



ANNUAL  
REPORT 2022



**Chairman:**

E A Angelo, FCA Whangārei

**Deputy Chair:**

S K McKenzie Kaipara

**Other Trustees:**

CH Biddles Kaipara

I M Durham BBM, Grad Dip (Fin) Whangārei

Hon P R Heatley M Hort Sc Whangārei  
(Hons in Engineering)

W E Rossiter, QSM Whangārei

P M W Yovich, CA Whangārei

**Secretariat:**

B A Martin, CA  
Plus Chartered Accountants Limited

**Bankers:**

ASB Whangārei

**Auditor:**

BDO Northland Northland

## Northpower

**Chair:**

M D Trigg, B Eng Chemicals and Materials

**Directors:**

R C Booth, MBA, Dip Ag

P G Hutchings, B.Eng (Hons), Dip Bus Admin

L Kubiak

M B James, BCom, CA

E M P A Jacobs,  
PhD (Eng), PGDip Bus, GMP CEDEP-INSEAD, MInstD

M K Kong, BA (Hons I), LLB, L.Mus.A



## ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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# Trustees' Report

## The Role of Trustees

The Trustees' responsibilities are governed by the Trust Deed. They are required to provide for the short and long term interests of the beneficiaries and must adhere to the requirements of the Trustee Act 2019, the Commerce Act 1986 and the Electricity Industry Act 2010.

Trustees' responsibilities cover: holding the shares in Northpower Limited on behalf of the electricity consumers of the Kaipara and Whangārei Districts; commenting to the Directors on Northpower's Statement of Corporate Intent (SCI); appointing Directors of Northpower Ltd and monitoring their performance with respect to the Company's SCI; exercising the rights and responsibilities of diligent shareholders; meeting with the Directors on a regular basis to consider the performance of Northpower Ltd and reporting annually to the Trust's beneficiaries.

Seven Trustees are elected every three years by the public of the Kaipara and Whangārei Districts to hold the shares in Northpower Ltd on behalf of the Trust's beneficiaries, who are the electricity consumers of the districts.

The Northpower Electric Power Trust (NEPT) was registered in 1993. The last Trustee elections were held in November 2019 and therefore the next election for Trustees will be held in November 2022.

# Trustees' Report

## 2022 Northpower Ownership Review

Every five years there is an Ownership Review, including an extensive public consultative process. Our latest Ownership Review was held between February and June 2022.

During the Ownership Review process, the Trustees of the Northpower Electric Power Trust must carry out a consultation process with Northpower consumers to determine if the current Trust ownership structure is what consumers want, or if consumers would prefer a change.

As a result of feedback from Northpower consumers during the 2022 Northpower Ownership Review process, all Trustees unanimously agreed to retain the Ownership of the shares of Northpower Limited in the Northpower Electric Power Trust (NEPT).

The decision to continue with current consumer ownership model of Northpower Limited was made at a public meeting held in Whangārei on June 6. Trustees had previously undertaken extensive consultation with electricity consumers connected to the Northpower electricity network throughout Kaipara and Whangārei.

Throughout March, public meetings were held in Dargaville, Mangawhai and Whangārei, along with a Zoom meeting to give people a chance to have their say. Information was also made widely available via media and social media platforms.

Consumers connected to Northpower's electricity network in Kaipara and Whangārei were able to make submissions (until 4pm, April 28, 2022) on the ownership model of the company. 131 written submissions and 36 of those were dual (husband and wife) submissions – giving a total of 167 submitters.

It is very clear that people are happy with retaining Northpower Ltd Shares in the Trust.

# Trustees' Report

## Pricing Discount to Northpower consumers

A pricing discount was paid to all Northpower consumer beneficiaries by way of a credit to their power account in late 2021. The majority of consumer beneficiaries received a discount of \$248.40.

Since 1993 Northpower Ltd and the Northpower Electric Power Trust have given back \$252 million directly to electricity consumers in Kaipara and Whangārei.

## Directorship

At each Annual General Meeting of Northpower Ltd, the Company's constitution requires that one third of the Directors will retire and may seek reappointment. In July 2021 the reappointment of Mark Trigg and Richard Booth as Directors of Northpower Limited was confirmed.

The selection and appointment of the Directors of Northpower Ltd is a crucial role of the Trustees' responsibilities.

Trustees seek regular external perspectives on the performance of the Northpower Directors, the results of which have confirmed that Northpower Ltd continues to be governed by an excellent Board of Directors.

# Trustees' Report

## Working with Directors

In order to fulfil their statutory obligations, Trustees meet with the Board of Directors regularly throughout the year. Matters raised include any issues that have the potential to affect the value of Northpower Ltd. Trustees receive and review the Company interim financial reports for discussion with Directors.

The relationship between the Chairman of the Trust and the Chairman of the Board of Directors is vitally important and enables Trustees to effectively undertake the monitoring process required by the Trust Deed and the Company's Statement of Corporate Intent.

## Regulatory and industry specific issues

The Trustees work closely with the Northpower Board of Directors and Executive Officers along with the Energy Trusts of New Zealand (ETNZ) - a body which represents the interests of electricity trusts - in order to influence regulators to provide a clear and cost-effective regime that guides quality service to consumers, without imposing unnecessary additional costs.

Trustees keep abreast of regulatory and industry issues through focus meetings with industry representatives, regular contact with Directors on significant issues as they arise and via ETNZ.

# Trustees' Report

## Consumer contact

Trustees are always available to discuss matters involving the electricity industry in general and local issues that may also affect ownership issues and responsibilities. Trustees connect with consumer/beneficiaries whenever the opportunity arises.

All Trustees are privileged to represent the electricity consumers of Northpower Ltd as beneficiaries of the Trust, and to fulfil their responsibility to act in the capacity of shareholders of Northpower Ltd.

## Financial report

The Northpower Electric Power Trust 2022 financial statements are required to be consolidated with those of Northpower Ltd. The Trust's results are presented in the 'Trust' column while the 'Consolidated' column reflects the results of the Company and the Trust.

BDO Northland has completed the audit of the Trust's financial report



# Trustees' Statement

For the year ended 31 March 2022

The Trustees present the summary annual report of the Northpower Electric Power Trust, incorporating the summary financial statements for the year ended 31 March 2022. The full annual report and audited financial statements are available at Northpower's website: [www.northpower.com/company/about-us/ownership](http://www.northpower.com/company/about-us/ownership)

## *Principal activities*

The principal business of the Trust is holding shares in Northpower Ltd on behalf of the consumer beneficiaries. The nature of the Trust's business has not changed during the year.

## *Trustees holding office during the year*

The following Trustees held office during the year:

Ercoli Angelo  
Sheena McKenzie  
Chris Biddles  
Irene Durham  
Phil Heatley  
William Rossiter  
Paul Yovich

## *Trustee remuneration and meeting fees paid were as follows:*

	2022	2021
Ercoli Angelo	49,571	48,056
Sheena McKenzie	34,570	34,541
Chris Biddles	28,055	27,132
Irene Durham	28,275	27,351
Phil Heatley	28,055	27,132
William Rossiter	28,055	27,132
Paul Yovich	28,275	27,572
Total	224,857	218,916

The appointed auditor of the Trust for the year ended 31 March 2022 is BDO Northland.

Consumers will have the opportunity to approve the appointment of BDO Northland as the Trusts' auditors for the year ending 31 March 2023 at the 2022 AGM in Whangarei on 27 July. In accordance with section 101 (3) of the Electricity Industry Act 2010, a motion will be put to the Annual Meeting of beneficiaries authorising the Trust to fix the fees and expenses of the auditors for the ensuing year.

For and on behalf of the Board of Trustees,

Ercoli Angelo  
Chairman



# Income Statement – Trust Only

For the year ended 31 March 2022

	Trust	
	2022	2021
<b>Income</b>		
Dividend Received	670,000.00	1,420,000.00
Interest Received	26,365.79	28,781.71
<b>Total Income</b>	<b>696,365.79</b>	<b>1,448,781.71</b>
<b>Operating Expenses</b>		
AGM Expense	7,069.18	4,906.19
Audit Fees	18,572.50	18,572.50
Bank Charges	120.00	160.00
Conference Expenses & Travel	6,492.83	11,837.90
Consumer Call Centre	584.12	765.70
Director Recruitment	16,548.50	13,129.17
Election Expense	0.00	3,565.00
ETNZ Levy	14,081.63	14,081.64
General Expenses	0.00	200.00
Insurance	9,998.18	9,482.56
Interest - Overdraft	14.23	0.00
Legal Expenses	14,734.38	0.00
Meeting Expenses	855.90	881.73
Ownership Review Expenses	21,350.72	0.00
Secretarial Expenses	48,300.00	48,300.00
Trustee Fees & Allowances	224,857.98	218,915.56
Trustee Travel Expenses	5,628.22	2,865.57
Subscriptions	2,651.43	1,977.70
<b>Total Expenses</b>	<b>391,859.80</b>	<b>349,641.22</b>
<b>Profit (Loss) Before Taxation</b>	<b>304,505.99</b>	<b>1,099,140.49</b>
<b>Trustees Income Before Tax</b>	<b>304,505.99</b>	<b>1,099,140.49</b>
<b>Taxation and Adjustments</b>		
Provision for Taxation	0.00	(7,273.16)
<b>Total Taxation and Adjustments</b>	<b>0.00</b>	<b>(7,273.16)</b>
<b>Net Trustees Income for the Year</b>	<b>304,505.99</b>	<b>1,106,413.65</b>

# Consolidated statement of comprehensive income

For the year ended 31 March 2022

	Note	Group		Parent	
		2022	2021	2022	2021
		Restated <sup>1</sup>			
		\$000s	\$000s	\$000s	\$000s
Revenue from contracts with customers	2	384,381	364,609	-	-
Other income	3	1,030	10,733	670	1,420
Materials and supplies		(163,244)	(156,143)	-	-
Employee benefits	7	(145,834)	(137,185)	-	-
Transmission costs		(16,339)	(17,320)	-	-
Depreciation and amortisation		(37,306)	(32,237)	-	-
Other expenses	4	(4,476)	(3,702)	(392)	(350)
Fair valuation gain on derivatives		4,440	2,270	-	-
Finance cost	5	(6,201)	(5,968)	26	29
Gain on remeasurement of existing interest/share of net profit in associate	23	14,718	1,970	-	-
<b>Net Profit before tax</b>		<b>31,169</b>	<b>27,027</b>	<b>304</b>	<b>1,099</b>
Income tax expense	11	(5,080)	(8,864)	(8)	8
<b>Net profit after tax for the year</b>		<b>26,089</b>	<b>18,163</b>	<b>296</b>	<b>1,107</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	18	(8)	(101)	-	-
<i>Items that will not be reclassified to profit or loss</i>					
Net fair value gains on derivatives designated as FVTPL attributable to changes in credit risk		-	(325)	-	-
Net gain on revaluation of property, plant & equipment, net of tax	14,18	33,163	-	-	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>33,155</b>	<b>(426)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year attributable to the owners of the parent</b>		<b>59,244</b>	<b>17,737</b>	<b>296</b>	<b>1,107</b>

<sup>1</sup> the comparatives are restated following an accounting policy change relating to cloud computing arrangements, refer to Note 1  
The above statement should be read in conjunction with the accompanying notes.

