independent valuers 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 Group adopted this valuation as the value of the assets is within the fair value range as calculated by Richard Krogh and no revaluation adjustments have been made.

The Group has engaged Richard Krogh at 31 March 2022 to determine whether there were any indicators that there was any material movement from the last valuation of the Group's distribution assets. It was determined that there was no material movement.

The key assumptions in the review are the discount rate of 5.06% (2021: 4.78%) and the regulatory weighted-average cost of capital (WACC) rate (average of 5.52%, 2021: average of 5.68%), 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	-0.39%	$247m	+$4.7m
	+0.63%	$227m	-$15.3m
Regulatory WACC Rate	-0.50%	$246m	+$3.7m
	+0.5%	$236m	-$6.3m

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		Parent	
	2021	2020	**2021**	2020
	$000	$000	**$000**	$000
Capitalised borrowing costs	**71**	39	**-**	-
Average interest rate	**3.2%**	3.0%	**0.0%**	0.0%

All other Group property, plant and equipment are recorded at cost less accumulated depreciation.

In accordance with NZ IAS 36, the Group has undertaken a review to determine whether the carrying values of any items of other property, plant and equipment might be impaired. Based on evidence from asset disposals, the Group does not believe that any such carrying values are materially impaired at 31 March 2022 (31 March 2021: $Nil).

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 is amortised over its expected economic useful life on a diminishing value basis. Costs associated with improving and maintaining computer software programmes are recognised as expenses as incurred.

During the year, the Group revised its accounting policy treatment in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service arrangements to align with the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to Software-as-a-Service type of arrangements under NZ IAS 38 *Intangible Assets*. The revised interpretation is presented below.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

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 6 years for medical customers lists. During the year the security customers were reclassified as held for sale.

Gross carrying amount	Software $000	Goodwill $000	Easements $000	Customer lists $000	Total $000
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**
Balance as at 1 April 2021	8,170	10,038	255	7,506	25,970
Additions	1,082	-	-	-	1,082
Transfer to assets held for sale	-	(649)	-	(3,381)	(4,030)
Disposals	(2,833)	-	-	-	(2,833)
Balance as at 31 March 2022	**6,419**	**9,389**	**255**	**4,126**	**20,188**
Accumulated amortisation and impairment losses					
Balance as at 1 April 2020	(4,471)	(9,130)	(98)	(2,532)	(16,231)
Amortisation expenses	(679)	-	(58)	(1,201)	(1,938)
Impairment	-	-	-	-	-
Disposals	1	(259)	-	-	(258)
Balance as at 31 March 2021	**(5,149)**	**(9,389)**	**(157)**	**(3,733)**	**(18,427)**
Balance as at 1 April 2021	(5,149)	(9,389)	(157)	(3,733)	(18,427)
Amortisation expenses	(434)	-	(25)	(1,368)	(1,828)
Impairment	-	-	-	-	-
Transfer to assets held for sale	-	-	-	1,919	1,919
Disposals	2,806	-	-	-	2,806
Balance as at 31 March 2022	**(2,777)**	**(9,389)**	**(182)**	**(3,183)**	**(15,530)**
Carrying amounts					
As at 31 March 2021	3,021	649	98	3,773	7,542
As at 31 March 2022	**3,641**	**0**	**73**	**943**	**4,658**

Parent - nil (2021: nil)

Impairment

During the year the Board decided to sell the security monitoring portion of Electra Services. Assets reclassified as held for sale include the purchased security customer lists, associated goodwill recognised on the purchase and security alarm inventory, refer to note 26 for further detail. The remaining assets held in Electra Services where tested for impairment. The recoverable amount is based on it's 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 Board approved financial budgets for the 3 years to 31 March 2025. Growth rates applied to revenue projections after 2025 are 73.2% declining to 0.7% by 2029. The discount rate applied to cashflows from core business operations was 9.9% and 19.9% 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.

7 Receivables and prepayments

P

Receivables
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		Parent	
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Trade receivables	**4,188**	4,403	**-**	-
Other receivables and accruals*	**4,977**	4,453	**-**	-
Prepayments	**527**	406	**4**	4
	9,692	9,262	**4**	4
Less allowance for credit losses	**(190)**	(201)	**-**	-
	9,502	9,061	**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 related party receivable of $4.37m (2021: $4.17m) due from Quail Ridge Country Club Limited detailed in note 18.

8 Finance receivables

P

Finance receivables
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		Parent	
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Finance receivables*	**3,612**	5,599	**-**	-
Less provision for unearned interest	**-**	-	**-**	-
Total	**3,612**	5,599	**-**	-
Allowance expected credit losses	**-**	-	**-**	-
Total finance receivables	**3,612**	5,599	**-**	-
Due for repayment				
Current	**3,612**	5,599	**-**	-
Non-current	**-**	-	**-**	-
Total	**3,612**	5,599	**-**	-

*Finance receivables include short-term loan advanced to Kerikeri Falls Investments, that are detailed in note 18.

P

Bad debts and expected credit loss
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.

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 it's lending is adequate and therefore any credit losses are not expected to be material and no adjustments have been made.

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	
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Inventory - Finished goods *	**196**	709	**-**	-
Inventory - Work in progress	**369**	297	**-**	-
	565	1,006	**-**	-

*During the year $513k of security alarm inventory was reclassified as held for sale (2021: Nil).

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

10 Trade and other payables

Trade payables

P

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

E

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	
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Trade payables	**3,333**	2,536	**39**	36
Other payables	**1,105**	1,430	**-**	-
Accruals	**246**	367	**-**	-
Liabilities in respect of employee entitlements	**1,339**	1,163	**-**	-
	6,023	5,496	**39**	36

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 (2021: nil)

12 Commitments

Capital commitments

At balance date, there was $1.08m commitments contracted for and approved by the Group (2021:$378k)

	Group		Parent	
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Distribution network	**878**	378	**-**	-
Intangible assets	**202**	-	**-**	-
	1,080	378	**-**	-

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

13 Leases

Operating leases

P

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 7.59% 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 both short term and low value leases 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 is then 12 months at initial application the lease is treated as a short term lease.

E

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 2020	3,836	158	14	4,009
Additions/Remeasurements	97	263	16	376
Disposals	-	-	-	-
Depreciation for the period	(310)	(65)	(10)	(386)
Carrying amount 31 March 2021	**3,623**	**356**	**20**	**3,999**
Additions/Remeasurements	229	805	60	1,094
Disposals	-	-	-	-
Depreciation for the period	(340)	(247)	(30)	(617)
Balance as at 31 March 2022	**3,512**	**914**	**50**	**4,476**
Cost	4,462	1,261	100	5,823
Accumulated Depreciation	(950)	(347)	(50)	(1,347)
Balance as at 31 March 2022	**3,512**	**914**	**50**	**4,476**

Lease Liability Maturity Analysis	Minimum lease payments $000	Interest $000	Present value $000
Within 1 year	904	336	568
1 - 5 years	2,601	893	1,708
Beyond 5 years	3,301	783	2,518
	6,806	**2,012**	**4,794**
Current Portion			**568**
Non-current Portion			**4,226**
Total			**4,794**

Lease expense included in profit and loss	
Short term leases (less than 12 months)	138
Interest on liabilities	364
Total cash outflow in relation to leases	1,021

Parent - nil (2021: 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

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**	
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Reported profit / (loss) after tax	**(168)**	545	**63**	(65)
Adjustments for non- cash items:				
Depreciation and amortisation	**15,881**	14,860	**1**	1
Doubtful debt provision movement	**62**	(5)	**-**	-
Bad debts written off and bad debts provision	**-**	(2)	**-**	-
Gain on sale of business operations	**1,273**	(845)	**-**	-
Non-cash revenue from assets transferred to Electra	**(2,355)**	282	**-**	-
IRFS - 16 Interest (Lease)	**364**	(510)		
Loss on sale of Property, Plant & Equipment	**.**	223	**-**	-
Stock Obsolescence	**86**	-	**-**	-
Tax expense recognised in profit or loss (including from discontinued operations)	**(511)**	(1,462)	**-**	-
Share of profit in Joint Venture	**(2,132)**	(1,574)	**-**	-
Interest Lending	**(8)**	-	**-**	**-**
Finance cost	**(20)**	-	**-**	**-**
Fixed Assets write-off	**497**	-	**-**	**-**
Interest - others	**(419)**	-	**-**	**-**
Finance Receivable & Interest Accrued	**(1,221)**	-	**-**	**-**
Movements in working capital:				
(Increase) / decrease in accounts payable and other provisions	**936**	(1,635)	**3**	-
Increase / (decrease) in trade receivables	**33**	(583)	**-**	-
(Increase) / decrease in finance receivables	**1,985**	(236)	**-**	-
(Increase) / decrease in inventory and work in progress	**441**	(172)	**-**	-
Income taxes paid	**(371)**	(74)	**-**	-
Net cash inflow from operating activities	**14,353**	8,813	**67**	(64)