# Consolidated statement of financial position

As at 31 March 2022

	Note	Group		Parent	
		2022	2021	2022	2021
		Restated <sup>1</sup>			
		\$000s	\$000s	\$000s	\$000s
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		816	1,354	67	51
Trade and other receivables	9	48,893	36,312	698	673
Short term investments		2,548	2,135	2,548	2,135
Contract assets	2	23,805	29,846	-	-
Tax receivable		54	168	54	168
Deferred tax asset		-	-	-	8
Derivatives	20	-	13	-	-
Assets held for sale		-	155	-	-
Inventory	6	16,472	11,276	-	-
<b>Total current assets</b>		<b>92,588</b>	<b>81,259</b>	<b>3,367</b>	<b>3,035</b>
<b>Non-current assets</b>					
Intangible assets	13	27,564	20,369	-	-
Investment in subsidiary		-	-	35,989	35,989
Equity-accounted investment	23	-	39,663	-	-
Derivatives	20	1,028	272	-	-
Right of use assets	15	69,705	74,416	-	-
Property, plant and equipment	14	491,940	370,541	-	-
<b>Total non-current assets</b>		<b>590,237</b>	<b>505,261</b>	<b>35,989</b>	<b>35,989</b>
<b>Total assets</b>		<b>682,825</b>	<b>586,520</b>	<b>39,356</b>	<b>39,024</b>

# Consolidated statement of financial position

As at 31 March 2022

	Note	Group		Parent	
		2022	2021	2022	2021
		Restated <sup>1</sup>			
		\$000s	\$000s	\$000s	\$000s
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	10	24,878	24,607	60	24
Contract liabilities	2	15,286	9,866	-	-
Employee entitlements	7	18,347	16,635	-	-
Provisions	16	2,374	-	-	-
Provision for tax		4,507	5,910	-	-
Borrowings	19	22,500	-	-	-
Deferred income	8	237	543	-	-
Derivatives	20	108	224	-	-
<b>Total current liabilities</b>		<b>88,237</b>	<b>57,785</b>	<b>60</b>	<b>24</b>
<b>Non-current liabilities</b>					
Employee entitlements	7	1,065	761	-	-
Provisions	16	1,941	-	-	-
Lease liabilities	15	72,266	76,160	-	-
Borrowings	19	79,452	82,607	-	-
Deferred income	8	6,682	5,823	-	-
Derivatives	20	396	3,976	-	-
Deferred tax	12	66,904	52,770	-	-
<b>Total non-current liabilities</b>		<b>228,706</b>	<b>222,097</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>316,943</b>	<b>279,882</b>	<b>60</b>	<b>24</b>
<b>Net assets</b>		<b>365,882</b>	<b>306,638</b>	<b>39,296</b>	<b>39,000</b>
<b>Equity</b>		<b>365,882</b>	<b>306,638</b>	<b>39,296</b>	<b>39,000</b>

<sup>1</sup> the comparatives are restated following an accounting policy change relating to cloud computing arrangements, refer to Note 1

The above statement should be read in conjunction with the accompanying notes.

These financial statements are authorised for issue on 20 July 2022, for and on behalf of the Board of Trustees.

Ercoli Angelo  
Chairman



Sheena McKenzie  
Deputy Chair



# Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

Group	Ordinary Shares	Retained Earnings	Other Reserves	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Balance as at 1 April 2021<sup>1</sup></b>	<b>35,989</b>	<b>254,269</b>	<b>-</b>	<b>19,311</b>	<b>(2,931)</b>	<b>306,638</b>
Net profit for the year	-	26,089	-	-	-	26,089
Revaluation gain on property, plant and equipment	-	157	-	33,006	-	33,163
Other comprehensive loss for the year	-	-	-	-	(8)	(8)
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>26,246</b>	<b>-</b>	<b>33,006</b>	<b>(8)</b>	<b>59,244</b>
<b>Balance as at 31 March 2022</b>	<b>35,989</b>	<b>280,515</b>	<b>-</b>	<b>52,317</b>	<b>(2,939)</b>	<b>365,882</b>
Balance as at 1 April 2020 <sup>1</sup>	35,989	236,106	325	19,311	(2,830)	288,901
Profit for the year <sup>1</sup>	-	18,163	-	-	-	18,163
Other comprehensive income for the year	-	-	(325)	-	(101)	(426)
Total comprehensive income for the year, net of tax	-	18,163	(325)	-	(101)	17,737
Balance as at 31 March 2021 <sup>1</sup>	35,989	254,269	-	19,311	(2,931)	306,638

  

Parent	Trust Capital	Retained Earnings	Total
	\$000s	\$000s	\$000s
<b>Balance as at 1 April 2021</b>	<b>35,989</b>	<b>3,011</b>	<b>39,000</b>
Profit for the year	-	296	296
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>296</b>	<b>296</b>
Transactions with owners in their capacity as owners	-	-	-
<b>Balance as at 31 March 2022</b>	<b>35,989</b>	<b>3,307</b>	<b>39,296</b>
Balance as at 1 April 2020	35,989	1,904	37,893
Loss for the year	-	1,107	1,107
Other comprehensive income for the year	-	-	-
<b>Total comprehensive loss for the year, net of tax</b>	<b>-</b>	<b>1,107</b>	<b>1,107</b>
Transactions with owners in their capacity as owners:	-	-	-
Balance as at 31 March 2021	35,989	3,011	39,000

<sup>1</sup> the comparatives are restated following an accounting policy change relating to cloud computing arrangements, refer to Note 1  
The above statement should be read in conjunction with the accompanying notes.

# Consolidated Cash Flow Statement

For the year ended 31 March 2022

	Note	Group		Parent	
		2022	2021	2022	2021
			Restated <sup>1</sup>		
		\$000s	\$000s	\$000s	\$000s
<b>Operating activities</b>					
Receipts from customers		379,090	373,631	-	-
Wages subsidy received		91	8,438	-	-
Interest received		33	26	18	26
Income tax received		719	3,669	168	-
Dividends received		-	6,510	614	921
<b>Payments to suppliers</b>		<b>(186,713)</b>	<b>(192,591)</b>	<b>(371)</b>	<b>(348)</b>
Payments to employees		(144,067)	(134,342)	-	-
Interest paid		(6,011)	(5,803)	-	-
Income tax (paid)/refund		(7,483)	(61)	-	(61)
<b>Net cash inflows from operating activities</b>	17	<b>35,659</b>	<b>59,477</b>	<b>429</b>	<b>538</b>
<b>Investing activities</b>					
Proceeds from sale of property, plant and equipment		941	1,394	-	-
Purchase of intangible assets		(2,152)	(2,645)	-	-
Purchase of property, plant and equipment		(34,255)	(29,867)	-	-
Investment in equity-accounted investment	23	-	(11,742)	-	-
Acquisition of a subsidiary	23	(4,906)	-	-	-
Short term investments		(413)	(560)	(413)	(560)
<b>Net cash outflows from investing activities</b>		<b>(40,785)</b>	<b>(43,420)</b>	<b>(413)</b>	<b>(560)</b>
<b>Financing activities</b>					
Drawdown of borrowings		619,737	528,008	-	-
Repayment of borrowings		(600,600)	(531,100)	-	-
Principal repaid on lease liability		(14,541)	(13,596)	-	-
<b>Net cash (outflows)/inflows from financing activities</b>		<b>4,596</b>	<b>(16,688)</b>	<b>-</b>	<b>-</b>
Net (decrease)/increase in cash and cash equivalents		(530)	(631)	16	(22)
Net foreign exchange differences		(8)	(101)	-	-
Cash and cash equivalents at the beginning of the year		1,354	2,086	51	73
<b>Cash and cash equivalents at the end of the year</b>		<b>816</b>	<b>1,354</b>	<b>67</b>	<b>51</b>

The full audited financial statements are available at Northpower's website: [northpower.com/company/about-us/ownership](http://northpower.com/company/about-us/ownership)

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 1. General information and significant matters

### General information

The Northpower Electric Power Trust (the Parent) was established under the terms of the trust deed dated 29 March 1993. The Trust holds the entire share capital of Northpower Limited on behalf of the power consumers within the network area served by Northpower Limited.

Northpower Limited (the Company) is a profit oriented limited liability company incorporated in New Zealand.

The Company was formed under the Energy Companies Act 1992 and registered under the Companies Act 1993. The financial statements presented are for Northpower Electric Power Trust Group (or "the Group") as at, and for the year ended 31 March 2022. The Group consists of Northpower Electric Power Trust, Northpower Limited and its subsidiaries. The principal activities of the Group are electricity distribution and contracting services. The principal activities of the subsidiaries are telecommunications and acoustic testing.

### Basis of preparation

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable Financial Reporting Standards, as appropriate for Tier 1 for-profit entities. They also comply with International Financial Reporting Standards.

The financial statements have been prepared on an historical cost basis except for the revaluation of derivatives, other financial assets, electric distribution network assets, and land and buildings.

The presentation currency is New Zealand dollars (NZD), which is the company's functional currency. All financial information has been rounded to the nearest thousand unless otherwise stated.

The consolidated statement of comprehensive income and consolidated statement of changes in equity are stated exclusive of GST. All items in the consolidated statement of financial position and consolidated cash flow statement are stated exclusive of GST except for trade receivables, trade payables, receipts from customers, and payments to suppliers which include GST. The parent is not registered for GST and therefore the parent financial statements are inclusive of any GST.