16 Financial risk management

P

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 2022 $000**	**Impairment 2022 $000**	Gross 2021 $000	Impairment 2021 $000
Not past due	**3,096**	**-**	3,349	-
Past due 0 - 30 days	**135**	**-**	224	-
Past due 31 - 60 days	**9**	**-**	95	-
Past due more than 60 days	**948**	**(190)**	735	(201)
Total trade receivables	**4,188**	**(190)**	4,403	(225)

No interest is charged on trade receivables outstanding

Parent - nil (2021: nil)

Movement in impairment allowance for expected credit losses	**Group 2022 $000**	Group 2021 $000	**Parent 2022 $000**	Parent 2021 $000
Balance at beginning of year	**(201)**	(225)	**-**	-
Amount charged to the statement of comprehensive income		1	**-**	-
Provisions reversed	**11**	23	**-**	-
	(190)	(201)	**-**	-

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. The Group also has exposure to concentration of credit risk through the related party amounts receivable from Quail Ridge Country Club and Kerikeri Falls Investments Limited totalling $7.98m (2021: $9.00m).

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 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. The Group's borrowing arrangements are with 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 2022

$000	Int Rate %	Total	0-12 mths	1- 2 years	> 2 years
Financial assets measured at amortised cost					
Cash and cash equivalents	-	8,076	8,076	-	-
Term Deposit	2.01	5,000	5,000		
Trade and other receivables		8,974	8,974	-	-
Finance receivables		3,612	3,612		-
Total financial assets measured at amortised cost		**25,663**	**25,663**	**-**	**-**
Financial assets measured at FVTPL					
Investments		2,650		-	2,650
Total financial assets measured at FVTPL		**2,650**	**-**	**-**	**2,650**
Financial liabilities					
Trade and other payables		6,023	6,023	-	-
Debt finance	-	0 -	0		-
Other financial liabilities	1.49 - 3.58	76,112	112	-	76,000
Total financial liabilities at amortised cost		**82,135**	**6,134**	**-**	**76,000**

Movement in interest rates.	1% Increase	1% Decrease
Impact on profit and loss from a 1% increase/decrease in interest rates	(771)	(771)

As at 31 March 2021

	Int Rate %	Total	0-12 mths	1- 2 years	> 2 years
Financial assets					
Cash and cash equivalents	-	5,074	5,074	-	-
Term Deposit		-	-		
Trade and other receivables		8,655	8,655	-	-
Finance receivables		5,599	5,599		-
Total financial assets at amortised cost		**19,328**	**19,328**	**-**	**-**
Financial assets measured at FVTPL					
Investments		2,566		-	2,566
Total financial assets measured at FVTPL		**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**	**7,876**	**-**	**75,731**

Financial instrument carrying values by category - Parent

As at 31 March 2022					
$000	Int Rate %	Total	0-12 mths	1- 2 years	> 2 years
Financial assets measured at amortised cost					
Cash and cash equivalents	-	68	68	-	-
Trade and other receivables		-	-		
Total financial assets measured at amortised cost		**68**	**68**	**-**	**-**
Financial liabilities					
Trade and other payables		39	39		
Total financial liabilities at amortised cost		**39**	**39**	**-**	**-**
As at 31 March 2021					
Financial assets measured at amortised cost					
Cash and cash equivalents	-	6	6	-	-
Trade and other receivables		-	-		
Total financial assets at amortised cost		**6**	**6**	**-**	**-**
Financial liabilities					
Trade and other payables		36	36		
Total financial liabilities at amortised cost		**36**	**36**	**-**	**-**

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 of 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, $76m (NZD) had been drawn down from the Pricoa facilities and $0m from ANZ (2021: $76m from Pricoa and $2m from ANZ).

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
27/01/2021	$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 2022

$000	Int Rate %	Total	On call	0-12 months	1-2 years	> 2 years
Financial assets						
Cash and cash equivalents	-	8,076	8,076	-	-	-
Term Deposit	2.01	5,000	-	5,000		
Trade and other receivables		8,974	-	8,974	-	-
Investment		2,650	-	-	-	2,650
Finance receivables		3,612	-	3,612	-	-
Total financial assets		**28,313**	**8,076**	**17,587**	**-**	**2,650**
Financial liabilities						
Trade and other payables		6,023	-	6,023	-	-
Debt finance	1.49 - 3.58	76,000	-	-	-	76,000
Total financial liabilities		**82,023**	**-**	**6,022**	**-**	**76,000**

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**	**-**	**7,876**	**-**	**75,731**

Financial instrument maturity values by category - Parent

As at 31 March 2022

$000	Int Rate %	Total	On call	0-12 months	1-2years	> 2 years
Financial assets						
Cash and cash equivalents	-	68	68			
Trade and other receivables		-	-	-		
Total financial assets		**68**	**68**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables		39		39		
Total financial liabilities		**39**	**-**	**39**	**-**	**-**

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**	**-**	**-**

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% (2021:60%) of total assets.

All Covenants have been met for the year ended 31st March 2022 and 31st March 2021.

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 Limited 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 fair value through profit or loss (FVTPL)	Current		Non-Current	
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Investment in Pulse Energy Alliance Partnership *	**-**	-	**2,546**	2,546
Other Investments	**-**	-	**104**	20
Total investments measured at FVTPL	**-**	-	**2,650**	2,566

The Group holds a 4.02% ownership in the Pulse Energy Alliance Limited Partnership, a partnership which is involved in electricity retailing. The Group does not have significant influence over the Pulse Energy Alliance Limited Partnership. There were no distributions of profits received from this investment in the year (2021: nil). During the year the Group revalued its investment in Linax Limited upwards by $64k (2021: nil).

Parent - nil (2021: nil)

Investments measured at Cost - Parent	Current		Non-Current	
	2022	2021	**2022**	2021
	$000	$000	**$000**	$000
Investment in Electra Limited	**-**	-	**18,000**	18,000
Total investments measured at Cost	**-**	-	**18,000**	18,000

Group - nil (2021: 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 2022.

Investment	Opening Equity	Group Share of Profit for the Year	Movement in Finance Receivable and Equity	Dividends and Sale Proceeds Received	Profit (Loss) on Sale of Investment	Year-end Equity
Connect 8 Limited	12,232	(395)	-	(10,500)	(1,337)	0
Quail Ridge Country Club Limited	43	990	1,437			2,470
Kerikeri Falls Investments Limited	619	88	-			707
Horowhenua Developments Limited	819	1,449	-	(750)		1,518
TOTAL	**13,713**	**2,132**	**1,437**	**(11,250)**	**(1,337)**	**4,695**

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

Connect 8 Limited
On the 31st of January 2022, the Group sold it's 50% joint ownership in Connect 8 Limited, a business which is involved in contracting construction for the water, power and telecommunications sectors. A net dividend of $500k was received as part of the sale process.

	2022	2021
	$000	$000
Opening carrying value of investment in Connect 8	**12,232**	11,387
Initial investment in joint venture	**-**	-
Share of profits from joint venture	**(395)**	886
Other adjustments		(41)
Net dividends received	**(500)**	-
Sale Proceeds	**(10,000)**	-
Loss on disposal	**(1,337)**	-
Carrying value of investment in Connect 8	**-**	12,232
Balance Sheet information for Connect 8:		
Current assets	**20,392**	16,283
Non current assets	**20,311**	11,040
Total assets	**40,703**	27,323
Current liabilities	**(9,620)**	(9,025)
Non current liabilities	**(15,224)**	-
Total liabilities	**(24,844)**	(9,025)
Equity	**15,859**	18,298
Equity accounted earnings comprise		
Revenues - 100%	**23,338**	28,828
Profits from continuing operations - 100%	**(790)**	1,772
Profits from continuing operations - Electra share	**(395)**	886

The summarised information for 2022 is at the time of the sale transaction.

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. Interim loans were provided during the financial year 2021 and are detailed in note 8 & 21. A purchase price washup of $4.37m is due to Electra in accordance with the Sale and Purchase Agreement.

The initial investment in Quail Ridge Country Club was for $4.56m. Because of the $4.37m due back to the Group, the carrying amount at 31 March 2022 is reduced by this amount.