### Significant accounting policies

Accounting policies, and information about judgements, estimations and assumptions that have had a significant effect on the amounts recognised in the financial statements are disclosed in the relevant notes as follows:

- Revenue from contracts with customers (Note 2)
- Other income (Note 3)
- Trade and other receivables (Note 21)
- Intangible assets (Note 13)
- Property, plant and equipment (Note 14)
- Financial risk management objectives and policies (Note 21)
- Related parties (Note 24)



# Notes to the consolidated financial statements

For the year ended 31 March 2022

## New accounting standards and interpretations adopted

### ***NZ IAS 38 Intangible Assets interpretation: configuration or customisation costs in a cloud computing arrangement***

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, Configuration or customisation costs in a cloud computing arrangement. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed. The Group's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the consolidated statement of financial position. Refer to Note 13 for the Group's new accounting policy on cloud computing arrangements and impact of the change in the accounting policy. The Group has applied the new interpretation effective 1 April 21 resulting in retrospective restatements of the following historical financial information. The adjusted amounts presented in these financial statements are as follows:

	Audited	<sup>1</sup> Presentation change	SaaS Adjustment	Restated
<b>31-Mar-21</b>	\$000s	\$000s	\$000s	\$000s
<b>Items from the income statement</b>				
Employee benefits	(137,025)	-	(160)	(137,185)
Other expenses	(3,367)	-	(335)	(3,702)
Depreciation and amortisation	(32,354)	-	117	(32,237)
Income tax expense	(8,970)	-	106	(8,864)
<b>Items from the statement of financial position</b>				
Intangible assets	18,422	3,017	(1,070)	20,369
Deferred tax	53,070	-	(300)	52,770
Equity	304,396	-	(770)	303,626
<b>Items from the cash flow statement</b>				
Payments to suppliers	(192,256)	-	(335)	(192,591)
Payments to employees	(134,182)	-	(160)	(134,342)
Purchase of intangible assets	(3,141)	-	496	(2,645)
	Audited	<sup>1</sup> Presentation change	SaaS Adjustment	Restated
<b>31-Mar-20</b>	\$000s	\$000s	\$000s	\$000s
<b>Items from the statement of financial position</b>				
Intangible assets	19,810	3,446	(691)	22,565
Deferred tax	50,963	-	(194)	50,769
Equity	289,399	-	(498)	288,901

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## <sup>1</sup>Change in the presentation of capital work-in-progress (CWIP)

The comparatives for CWIP have been restated to ensure consistency with current year presentation. Intangible assets and property, plant and equipment include respective components of CWIP in the consolidated statement of financial position. Components of CWIP relating to intangible assets and property, plant and equipment has been presented as a separate asset category in the respective notes 13 and 14. Previously CWIP was presented as a separate line item in the consolidated statement of financial position.

## Onerous Contracts – cost of fulfilling a contract - Amendments to NZ IAS 37

The amendments have clarified that the cost of fulfilling a contract comprises the 'costs that relate directly to the contract' which are both, the incremental costs of fulfilling the contract (e.g. direct materials and labour); and an allocation of other costs that relate directly to fulfilling contracts (e.g. overheads such as allocation of depreciation expense on an item of property, plant and equipment used in fulfilling the contract). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has elected to early adopt this amendment effective this financial year, prospectively to contracts for which the Group has not yet fulfilled all of its obligations at 1 April 21, refer to Note 16. The Group applies judgement in determining which costs are 'directly related to contract activities', using guidance in IFRS 15 Revenue from Contracts with Customers and other applicable standards.

## *COVID-19 Rent related concessions beyond June 2021*

On 1 April 2021 the Group adopted "COVID-19 Rent related concessions beyond June 2021" standard. The Group received rental concession for some of its leased properties and therefore it applied the practical expedient under COVID-19 Rent related concessions. The practical expedient has been applied to all eligible contracts. Accordingly, the concession received was accounted for as negative variable lease in profit or loss and has an immaterial impact on these financial statements.

## Standards issued but not yet effective

Certain new accounting standards and amendments have been issued that are not mandatory for the 31 March 2022 financial year and have not been early adopted by the Group. The Group has assessed that these are not likely to have a material effect on its financial statements.

## COVID-19 impacts

The Group assessed the current and future potential effects of COVID-19 for all balances and areas of judgements made in relation to the preparation of these consolidated financial statements. The effect on the overall results was not material as the Group has remained resilient during the year, despite the continuing impact of COVID-19.

During the prior year, the Group was eligible for and received \$9.0 million of New Zealand Government wage subsidy, of which the Group subsequently repaid \$0.6 million.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 2. Revenue from contracts with customers

	Note	Group	
		2022 \$000s	2021 \$000s
<b>Revenue recognised over time</b>			
Electricity distribution revenue	i	66,477	66,016
Metering	ii	11	904
Electricity generation	iii	1,984	1,926
Fibre telecommunication services	iv	13,646	2,599
Contracting revenue - electricity industry	v	294,011	286,204
Contracting revenue - fibre telecommunications industry	vi	90	3,078
<b>Revenue recognised at a point in time</b>			
Capital contributions	vii	8,162	3,882
<b>Total</b>		<b>384,381</b>	<b>364,609</b>

### *i Electricity distribution revenue*

The performance obligation is satisfied over time with the delivery of electricity and payment is generally due within 20 to 45 days from delivery. The Group adopts a practical expedient allowed by NZ IFRS 15 and recognises electricity distribution revenue when the right to invoice arises.

Part of the network charges is based on normalisation, where consumption is estimated to the end of the billing period based on historical actual meter readings. Occasionally the meter reading history data is not consistent and subsequent adjustments are made to customers' accounts, where further charges are applied or refunds given. These adjustment amounts are not significant compared with total network revenue.

The revenue disclosed above is net of a posted discount of \$11.7 million paid during the year to the consumer owners (2021: \$10.2 million), refer to Note 18.

### *ii Metering*

The performance obligation is satisfied on reading of end consumer electricity metering equipment and revenue is recognised over time. Payment is generally due 20 to 45 days from delivery.

### *iii Electricity generation*

The Group owns and operates an electricity power station at Wairua, Northland. The performance obligation of the supply of generated electricity is satisfied over time and pricing is based on the final electricity industry spot price, as defined by the Electricity Industry Participation Code. Payment is generally due 20 to 45 days from supply of the electricity.

# Notes to the consolidated financial statements

For the year ended 31 March 2021

## *iv Fibre telecommunication services*

The performance obligation is satisfied over time with the provision of fibre internet connectivity and payment is generally due 20 to 45 days from provision of the service. Revenue is recognised as the service is provided.

## *v Contracting revenue – electricity industry*

The contracting division provides maintenance and construction services under fixed-price and variable price contracts. Revenue from these services is recognised in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual costs incurred relative to the total expected costs.

The Group determined that the input method is the best method of measuring progress of the services because there is a direct relationship between cost incurred and the transfer of service to the customer. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

## *vi Contracting revenue – fibre telecommunications industry*

Revenue related to services to connect end users to the fibre network is recognised when the connection is complete. Revenue for maintenance services is recognised in the accounting period in which the services are rendered on the basis that the customer receives and uses the benefits, simultaneously.

## *vii Capital contributions*

Capital contribution revenue represents third party contributions towards the construction of distribution system assets. Revenue is recognised in the consolidated statement of comprehensive income when the asset is completed.

## **Contract assets and contract liabilities**

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the performance obligations have been completed but not invoiced. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. The remaining performance obligations at balance date are part of contracts that are estimated to have a duration of one year or less. Hence the Group applied the practical expedient in NZ IFRS 15 in relation to the disclosure of information about remaining performance obligations at balance date.

Contract liabilities are balances due to customers under construction contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-completion method. The revenue recognised during the year includes the contract liabilities balance at the beginning of the reporting period.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 3. Other income

	Group		Parent	
	2022	2021	2022	2021
	\$000s	\$000s	\$000s	\$000s
<b>Other Income</b>				
Sundry income	1,030	2,895	-	-
Dividend income	-	-	670	1420
Wages subsidy income	-	7,838	-	-
	<b>1,030</b>	<b>10,733</b>	<b>670</b>	<b>1420</b>

Sundry income includes \$0.1 million (2021: nil) of income from the Government leave support scheme and short term absence assistance payments to help pay salary and wages of employees impacted by COVID-19. Wages subsidy income for the prior year relates to the Government's wage subsidy scheme, a financial assistance to employers to help pay employee salary and wages for a 12-week period. These payments qualify as government grant within the scope of NZ IAS 20. The wages subsidy and other support payments receivable was recognised as an asset when the claim was submitted along with a corresponding liability until the conditions attached to the grant were satisfied. As and when the Group paid the salaries or wages to the employees, the wages subsidy and the support payments payable was reduced and recognised as other income in the statement of comprehensive income.

## 4. Other expenses

Profit before income tax includes the following specific expenses:

	Note	Group		Parent	
		2022	2021	2022	2021
		\$000s	\$000s	\$000s	\$000s
Fees to Deloitte (FY21: Audit New Zealand) for:					
- Audit of financial statements		265	234	-	-
- Special audits required by regulators		59	47	-	-
Trust audit fees		19	19	19	19
Net loss on foreign exchange		-	28	-	-
Directors' fees		586	543	-	-
Trustees fees and allowances		225	219	225	219
Other trust expense		148	112	148	112
Rental and lease costs		1,488	673	-	-
Fair value loss on asset revaluation		1,505	-	-	-
Impairment of software	13	-	1,281	-	-

The rental and lease costs represent short-term leases, leases of low value assets and variable lease costs not included in NZ IFRS 16 costs.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 5. Net finance cost

	Note	Group		Parent	
		2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
Interest income		41	29	26	29
Interest expense		(3,979)	(3,784)	-	-
Capitalised interest	14	205	200	-	-
Interest on leases	15	(2,468)	(2,413)	-	-
<b>Net finance cost</b>		<b>(6,201)</b>	<b>(5,968)</b>	<b>26</b>	<b>29</b>

Interest income and interest expense is recognised using the effective interest method. The gross interest costs of bank facilities excluding the impact of interest rate swaps was \$2.2 million (2021: \$1.8 million). Eligible borrowing costs were capitalised at an average interest rate of 1.7% (2021: 1.4%).

## 6. Inventory

Inventory is stated at the lower of cost and net realisable value. Inventory comprises of finished goods. The carrying amount of inventory held for distribution is measured on a weighted average cost basis. Inventory issued of \$31.6 million was recognised in the profit or loss during the year (2021: \$29.2 million). Inventory written off during the period amounted to nil (2021: \$0.3 million). No inventory was pledged as securities for liabilities, however some inventory is subject to retention of title clauses.