	2022 $000	2021 $000
Opening carrying value of investment in Quail Ridge Country Club Limited	**43**	-
Initial investment in joint venture (Net of provision for wash up)	**-**	391
Amount converted to equity from finance receivables	**1,640**	(348)
Related party receiveable movement	**(203)**	-
Share of profits from joint venture	**990**	-
Carrying value of investment in Quail Ridge Country Club Limited	**2,470**	43

Balance Sheet information for Quail Ridge Country Club Limited:

	2022	2021
Current assets	**87**	63
Non current assets	**111,661**	87,219
Total assets	**111,748**	87,282
Current liabilities	**(18,382)**	(24,630)
Non current liabilities	**(89,842)**	(64,111)
Total liabilities	**(108,224)**	(88,741)
Equity	**3,524**	(1,459)

Equity accounted earnings comprise		
Revenues - 100%	**2,829**	2,498
Profits from continuing operations - 100%	**1,984**	(622)
Profits from continuing operations - Group's share	**990**	(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 & 20. Collectability of the loan outstanding has been considered by the Directors. There are a range of possible outcomes, including scenarios where not all of the loan is collected. The Group considers the probability of a scenario where not all of the loan is collected to be low.

The Group has made a shareholder commitment to KeriKeri Falls Investment to not make any recall of repayment demand until such time in the future when funds are available to reasonably make repayment.

	2022 $000	2021 $000
Opening carrying value of investment in Kerikeri Falls Investments Limited	**619**	-
Initial investment in associate	**-**	-
Share of profits from associate	**89**	619
Carrying value of investment in Kerikeri Falls Investments Limited	**708**	619

Balance Sheet information for Kerikeri Falls Investment Limited:

	2022	2021
Current assets	**5,870**	5,017
Non current assets	**1,534**	1,609
Total assets	**7,404**	6,626
Current liabilities	**(9,221)**	(8,454)
Non current liabilities	**(211)**	(306)
Total liabilities	**(9,432)**	(8,760)
Equity	**(2,028)**	(2,134)

Equity accounted earnings comprise		
Revenues - 100%	**13,772**	10,955
Profits from continuing operations - 100%	**178**	1,240
Profits from continuing operations - Group's share	**89**	619

Horowhenua Developments Limited
The Group holds a 25% shareholding in Horowhenua Development Limited, a business which is involved in land development within the Horowhenua, Kapiti Coast. During the year the Group received a net dividend payment of $750k.

	2022 $000	2021 $000
Opening carrying value of investment in Horowhenua Developments Limited	**819**	-
Initial investment in associate	**-**	402
Share of profits from associate	**1,449**	417
Net dividends received	**(750)**	-
Carrying value of investment in Horowhenua Developments Limited	**1,518**	819

Balance Sheet information for Horowhenua Developments Limited:		
Current assets	**5,529**	4,591
Non Current assets	**-**	-
Total assets	**5,529**	4,591
Current liabilities	**(1,065)**	(2,925)
Non current liabilities	**-**	-
Total liabilities	**(1,065)**	(2,925)
Equity	**4,463**	1,666
Equity accounted earnings comprise		
Revenues - 100%	**12,298**	4,693
Profits from continuing operations - 100%	**5,794**	1,668
Profits from continuing operations - Group's share	**1,449**	417

Parent - nil (2021: 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, Joint Ventures and Associates
Investments, Joint Ventures and Associates 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	2022	2021
Electra DNZ Limited	Non Trading	Subsidiary	100.0%	100.0%
Electra Finance Limited	Financing	Subsidiary	100.0%	100.0%
Electra Generation Limited	Non Trading	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 Limited Partnership	Electricity Retailing	Investment	4.0%	4.0%
Linax Limited	Consumer Goods	Investment	6.8%	7.0%
Connect 8 Limited	Telecommunications	Joint venture	0.0%	50.0%
Quail Ridge Country Club Limited	Retirement Village	Joint venture	49.9%	49.9%
Kerikeri Falls Investments Limited	Building Company for Quail Ridge	Joint venture	49.9%	49.9%
Horowhenua Developments Limited	Property Development	Associate	25.0%	25.0%

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 $91k (2021: $90k) of fees to their trustees, refer to Note 2 - Other Expenses.