## 7. Employee benefits and entitlements

Employee benefit expenses	Group	
	2022 \$000s	2021 <sup>1</sup> \$000s
Salaries & wages	140,186	130,767
Defined contribution plan employer contributions	3,632	3,575
Movement in employee entitlements	2,016	2,843
<b>Total employee benefit expenses</b>	<b>145,834</b>	<b>137,185</b>

<sup>1</sup> the comparatives are restated following an accounting policy change relating to cloud computing arrangements, refer to Note 1

# Notes to the consolidated financial statements

For the year ended 31 March 2022

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

	Note	Group		Parent	
		2022	2021	2022	2021
		\$000s	\$000s	\$000s	\$000s
Short-term benefits	24	4,413	3,601	225	219
Termination benefits	24	392	129	-	-
<b>Total compensation of key management personnel</b>		<b>4,805</b>	<b>3,730</b>	<b>225</b>	<b>219</b>

	Group	
	2022	2021
<b>Employee entitlements are represented by:</b>	\$000s	\$000s
<b>Current</b>		
Accrued salaries & wages	4,644	4,808
Annual leave	12,767	10,897
Sick leave	936	930
<b>Total current portion</b>	<b>18,347</b>	<b>16,635</b>
<b>Non-current</b>		
Retirement & long service leave	1,065	761
<b>Total non-current portion</b>	<b>1,065</b>	<b>761</b>
<b>Balance as at 31 March</b>	<b>19,412</b>	<b>17,396</b>

The group accrues for employee benefits which remain unused at balance date, and amounts expected to be paid under bonus and other entitlements. A liability for employee benefits is recognised when it is probable that settlement will be required and the amount is capable of being measured reliably.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 8. Deferred income

	Group	
	2022	2021
	\$000s	\$000s
Balance as at 1 April	6,366	6,024
Received during the year	338	809
Income recognised during the year	215	(467)
<b>Balance as at 31 March</b>	<b>6,919</b>	6,366
Current	237	543
Non-current	6,682	5,823
<b>Balance as at 31 March</b>	<b>6,919</b>	6,366

The Group has received an interest free loan from the Government for the construction of fibre network assets and the loan was recognised at its fair value when received, refer to Note 19. The difference between the amount received and the fair value is recognised as deferred income in accordance with NZ IAS 20. As the loan relates to the construction of property, plant and equipment it was included in non-current liabilities as deferred income and is recognised in the profit or loss over the periods necessary to match the related depreciation charges, or other expenses of the asset as they are incurred.

## 9. Trade and other receivables

	Note	Group		Parent	
		2022	2021	2022	2021
		\$000s	\$000s	\$000s	\$000s
Trade receivables		46,790	35,197	675	665
Less provision for impairment	21	(375)	(574)	-	-
Prepayments		2,478	1,689	23	8
<b>Balance as at 31 March</b>		<b>48,893</b>	36,312	<b>698</b>	673

The Group's exposure to credit risk and impairment losses related to trade receivables are disclosed in Note 21 in these financial statements.



# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 10. Trade and other payables

	Group		Parent	
	2022	2021	2022	2021
	\$000s	\$000s	\$000s	\$000s
Trade payables	18,080	17,446	60	24
Accrued payables	6,798	7,161	-	-
<b>Balance as at 31 March</b>	<b>24,878</b>	<b>24,607</b>	<b>60</b>	<b>24</b>

## 11. Income tax expense

	Note	Group		Parent	
		2022	2021	2022	2021
		\$000s	Restated <sup>1</sup> \$000s	\$000s	\$000s
Profit before income tax		31,169	27,027	304	1,099
At New Zealand's statutory tax rate of 33% (2021: 33%)		10,286	8,919	100	363
Effect of lower tax rate in Company (28%)		(1,577)	(1,366)		
Plus/(less) tax effect of:					
- Gross up of imputation credit		-	-	86	182
- Imputation credit attached to dividend received/declared		-	-	(261)	(553)
- Non-deductible expense		328	207	-	-
- Non-taxable income	23	(4,075)	(46)	-	-
- Tax benefit not recognised		121	98	75	-
- Prior period adjustment		(3)	(219)	8	-
Adjustment for joint venture		-	(552)	-	-
Tax on income not included in accounting profit		-	1,823	-	-
		<b>5,080</b>	<b>8,864</b>	<b>8</b>	<b>(8)</b>
The taxation charge is represented by:					
- Current taxation		5,944	7,375	-	-
- Deferred taxation		(861)	1,708	-	(8)
- Prior period adjustment relating to current tax		(461)	(512)	8	-
- Prior period adjustment relating to deferred tax		458	293	-	-
		<b>5,080</b>	<b>8,864</b>	<b>8</b>	<b>(8)</b>
Imputation credits available for use in subsequent reporting periods		59,085	59,963	-	-

<sup>1</sup> the comparatives are restated following an accounting policy change relating to cloud computing arrangements, refer to Note 1

# Notes to the consolidated financial statements

For the year ended 31 March 2022

Income tax expense comprises current and deferred tax using tax rates and tax laws that have been enacted or substantively enacted at balance date. Current tax is the income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. The non-taxable income of \$4.1 million includes tax effect on fair value gain on re-measurement of existing interest in associate.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

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

## 12. Deferred tax

Group	Note	Property, Plant & Equipment	Employee entitlements	Provisions & Other	Tax losses	Total
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Balance as at 1 April 2021</b>		<b>(51,002)</b>	<b>3,533</b>	<b>(5,492)</b>	<b>191</b>	<b>(52,770)</b>
Charged to profit/(loss)		(2,535)	563	2,847	(472)	403
<b>Charged directly to equity</b>		<b>(9,797)</b>	-	-	-	<b>(9,797)</b>
<b>Acquired through business combination</b>	23	<b>(6,516)</b>	<b>38</b>	-	<b>1,738</b>	<b>(4,740)</b>
<b>Balance as at 31 March 2022</b>		<b>(69,850)</b>	<b>4,134</b>	<b>(2,645)</b>	<b>1,457</b>	<b>(66,904)</b>
Balance as at 1 April 2020 <sup>1</sup>		(50,255)	3,394	(3,908)	-	(50,769)
Charged to profit/(loss)		(747)	139	(1,584)	191	(2,001)
Balance as at 31 March 2021		(51,002)	3,533	(5,492)	191	(52,770)
<b>Parent</b>			Other	Total		
			\$000s	\$000s		
<b>Balance as at 1 April 2021</b>			<b>8</b>	<b>8</b>		
Charged to profit/(loss)			(8)	(8)		
<b>Balance as at 31 March 2022</b>			-	-		
Balance as at 1 April 2020			-	-		
Charged to profit/(loss)			8	8		
Balance as at 31 March 2021			8	8		

<sup>1</sup> the comparatives are restated following an accounting policy change relating to cloud computing arrangements, refer to Note 1

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured at tax rates that are expected to be applied to the temporary differences when they reverse.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 13. Intangible assets

Intangible assets are initially measured at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation expense of intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Easements are deemed to have an indefinite life, are not amortised, and are tested for impairment annually. There is no intangible asset whose title is restricted.

Software costs have a finite useful life and are amortised over a period of expected future benefit of 3 - 15 years on a straight line basis.

Goodwill is allocated to the Group's cash-generating units (CGU), being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. Goodwill is not amortised but is tested for impairment annually or whenever there is an indicator of impairment.

The recoverable amount was determined using the value in use model. The calculation of value in use in calculations for all cash-generating unit is most sensitive to movements in gross margin, discount rates and growth rates. Gross margins are based on the expected results as per next year's budget and future years' forecasts. Discount rates are based on the applicable weighted average cost of capital. The estimated recoverable amount of the CGU exceeded its carrying amount, hence there was no impairment loss at balance date.

The Directors have considered the variability of the key assumptions underlining the carrying amounts for the intangible assets set out above. The Directors believe that the range of reasonable variability would not cause a material change in these carrying amounts.

	Group				
	Goodwill \$000s	Software \$000s	Easements \$000s	Capital work in progress \$000s	Total \$000s
<b>Cost</b>					
Balance as at 1 April 2021 <sup>1</sup>	4,122	35,703	453	2,546	42,824
Assets acquired through business combination	8,236	83	-	-	8,319
Additions	-	-	-	2,193	2,193
Transfer between asset categories	-	3,115	-	(3,115)	-
Disposals	-	(652)	-	-	(652)
<b>Balance as at 31 March 2022</b>	<b>12,358</b>	<b>38,249</b>	<b>453</b>	<b>1,624</b>	<b>52,684</b>
<b>Accumulated amortisation and impairment</b>					
Balance as at 1 April 2021	(1,745)	(20,710)	-	-	(22,455)
Amortisation for the year	-	(3,276)	-	-	(3,276)
Disposals	-	611	-	-	611
<b>Balance as at 31 March 2022</b>	<b>(1,745)</b>	<b>(23,375)</b>	<b>-</b>	<b>-</b>	<b>(25,120)</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>10,613</b>	<b>14,874</b>	<b>453</b>	<b>1,624</b>	<b>27,564</b>

# Notes to the consolidated financial statements

For the year ended 31 March 2022

	Group				
	Goodwill	Software	Easements	Capital work in progress	Total
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Cost</b>					
Balance as at 1 April 2020 <sup>1</sup>	4,122	32,887	453	3,146	40,608
Additions	-	-	-	2,141	2,141
Transfers <sup>1</sup>	-	2,816	-	(2,741)	75
Disposals	-	-	-	-	-
<b>Balance as at 31 March 2021<sup>1</sup></b>	<b>4,122</b>	<b>35,703</b>	<b>453</b>	<b>2,546</b>	<b>42,824</b>
<b>Accumulated amortisation and impairment</b>					
Balance as at 1 April 2020 <sup>1</sup>	(1,745)	(16,298)	-	-	(18,043)
Amortisation for the year <sup>1</sup>	-	(3,131)	-	-	(3,131)
Impairment for the year	-	(1,281)	-	-	(1,281)
<b>Balance as at 31 March 2021</b>	<b>(1,745)</b>	<b>(20,710)</b>	<b>-</b>	<b>-</b>	<b>(22,455)</b>
<b>Net carrying amount as at 31 March 2021<sup>1</sup></b>	<b>2,377</b>	<b>14,993</b>	<b>453</b>	<b>2,546</b>	<b>20,369</b>

	Group	
	2022	2021
	\$000s	\$000s
Northern contracting	877	877
Central contracting	1,500	1,500
Northpower Fibre Limited	8,236	-
<b>Balance as at 31 March</b>	<b>10,613</b>	<b>2,377</b>

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## Impairment of non-financial assets other than inventory and goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets 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 carrying value of an asset exceeds its recoverable amount i.e. the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets or cash-generating unit to which it belongs for which there are separately identifiable cash flows.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. A reversal of an impairment loss is recognised in the consolidated statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase through other comprehensive income.

During the year, software intangible assets were impaired by \$nil million (2021: \$1.3 million) on the basis of anticipated benefits not being realised and non-utilisation of components of the software. The impairment loss was recognised as a reduction in the carrying amount of software and as an expense in the profit or loss.

## Cloud computing arrangements

The Group has assessed the impact of the final agenda decision on Configuration or customisation costs in a cloud computing arrangement, refer to Note 1, and recognised \$0.8 million of related costs in retained earnings. The identified costs represent up-front costs incurred in relation to the implementation phase of new cloud computing arrangements whereby the group has not recognised an intangible asset under NZ IAS 38.