Quail Ridge Country Club Limited
During the financial year, $1.6m of loan receivable was converted to equity. Total interest income accrued on the loan balance during the financial year prior to conversion was $59,671 (2021: $79,107). Total amount receivable in relation to the washup payment described in note 19 at balance date is $4,370,132 (2021: $4,167,013). Director fees charged during the year were $36,000 (2021: $40,500) and accounts receivable at balance date was $3,000 (2021: $3,000).

Kerikeri Falls Investments Limited
In 2021 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 $359,127 (2021: $124,436). The recoverability of the loan was assessed through either sale of the investment or the continued trading of the contracting business. Both scenarios would result in full recovery.

Horowhenua Developments Limited
During the year, the Group entered into transactions with Horowhenua Development Limited for contract works worth $539,931 (2021: $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 Limited for a total value of $21,282 (2021: $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 $21,674 (2021: $21,837).

21 Key management personnel

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

	2022	2021
	$000	$000
Short-term employee benefits	**1,894**	1,838
Defined contribution plans	**76**	67
Termination Benefits	**-**	-
	1,970	1,905

Directors are appointed by our shareholder, Electra Trust. They are appointed as Directors of Electra Limited, and all subsidiaries listed in Note 20. Directors' fees are paid by Electra Limited to the directors, as the directors of the Group. Total fees paid were $334,544 (2021: $298,810). There are no separate fees paid to these directors in respect of the subsidiaries.

22 Subsequent events

A net dividend of $300,000 was paid to the Electra Trust on 16 May 2022 in respect of the financial year end 31st March 2022.

Subsequent to balance date, the Group made a decision to sell its investment in Quail Ridge Country Club and Kerikeri Falls Investments. An Information Memorandum has been issued. The Directors felt the investments no longer had a strong tie to the Group’s strategic direction. The investment will be transferred to held for sale post balance date and equity accounting will cease.

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

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	58%	>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 SAIFI target was met in 2022.

	Actual	Target
Minutes per year (SAIDI)	100.7	<83
Times per year (SAIFI)	1.56	<1.66

2) Profit Targets

The Group's results, compared to profit targets were:

		Target
Group Net Profit after Tax	$0.1m	$3.03m
Subsidiaries and Investments Net (Loss) after Tax	($2.9m)	$2.18m
Group Return on Equity (post discount & tax)	0.1%	1.82%
Group Return on Equity (pre discount & tax)	2.69%	4.43%

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. The number of customers were slightly below target for 2022.

	Actual	Target
Sales Discount (excl GST)	$5.1m	$5.15m
Number of Consumers	45,948	>46,150

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. For this policy, the Group holds a target of nil Lost Time Injuries (LTIs) where a work related recordable injury or illness results in lost time from work.

	Actual	Target
Lost Time Injuries (LTI)	1	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

	2022 $000	**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)

Net cash inflow on disposal of operations

	2021 $000
Net cash inflows from operating activities	(698)
Net cash inflows from investing activities	(36)
Net cash outflows from financing activities	-
	(734)

25 Assets Held for Sale

Current and Non-current Assets Held for Sale	**2022 $000**	**2021 $000**
Carrying Value of Security Customers	1,462	-
Goodwill associated with the Security Customers	649	-
Total Non-Current Assets Held for Sale	**2,111**	**-**
Inventory	513	-
Total Current Assets Held for Sale	**513**	**-**

During the year the Board decided to sell the security monitoring portion of Electra Services. Assets classified as held for sale include the purchased security customer lists, associated goodwill recognised on the purchase of security alarm monitoring businesses, and security alarm inventory.

Assets are held at book value with no gain or loss recongised on reclassification.

Parent - nil (2021: nil)

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
R M Cranshaw (GM - People and Culture)
D M Andrews (GM - Lines Business), MBA, AMP MBS, MIITP
M K F Smith (GM – Electra Services), BBS
J A Beale (General Counsel - Electra Group), LLB, MInstD
M R Fox (Health, Safety and Wellbeing Manager - Electra Group)

Electra Trust Trustees
S M Crosbie (Chairperson), CNZM, OBE
L R Burnell, QSM
J Holborow, M Mus
R J Latham
N F Mackay, BCA
J L Yeoman, BBS, ACA, FCG

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Silvio Bruinsma
Deloitte Limited
Wellington
On behalf of the Auditor-General

Solicitors

CS Law	Levin
Anthony Harper	Auckland
Quigg Partners	Wellington

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