## The new accounting policy is as follows:

Cloud computing 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. If the configuration and customisation were performed by the cloud provider, and if the upfront service is distinct from the cloud computing arrangement, then the related costs may be initially treated as a prepayment and expensed over the term of the cloud computing arrangement. Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. The Group applies judgement to assess whether the criteria for capitalisation of the configuration and customisation costs, are met.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 14. Property, plant and equipment

Group	Freehold Land	Freehold Buildings	Distribution Systems	Fibre	Generation	Plant & Equipment	Motor Vehicles	Leasehold Improvements	Meters	Capital work in progress	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Cost or fair value</b>											
Balance as at 1 April 2021	9,633	14,612	300,050	32,620	15,879	44,717	5,611	3,489	290	8,329	435,230
Assets acquired through business combination	-	29	-	55,800	-	105	-	7	-	169	56,110
Additions	-	-	-	-	-	-	-	-	-	43,182	43,182
Transfer between asset categories	-	2,591	25,433	9,013	-	4,186	204	121	18	(41,566)	-
Revaluation adjustment	7,972	(2,124)	9,976	-	-	162	-	-	-	-	15,986
Disposals	-	(15)	(106)	(3,325)	-	(5,829)	(2,240)	(44)	-	-	(11,559)
<b>Balance as at 31 March 2022</b>	<b>17,605</b>	<b>15,093</b>	<b>335,353</b>	<b>94,108</b>	<b>15,879</b>	<b>43,341</b>	<b>3,575</b>	<b>3,573</b>	<b>308</b>	<b>10,114</b>	<b>538,949</b>
<b>Accumulated depreciation</b>											
Balance as at 1 April 2021	-	(870)	(15,531)	(3,910)	(10,796)	(28,485)	(3,999)	(1,045)	(53)	-	(64,689)
Depreciation charge for the year	-	(536)	(8,544)	(4,868)	(485)	(3,812)	(145)	(269)	(13)	-	(18,672)
Impairment	-	-	-	-	-	(101)	-	-	-	-	(101)
Transfers	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment	-	1,402	24,067	3,309	-	5,710	1,933	20	-	-	25,469
Disposals	-	4	8	-	-	-	-	-	-	-	10,984
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,469)</b>	<b>(11,281)</b>	<b>(26,688)</b>	<b>(2,211)</b>	<b>(1,294)</b>	<b>(66)</b>	<b>-</b>	<b>(47,009)</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>17,605</b>	<b>15,093</b>	<b>335,353</b>	<b>88,639</b>	<b>4,598</b>	<b>16,653</b>	<b>1,364</b>	<b>2,279</b>	<b>242</b>	<b>10,114</b>	<b>491,940</b>
<b>Cost or fair value</b>											
Balance as at 1 April 2020	9,633	11,593	278,114	22,210	15,874	48,854	11,304	3,344	5,641	13,517	420,084
Additions	-	-	-	-	-	-	-	-	-	35,470	35,470
Transfer between asset categories	-	3,019	21,965	10,480	5	3,712	581	427	102	(40,658)	(367)
Disposals	-	-	(29)	(70)	-	(7,849)	(6,274)	(282)	-	-	(14,504)
Transfer to assets classified as held for sale	-	-	-	-	-	-	-	-	(5,453)	-	(5,453)
<b>Balance as at 31 March 2021</b>	<b>9,633</b>	<b>14,612</b>	<b>300,050</b>	<b>32,620</b>	<b>15,879</b>	<b>44,717</b>	<b>5,611</b>	<b>3,489</b>	<b>290</b>	<b>8,329</b>	<b>435,230</b>
<b>Accumulated depreciation</b>											
Balance as at 1 April 2020	-	(413)	(7,574)	(2,588)	(10,309)	(32,380)	(8,744)	(948)	(5,333)	-	(68,289)
Depreciation charge for the year	-	(426)	(7,966)	(1,392)	(487)	(3,717)	(395)	(263)	(18)	-	(14,664)
Transfers	-	(31)	(5)	-	-	(74)	-	2	-	-	(108)
Disposals	-	-	14	70	-	7,686	5,140	164	-	-	13,074
Transfer to assets classified as held for sale	-	-	-	-	-	-	-	-	5,298	-	5,298
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>(870)</b>	<b>(15,531)</b>	<b>(3,910)</b>	<b>(10,796)</b>	<b>(28,485)</b>	<b>(3,999)</b>	<b>(1,045)</b>	<b>(53)</b>	<b>-</b>	<b>(64,689)</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>9,633</b>	<b>13,742</b>	<b>284,519</b>	<b>28,710</b>	<b>5,083</b>	<b>16,232</b>	<b>1,612</b>	<b>2,444</b>	<b>237</b>	<b>8,329</b>	<b>370,541</b>

# Notes to the consolidated financial statements

For the year ended 31 March 2022

The carrying value that would have been recognised had the following revalued assets been carried under the cost model would be as follows:

	Group		
	Freehold Land	Freehold Buildings	Distribution Systems
	\$000s	\$000s	\$000s
<b>2022</b>			
Cost	6,223	19,437	391,414
Accumulated depreciation & impairment		(4,968)	(108,519)
<b>Net carrying amount</b>	<b>6,223</b>	<b>14,469</b>	<b>282,895</b>
<b>2021</b>			
Cost	6,223	16,858	366,105
Accumulated depreciation & impairment	-	(4,445)	(100,031)
Net carrying amount	6,223	12,413	266,074

Property, plant and equipment (PPE), except revalued assets are stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment loss. The cost of purchased PPE may include the initial purchase price plus directly attributable material, labour, finance costs, and other overheads incurred for bringing the assets to the location and condition necessary for their intended use. Finance costs incurred during the course of construction that are attributable to a project are capitalised using the finance rate applicable to the funding. Costs cease to be capitalised as soon as an asset is ready for productive use. Freehold buildings asset class includes buildings infrastructure assets of \$4.6 million at balance date (2021: \$2.9 million).

## Revalued assets

Electricity distribution network and land and buildings assets are revalued after initial recognition and are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance sheet date. Additions between revaluations are recorded at cost. Depreciation on revalued assets is recognised in profit or loss. Land is not depreciated.

## Asset revaluation reserve

Any revaluation increment is recorded in other comprehensive income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in the profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation at the date of the revaluation is transferred to the gross carrying amount of the asset and the asset cost is restated to the revalued amount. When revalued assets are disposed of, the amounts included in the asset revaluation reserve are transferred to retained earnings.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## Revaluation

The fair value of the Group's land, and buildings is based on market values, being the price that would be received to sell land and buildings in an orderly transaction between market participants at the measurement date. Changes to market conditions or assumptions made in the estimation of fair value will result in changes to the fair value of the revalued assets.

The Group engaged AON Risk Solutions, a registered independent valuer, to determine the fair value of its land, and buildings as at 31 March 2022. The valuation was carried out in accordance with International Valuation Standards. Fair value was determined by direct reference to recent market transactions on arm's length terms. To establish the valuation of properties, the valuer used a combination of income capitalisation, market comparison and depreciated replacement cost approaches. Fair value is assessed with reference to the "highest and best use" being defined as "the most probable use of an asset that is physically possible, appropriately justified, legally permissible, financially feasible and results in the highest value". As at 31 March 2022, the fair value of the land, and buildings amounted to \$17.6 million and \$15.1 million, respectively. This resulted in a valuation uplift of \$8.8 million being recognised in the other comprehensive income.

The most recent valuation to determine the fair value of the electricity distribution network assets was completed at 31 March 2022 by PriceWaterhouseCoopers (PwC), an independent registered valuer. As the fair value of the assets was not able to be reliably determined using market-based evidence, the valuation was prepared using a discounted cash flow (DCF) methodology over a 10 year period, with a terminal value based on the estimated regulatory asset base. The assumptions mainly include estimated future revenues, operating costs and capital expenditure. A post tax nominal WACC of 4.8% was used. The posted discount was not included in the valuation cash flows for FY23 – FY31 as it only forms part of the contract price once declared.

The valuer's estimated range of values attributable to the Group's electricity distribution network assets was between \$321.9 million and \$352.5 million as at 31 March 2022. The valuation was most sensitive to movements in discount rate and distribution revenue. A 5% increase/ (decrease) in the discount rate would (decrease)/increase the valuation by \$15 million. A 5% increase/(decrease) in the distribution revenue indicated the valuation would increase/ (decrease) by \$15 million.



# Notes to the consolidated financial statements

For the year ended 31 March 2022

## Depreciation

Depreciation is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:

Buildings - freehold	10 - 50 years
Distribution system	5 - 70 years
Fibre Assets	5 - 50 years
Generation	5 - 50 years
Plant & equipment	3 - 20 years
Motor vehicles	5 - 15 years
Leasehold improvements	2 - 20 years
Meters	2 - 20 years

The estimation of useful lives of assets has been based on historical experience as well as manufacturers' warranties for plant and equipment, lease terms for leased assets and turnover policies for motor vehicles. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

## Loss on disposal of PPE

During the year a gain on disposal of PPE of \$0.05 million (2021: \$0.03 million loss) was recognised in the profit or loss within other income.

## 15. Leases

NZ IFRS 16 Leases establishes one sole accounting model for lessees, where the amounts in the consolidated statement of financial position are increased by the recognition of right of use assets and the financial liabilities for the future payment obligations relating to leases classified previously as operating leases. The right of use asset is initially measured at cost which is based on the amount of lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease and subsequently at cost less cumulative depreciation and impairment losses; adjustments are made for any new measurement of the lease liability due to the amendment or reassessment of the lease. The right of use asset is subsequently depreciated on a straight line basis from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The lease liability is measured using the present values of future lease payments. When calculating lease liabilities, the Group applied discount rates (incremental rate), depending on the lease terms.

The Group considers a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In determining the lease term, the non-cancellable period of the lease agreement and the periods covered by the option to extend the lease are taken into account, if the lessee is reasonably certain that they will exercise this option. Leases entered into and identified by the Group include property leases and vehicle leases.

The Group has also applied the practical expedient available from NZ IFRS 16 and excluded short-term leases and low value assets. The Group considers leases which has a duration of less than 12 months, unless there is reasonable certainty that they can be extended, as short-term leases.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

Right of use assets	Group		
	Buildings	Vehicles	Total
	\$000s	\$000s	\$000s
Cost			
<b>Balance as at 1 April 2021</b>	<b>32,207</b>	<b>68,409</b>	<b>100,616</b>
Additions	350	10,279	10,629
Disposals	-	(264)	(264)
Remeasurement	522	25	547
<b>Balance as at 31 March 2022</b>	<b>33,079</b>	<b>78,449</b>	<b>111,528</b>
Accumulated amortisation			
<b>Balance as at 1 April 2021</b>	<b>(6,603)</b>	<b>(19,597)</b>	<b>(26,200)</b>
Additions	(3,593)	(11,765)	(15,358)
<b>Disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other adjustments	23	(288)	(265)
<b>Balance as at 31 March 2022</b>	<b>(10,173)</b>	<b>(31,650)</b>	<b>(41,823)</b>
<b>Net book value</b>	<b>22,906</b>	<b>46,799</b>	<b>69,705</b>
Cost			
<b>Balance as at 1 April 2020</b>	<b>24,005</b>	<b>55,361</b>	<b>79,366</b>
Additions	7,594	13,155	20,749
Disposals	-	(140)	(140)
Remeasurement	608	33	641
<b>Balance as at 31 March 2021</b>	<b>32,207</b>	<b>68,409</b>	<b>100,616</b>
Accumulated amortisation			
<b>Balance as at 1 April 2020</b>	<b>(2,942)</b>	<b>(8,842)</b>	<b>(11,784)</b>
Additions	(3,685)	(10,757)	(14,442)
Disposals	-	-	-
Other adjustments	24	2	26
<b>Balance as at 31 March 2021</b>	<b>(6,603)</b>	<b>(19,597)</b>	<b>(26,200)</b>
<b>Net book value</b>	<b>25,604</b>	<b>48,812</b>	<b>74,416</b>

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## Operating lease income

As lessor in operating leases, the aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Group	
	2022	2021
Non-cancellable operating lease	\$000s	\$000s
Within one year	32	45
After one year but not more than five years	101	35
More than five years	81	78
<b>Balance of non-cancellable operating leases</b>	<b>214</b>	158

## 16. Provisions

During the year a provision for onerous contracts of \$4.3million (2021: nil) was recognised as the unavoidable costs of meeting the obligations under the contract were estimated to exceed the economic benefits expected to be received under it. The Group has elected to early adopt effective 1 April 2021 the amendment to NZ IAS 37 that clarifies that the unavoidable costs of fulfilling the obligations under a contract comprise costs that relate directly to the contract - consisting of both incremental costs of fulfilling that contract and an allocation of other costs that relate directly to that contract. The provision was measured as the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on estimated full costs necessary to fulfil the obligations under the contract. Any impairment losses associated with the contract are recognised before the provision for onerous contracts is established.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 17. Cash flow statement reconciliation

	Group		Parent	
	2022	2021	2022	2021
	Restated <sup>1</sup>			
	\$000s	\$000s	\$000s	\$000s
Reconciliation of net profit after tax to net cash flows from operations				
Net profit after income tax	26,089	18,163	296	1,107
Adjustments for:				
- Depreciation & amortisation	37,306	32,237	-	-
- Loss/(gain) on sale of property, plant & equipment	(55)	29	-	-
- Deferred income release	214	(467)	-	-
- Non cash capital contribution revenue	(6,952)	(3,882)	-	-
- Fair valuation gain on derivative financial instruments	(4,440)	(2,270)	-	-
- Capitalised interest	(205)	(200)	-	-
- Non cash interest	436	394	-	-
- Fair value loss on asset revaluation	1,505	-	-	-
- Impairment of software	-	1,281	-	-
- Gain on remeasurement of existing interest/share of net profit in associate	(14,718)	4,540	-	-
Changes in assets & liabilities				
- (Decrease)/increase in trade & other payables	(550)	(14,105)	36	4
- Less related to property, plant and equipment	(1,781)	(824)	-	-
- Decrease in contract liabilities	4,344	(2,659)	-	-
- Increase in provision	4,160	-	-	-
- Decrease/(increase) in contract assets	6,041	(4,588)	-	-
- Increase/(decrease) in income tax	(1,289)	10,471	114	(61)
- Decrease/(increase) in trade & other receivables	(10,705)	18,140	(25)	(504)
- Increase in inventory	(5,196)	(1,627)	-	-
- Decrease/(increase) in deferred tax liabilities	(403)	2,001	8	(8)
- Decrease in employee entitlements	1,858	2,843	-	-
Net cash from operating activities	35,659	59,477	429	538

<sup>1</sup> the comparatives are restated following an accounting policy change relating to cloud computing arrangements, refer to Note 1

# Notes to the consolidated financial statements

For the year ended 31 March 2022

The table below sets out an analysis of the Group's liabilities for which cash flows have been, or will be, classified as financing activities in the consolidated cash flow statement.

	Group 2022			Parent 2022	
	Cash and cash equivalents \$000s	Lease Liabilities \$000s	Borrowings \$000s	Total \$000s	Cash and cash equivalents \$000s
Net debt as at 1 April 2021	(1,354)	76,160	88,973	163,779	(51)
Cash flows	530	(14,541)	19,137	5,126	(16)
Non cash movements	8	10,647	761	11,416	-
<b>Net debt as at 31 March 2022</b>	<b>(816)</b>	<b>72,266</b>	<b>108,871</b>	<b>180,321</b>	<b>(67)</b>

	Group 2021			Parent 2021	
	Cash and cash equivalents \$000s	Lease Liabilities \$000s	Borrowings \$000s	Total \$000s	Cash and cash equivalents \$000s
Net debt as at 1 April 2020	(2,086)	68,481	92,139	158,534	(73)
Cash flows	631	(13,596)	(3,092)	(16,057)	22
Non cash movements	101	21,275	(74)	21,302	-
<b>Net debt as at 31 March 2021</b>	<b>(1,354)</b>	<b>76,160</b>	<b>88,973</b>	<b>163,779</b>	<b>(51)</b>

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 18. Equity

### Trust capital

The total number of shares authorised and issued is 35,981,848 (2021: 35,981,848). Trust capital consists of ordinary shares which are classified as equity. All ordinary shares are issued, fully paid, have no par value and are ranked equally. Fully paid shares carry one vote per share and the right to dividends. The Trust capital was paid by Northpower Limited contemporaneously upon execution of the Trust Deed executed 29th of March 1993.

### Asset revaluation reserve

The asset revaluation reserve is used to record the increments and decrements in the fair value of property, plant and equipment identified as being carried at valuation. Net revaluation amount recognised at balance date was \$33 million (2021: nil).

### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The Australian subsidiaries' functional currency is Australian dollars which is translated to the presentation currency. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

### Capital management

The Company considers shares, reserves and retained earnings as part of its capital. When managing capital, the Board's objective is to ensure the entity continues as a going concern maintaining adequate working capital, ensuring obligations can be met on time, as well as maintaining returns to shareholders as set out in the statement of corporate intent. The Group's statement of corporate intent prescribes that the debt/capital ratio will be maintained at 40% or lower.

The Group's policy, outlined in the statement of corporate intent, is to distribute to its shareholder all funds surplus to the investment and operating requirements of the Group. During the year fully imputed dividends of \$0.7 million (2021: \$0.7 million) was declared by the Company and \$0.7 million (2021: \$0.8 million) was paid during the year by the Company.

During the year, a posted discount of \$11.7 million (2021: \$10.2 million) was paid to the consumers.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 19. Borrowings

		Group	
		2022	2021
		\$000s	\$000s
	Maturity		
<b>Current</b>	Less than 12 months	<b>22,500</b>	-
<b>Non Current</b>			
Unsecured loans	Within 2 & 3 yrs	<b>44,500</b>	45,000
Unsecured loans	Within 3 & 5 yrs	<b>24,800</b>	28,400
Interest free Crown loan	Beyond 5 years	<b>10,152</b>	9,207
<b>Balance of non current as at 31 March</b>		<b>79,452</b>	82,607
<b>Total as at 31 March</b>		<b>101,952</b>	82,607

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The carrying amount of borrowings repayable within one year approximates their fair value.

After initial recognition, borrowings are measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

The fair value of the interest free Crown loan was estimated at \$16.3 million (2021: \$15.6 million) using prevailing market interest rates at drawdown date for an equivalent loan, ranging between 4.47% and 3.04% per cent. During the year, interest charges of \$0.4 million (2021: \$0.4 million) were recognised on this loan. The difference of \$6.2 million (2021: \$6.4 million) between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognised as deferred income, refer to Note 8.

At balance date the Group had \$125 million of lending facilities with an average rate of interest during the year of 1.7% (2021: 1.4%). During June 2022 a \$35 million bank facility matured and the Group replaced it with two lending facilities of \$25 million maturing in June 2027 and \$10 million maturing in June 2024. Security held by the bank is in the form of a negative pledge deed, where an undertaking has been given that certain actions will not be undertaken and key financial ratios will be maintained. The bank covenants have all been met for the years ended 31 March 2022 and 2021.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 20. Derivatives

	Group	
	2022	2021
	\$000s	\$000s
<b>Current</b>	<b>18</b>	(13)
Forward foreign exchange contracts	<b>90</b>	224
Interest rate swaps		
<b>Non-current</b>		
Interest rate swaps	<b>(1,028)</b>	(272)
Interest rate swaps	<b>396</b>	3,976

Derivatives are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest rates and foreign exchange on purchases of property, plant and equipment.

In accordance with the Group's treasury policy, derivatives are only used for economic hedging purposes and not as speculative investments. The Group has elected not to apply hedge accounting. Derivatives are classified as held for trading for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. The carrying values of the derivatives are the fair values excluding any interest receivable or payable, which is separately presented in the consolidated statement of financial position in other receivables or other payables.

## 21. Financial risk management objectives and policies

The Group risk management policy approved by the Board provides the basis for overall financial risk management. The Group's treasury policy covers specific risk management and mitigation principles for liquidity risk, credit risk, foreign exchange risk, hedging and interest rate risk. The Group Treasury identifies and evaluates financial risks in accordance with the policies approved by the Board. To monitor the existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering its business units.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivatives and contract assets	Aging analysis Credit ratings	Diversification of counter parties, credit limits, performance bonds, prudential arrangements, Treasury Policy limits and Board oversight
Liquidity risk	Borrowings, contract liabilities and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities, Board oversight and Treasury Policy limits
Market risk - interest rate	Floating rate borrowings	Sensitivity analysis	Interest rate swaps
Market risk - foreign exchange	Future commercial transactions, recognised financial assets and liabilities denominated in foreign currency	Cash flow forecasting Sensitivity analysis	Forward foreign currency forwards



# Notes to the consolidated financial statements

For the year ended 31 March 2022

## Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has transactional and translational currency exposures. At 31 March 2022 forward foreign exchange contracts outstanding was \$0.8 million (2021: \$0.4 million).

## Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, hedging positions and the mix of fixed and variable interest rates. The Group manages its cost of borrowing by limiting the ratio of fixed to floating rate cover held. The Group uses interest rate swaps to manage this. Based on the Group's interest rate risk exposure at balance date, an increase (or decrease) of 1% in the interest rates will likely cause a \$1.1 million (2021: \$1.2 million) increase (or decrease) in the post-tax profit. There would be no effect on other components of equity. The notional value of the outstanding interest rate swap contracts amounted to \$55.0 million (2021: \$61.0 million). The fixed interest rates of interest rate swaps range between 0.9% to 4.3% (2021: 0.9% to 4.3%).

## Credit risk

Credit risk is the risk that a third party will default on its contractual obligation resulting in financial loss to the Group. The Group places its cash and short-term deposits with high credit quality financial institutions (A1 or better), and limits the proportion of credit exposure to any one institution in accordance with Company policy. The maximum exposure to credit risk is the fair value of receivables. The Group does not generally require collateral from customers. Trade receivables and contract assets arise from a large number of customers spread across the North Island. The majority of the receivables balance at reporting date, was due from four significant customers. A credit evaluation is performed at the onset of material contracts to assess the financial condition of the counterparty and an ongoing credit evaluation is maintained over the life of the contract to take account of any changes in the risk profile of the counterparty. The Group continuously reviews the accounts receivables and promptly recognises an impairment loss when any indicators arise.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

Group	2022			2021		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
<b>Trade receivables</b>						
Less than 30 days past due	45,682	-	45,682	33,752	-	33,752
Past due 31 - 60 days	360	-	360	276	-	276
Past due 61 - 90 days	234	-	234	305	-	305
Past due 91 days plus	514	(375)	139	864	(574)	290
<b>Total</b>	<b>46,790</b>	<b>(375)</b>	<b>46,415</b>	<b>35,197</b>	<b>(574)</b>	<b>34,623</b>

Parent	2022			2021		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
<b>Trade receivables</b>						
Less than 30 days past due	675	-	675	665	-	665
Past due 31 - 60 days	-	-	-	-	-	-
Past due 61 - 90 days	-	-	-	-	-	-
Past due 91 days plus	-	-	-	-	-	-
<b>Total</b>	<b>675</b>	<b>-</b>	<b>675</b>	<b>665</b>	<b>-</b>	<b>665</b>

Group	2022			2021		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
<b>Contract assets</b>						
Less than 30 days past due	17,984	-	17,984	23,696	-	23,696
Past due 31 - 60 days	2,194	-	2,194	2,556	-	2,556
Past due 61 - 90 days	1,691	-	1,691	873	-	873
Past due 91 days plus	1,936	-	1,936	2,721	-	2,721
<b>Total</b>	<b>23,805</b>	<b>-</b>	<b>23,805</b>	<b>29,846</b>	<b>-</b>	<b>29,846</b>

# Notes to the consolidated financial statements

For the year ended 31 March 2022

The Group maintains a provision for estimated losses expected to arise from customers being unable to make required payments. This provision takes into account known commercial factors impacting specific customer accounts, as well as the overall profile of the debtors' portfolio. Movements in the allowance for expected credit losses of trade receivables and contract assets are as follows:

	Group	
	2022	2021
	\$000s	\$000s
Balance as at 1 April	574	489
Additions	61	224
Acquired through business combination	7	-
Bad debts written off	(225)	(139)
Released	(42)	-
<b>Balance as at 31 March</b>	<b>375</b>	<b>574</b>

## Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank funding facilities. The Group has a maximum amount that can be drawn against its lending facilities of \$125.0 million (2021: \$125.0 million). There are no restrictions on the use of the facilities. The Group also has in place a credit card facility with a combined credit limit over all cards issued of \$1.0 million (2021: \$1.0 million).

Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The risk implied from the values shown in the following tables, reflects management's expectation of cash outflows. The amounts disclosed are the contractual undiscounted cash flows.

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## Contractual cash flow maturity profile

\$000s	Group									
	2022					2021				
	Within 1 year	1-2 Yrs	2-5 Yrs	Beyond 5 Yrs	Total	Within 1 year	1-2 Yrs	2-5 Yrs	Beyond 5 Yrs	Total
<b>Non-derivative financial liabilities</b>										
Trade payables	21,128	-	-	-	21,128	22,168	-	-	-	22,168
Lease liabilities	16,756	15,217	12,581	35,387	79,941	15,636	14,394	22,937	31,839	84,806
Interest bearing loans	22,611	44,849	25,527	-	92,987	-	278	55,086	20,287	75,651
Interest free Crown loan	-	-	-	16,313	16,313	-	-	-	15,579	15,579
					-					-
<b>Derivative financial (assets)/liabilities</b>										
Forward exchange contracts inflow	(825)	-	-	-	(825)	(383)	-	-	-	(383)
Forward exchange contracts outflow	843	-	-	-	843	370	-	-	-	370
<b>Net settled derivatives</b>										
Interest rate swaps	90	30	366	(1,028)	(542)	224	600	2,909	195	3,928
<b>Total Contractual cash flows</b>	<b>60,603</b>	<b>60,096</b>	<b>38,474</b>	<b>50,672</b>	<b>209,845</b>	<b>38,015</b>	<b>15,272</b>	<b>80,932</b>	<b>67,900</b>	<b>202,119</b>

\$000s	Parent									
	2022					2021				
	Within 1 year	1-2 Yrs	2-5 Yrs	Beyond 5 Yrs	Total	Within 1 year	1-2 Yrs	2-5 Yrs	Beyond 5 Yrs	Total
Trade payables	60	-	-	-	60	24	-	-	-	24

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 22. Recognised fair value measurements

### Financial assets and financial liabilities

The Group classifies its financial assets and financial liabilities into the following categories depending on the purpose for which the asset or liability was acquired.

	Group		Parent	
	2022 \$000s	2021 \$000s	2022 \$000s	2021 \$000s
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts	-	13	-	-
Interest rate swaps	1,028	272	-	-
<b>Balance of financial assets at fair value through profit or loss</b>	<b>1,028</b>	<b>285</b>	<b>-</b>	<b>-</b>
<b>Financial assets at amortised cost</b>				
Cash & cash equivalents	816	1,354	67	51
Trade & other receivables	46,415	34,623	675	665
Short term investments	2,548	2,135	2,548	2,135
<b>Balance of financial assets at amortised cost</b>	<b>49,779</b>	<b>38,112</b>	<b>3,290</b>	<b>2,851</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Interest rate swaps	486	4,200	-	-
Forward foreign exchange contracts	18	-	-	-
<b>Balance of financial liabilities at fair value through profit or loss</b>	<b>504</b>	<b>4,200</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities at amortised cost</b>				
Borrowings	101,952	82,607	-	-
Lease liabilities	72,266	76,160	-	-
Trade & other payables	21,128	22,168	60	24
<b>Balance of financial liabilities at amortised cost</b>	<b>195,346</b>	<b>180,935</b>	<b>60</b>	<b>24</b>

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## Financial assets at amortised cost

Financial assets at amortised cost consist of cash and cash equivalents and trade & other receivables. These are initially measured at fair value and subsequently at amortised cost. Cash and cash equivalents at balance date comprise of cash at bank held on-call. Short term investments are term deposits with banks with a term of greater than three months. Due to the short-term nature of these receivables the carrying value of receivables approximates their fair value. Trade and other receivables and contract assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less an allowance for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired.

## Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss consist of derivatives. Derivatives are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. Derivatives are initially recognised at fair value at the date of the contract and subsequently measured at fair value at each balance date with the resulting gain or loss recognised in the profit or loss. Fair value is calculated as the present value of the estimated future cash flows based on observable interest yield curves. Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZD (the functional currency) using the exchange rates prevailing at the dates of the transactions.

## Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of trade and other payables, lease liabilities and borrowings. These are measured initially at fair value and subsequently at amortised cost using effective interest rate (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

The fair value is materially similar to amortised cost. Due to the short-term nature of the payables, no discounting is applied.

## Impairment of financial assets

The Group recognises a lifetime loss allowance for expected credit losses (ECL) on trade receivables and contract assets. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

## Fair value hierarchy

A number of assets and liabilities included in the Group's financial statements require measurement at fair value and/or disclosure of fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

# Notes to the consolidated financial statements

For the year ended 31 March 2022

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. The Group's financial assets and liabilities measured at fair value are classified as Level 2 on the fair value hierarchy unless specified otherwise. The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

There have been no transfers between Level 1 and Level 2 during the year (2021: Nil).

## Fair value hierarchy of non-financial assets

The Group obtains independent valuations for its electricity distribution network assets and land, and buildings at least every three years. Valuation techniques are based on the following hierarchy.

The following table summarises the fair value measurement hierarchy of the non-financial assets that are recognised and measured at fair value in the financial statements.

	<b>Group</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$000s	\$000s	\$000s
<b>Property, Plant &amp; Equipment</b>			
Distribution systems	-	335,353	335,353
Freehold land	7,795	9,810	17,605
Freehold buildings	4,461	10,632	15,093
<b>Balance as at 31 March 2022</b>	<b>12,256</b>	<b>355,795</b>	<b>368,051</b>

	<b>Group</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$000s	\$000s	\$000s
<b>Property, Plant &amp; Equipment</b>			
Distribution systems	-	284,519	284,519
Freehold land	4,104	5,529	9,633
Freehold buildings	5,541	8,201	13,742
<b>Balance as at 31 March 2021</b>	<b>9,645</b>	<b>298,249</b>	<b>307,894</b>

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 23. Business combinations

On 1 April 2021, the Group acquired the remaining 12.4% shareholding of 'A' shares, with the exception of one Government share, in Northpower Fibre Limited (NFL) from its joint venture partner Crown Infrastructure Partners Limited (CIP) for \$8.8 million. NFL then became a wholly owned subsidiary of the Group effective 1 April 21. The Government Share does not have the right to vote or to receive dividends. NFL owns and operates a fibre distribution network. The acquisition allows the Group to continue investing in the fibre network and growing its consumer base.

The Group applied the acquisition method to account for business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The fair values of the identifiable assets and liabilities of NFL as at the date of acquisition were:

	Group 1 April 2021 (\$'000)
Assets	
Property, plant and equipment (Note 14)	56,110
Intangible assets (Note 13)	83
Cash and cash equivalents	3,874
Trade receivables	1,875
Goodwill (Note 13)	8,236
	70,178
Liabilities	
Trade and other payables	(735)
Contract liabilities	(1,187)
Deferred tax liability (Note 12)	(4,740)
Other liabilities	(355)
	(7,017)
Total identifiable net assets at fair value	63,161
Satisfied by:	
Acquisition date fair value of the previously held investment by the Group	54,381
Cash consideration	8,780
Total consideration transferred	63,161
Net cash outflow on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(117)
Cash consideration transferred (included in cash flows from investing activities)	(8,780)
Less cash and cash equivalent balances acquired (included in cash flows from investing activities)	3,874
	(5,023)



# Notes to the consolidated financial statements

For the year ended 31 March 2022

The Group previously held an 87.6% equity interest in NFL prior to acquisition date. Upon remeasuring that equity interest to fair value, a gain of \$14.7 million was recognised in the Statement of Comprehensive Income within gain on remeasurement of existing interest/share of net profit in associate.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. The goodwill of \$8.3 million relates to opportunities for growth of the fibre network, long term profitability and the value of operational efficiencies from obtaining full control over NFL.

From the date of acquisition, NFL has contributed \$14.4 million of revenue and \$6.0 million profit before tax of the Group. As the combination took place on 1 April 21 the contributed revenue and profit before tax represent a full 12 month period impact on these financials.

There were no contingent liabilities recognised at acquisition date. Transaction costs of \$0.1 million were expensed as incurred and were included in administrative expenses.

Prior to the acquisition of the remaining 'A' shares, NFL was equity accounted as an associate as follows:

	2022	2021
<b>Group</b>	<b>\$000s</b>	<b>\$000s</b>
Beginning balance	39,663	32,461
Additional investment made	8,780	11,742
Gain on remeasurement of existing interest in associate	14,718	-
Share of profit after income tax	-	1,970
Unrealised profit adjustment	-	65
Realised profit adjustment	-	(65)
Dividend received	-	(6,510)
Derecognition of equity interest on acquisition	(63,161)	-
<b>Balance as at 31 March</b>	<b>-</b>	<b>39,663</b>

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 24. Related parties

### Subsidiaries

Subsidiaries are entities controlled directly or indirectly by the Trust. All subsidiaries have a 31 March balance date and are wholly owned. The Trust holds 100% of the voting rights in all entities reported as subsidiaries. The Trust's investment in subsidiary relates to shares held in Northpower Limited. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Northpower Western Australia Pty Limited and its non-trading wholly owned subsidiary West Coast Energy Pty Limited are incorporated in Western Australia.

Northpower Fibre Limited (NFL) is incorporated in New Zealand, refer to Note 23. Northpower LFC2 Limited (LFC2), a fully owned Group subsidiary was amalgamated with NFL on 1 May 2021 to become NFL, the continuing reporting entity post amalgamation. All the assets and liabilities of LFC2 were amalgamated with NFL at book value and for nil consideration. LFC2 was deregistered on 1 May 2021.

The financial statements of subsidiaries are reported in the financial statements using the acquisition method of consolidation. Intra-group balances and transactions between group companies are eliminated on consolidation. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

### Transactions between the Company and key management personnel

Certain Directors and key management of Northpower Limited are also directors of the subsidiaries.

A summary of material trading activities with related parties is as below:

Key management Personnel	Related party	Position	Sales to related parties \$000s		Purchases from related parties \$000s		Amounts owing to related parties \$000s	
			2022	2021	2022	2021	2022	2021
Paul Yovich Trustee of Northpower Electric Trust	Busck Prestressed Concrete Limited	Trustee of a shareholder	11	-	2,525	2,671	261	275
Josie Boyd General Manager Network	Electricity Engineers Association	Board member	-	-	40	81	-	-

# Notes to the consolidated financial statements

For the year ended 31 March 2022

## 25. Guarantees and contingencies

	Group	
	2022	2021
	\$000s	\$000s
Performance bonds in relation to contract work	20,143	27,576
<b>Balance as at 31 March</b>	<b>20,143</b>	27,576

Performance bonds relate to guarantees given to customers to guarantee completion of contracting work both in New Zealand and off-shore. No liability was recognised in relation to the above guarantees as the fair value is considered immaterial.

Northpower Limited is a participant in the DBP Contributors Scheme (the "Scheme") which is a multi-employer defined benefit scheme operated by National Provident Fund. If the other participating employers or a number of employers ceased to participate in the Scheme, Northpower Limited could be responsible for the entire deficit of the Scheme or an increased share of the deficit. As at 31 March 2021, the Scheme had a past service deficit of \$1.3 million (2.2% of the liabilities). March 2022 information was not available at the time the financial statements were authorised for issue.

## 26. Commitments

The future aggregate minimum lease payments payable for non-cancellable low value operating leases which are exempted under NZ IFRS 16 Leases are as follows:

	Group	
	2022	2021
	\$000s	\$000s
Within one year	88	51
After one year but not more than five years	264	2
Balance of non-cancellable operating leases	352	53

Capital commitments contracted at balance date was \$5.6 million including software of \$0.1 million (2021: \$5.1 million including software of \$0.5 million).

## 27. Events after balance date

There were no significant events after balance date.

# Annual Plan

## BACKGROUND

Northpower Electric Power Trust (“the Trust”) was created by deed dated 29 March 1993 (such deed being amended on 24 October 1995 and 20 March 2000) (“the Trust Deed”).

The Trust was established as a Consumer Trust in 1993 to hold the shares in Northpower Limited (“the Company”) on behalf of the consumers of the Kaipara and Whangarei Districts in accordance with the Northpower Establishment Plan. This Plan was developed with extensive public consultation as required by Section 18 of the Energy Companies Act 1992.

There are seven Trustees (two from Kaipara and five from Whangarei) who are elected every three years following the Local Body elections.

The Trustees are required by the Trust Deed and law to:

- a) Encourage and facilitate the Company to operate as a successful business.
- b) Distribute to consumers in their capacity as owners, the benefits of ownership of the shares of the Company.
- c) Appoint Directors to the Company as provided for in the Company constitution.
- d) Act as a diligent shareholder and monitor the performance of the Directors.

Trustees are specifically prohibited from participating in the management or operation of the Company.

Trustees must also be aware of the default and mandatory duties set out in the Trusts Act 2019.

In carrying out their responsibilities in accordance with the Trust Deed and the law, the Trustees will specifically:

### 1. PROTECT THE VALUE OF THE TRUST ASSETS AND ACT AS PRUDENT TRUSTEES

- 1.1. Seek a fair commercial return from the Trust investment in the Company.
- 1.2. Seek to minimise the risk of the Trust investments in the Company.
- 1.3. Manage cash assets including dividends received in a way that maximises the benefit to Trust consumer beneficiaries.

### 2. AS SHAREHOLDER IN NORTHPOWER LIMITED

- 2.1. Exercise the rights and responsibilities of diligent shareholders in the Company for the benefit of the Trust and with due regard to the objective of the Company to be a successful business. In doing so, take proper account of the growth of the Company and the impact of the changing economy.
- 2.2. Advertise publicly that Trustees seek prospective directors for the Company in accordance with clause 9.1 of the Trust Deed and the Constitution of the Company.
- 2.3. Appoint directors to fill any vacancies in accordance with the provisions of the Trust Deed and the Company's Constitution.
- 2.4. Monitor the performance of Directors.
- 2.5. Agree on the Company's Statement of Corporate Intent with the directors of the Company and make the completed SCI available to the public.

As 100% owners of the Company, although specifically prohibited from participating in the management of the Company, the Trustees may be ultimately responsible for some of the Company's actions. The Trustees will require, through the Statement of Corporate Intent, as well as achievement of specific targets for financial and operational performance, assurances from the Directors that effective measures are in place to avoid or minimise financial, operational, and health and safety risks.

- 2.6. Meet with the Board or its representatives of the Company at least four times a year to consider the performance of the Company in relation to the Statement of Corporate Intent and other matters of ownership.
- 2.7. Attend the Annual Meeting of the Company and exercise the rights and responsibilities of shareholders at that meeting and at any other general meeting of the Company.

# Annual Plan

## 3. Income

- 3.1. Receive dividends from the Company.
- 3.2. Hold and invest dividends from the Company for at least six months before distribution to satisfy clause 5.3 of the Trust Deed.
- 3.3. To manage all remaining income received from the Company for the benefit of consumers as provided in the Trust Deed.
- 3.4. The Trustees have reached agreement with the Company Directors to implement a new discount policy commencing in the 2019-2020 year. Consumers will receive a discount on their electric lines charges in November or December each year, in place of the Trust distribution that has been made in the past. This will reduce the dividend paid to the Trust but increase the benefit to most consumers.

## 4. ELECT A CHAIRPERSON

The Trustees have elected Eric Angelo as Chairperson in accordance with the Trust Deed for a three year term ending in November 2022.

## 5. ELECT A DEPUTY CHAIRPERSON

The trustees have elected Sheena McKenzie in accordance with the Trust Deed for a three year term ending in November 2022.

## 6. APPOINT A SECRETARY

The Trustees have appointed Plus Chartered Accountants to provide secretarial and accounting services to the Trust.

## 7. SECURITY OF ELECTRICITY SUPPLY

### Transmission and generation

The Trust will cooperate with the Company and with ETNZ to encourage appropriate grid and network improvements and adequate generation capacity to service Northpower consumers' needs.

## 8. ETNZ

The Trust is a member of the Energy Trusts of New Zealand Inc. The Trust will seek efficiency in the ETNZ in its objectives of facilitating the operations of Energy Trusts as significant owners of Energy Companies and in supporting trusteeship of Energy Trusts.

## 9. COMMUNICATION

The Trust will inform consumers of its activities through the news media and through newsletters as appropriate.

The Trust will inform consumers of its activities through the news media and through newsletters as appropriate. Information and Trust reports can be found in the ownership section of the Company website - <https://northpower.com/company/about-us/ownership> . The Trust will also maintain a free call telephone number 0800 434 100 and an email address [nept@plusca.co.nz](mailto:nept@plusca.co.nz) for the benefit of consumers who wish to contact the Trust. The postal address is P O Box 1609, Whangārei.

## 10. CODE OF PRACTICE

The Trust has developed and published a 'Code of Practice' that describes the way Trustees will provide accountability to, and access to information for the Trust beneficiaries. This was first presented for confirmation at the AGM in July 2003, and will be reviewed at each AGM.

## 11. TRUSTEE MANUAL

Trustees have developed an online information system to guide trustees and the secretariat in the governance and administration of the Trust in accordance with the Trust Deed, the Northpower Establishment Plan, and legislation. The system records the various legislation that affects energy trusts and legal advice that provides assistance in understanding the responsibilities of the Trustees.

## 12. ELECTION OF TRUSTEES

As required by the Trust Deed, the Trust will be holding an election in November 2022 by postal ballot and with an online voting option.

# Code of Practice

The Northpower Electric Power Trust will seek to achieve “Best Practice” in all its activities.

Trustees and officers of the Trust will fulfill all their obligations under the Trust Deed and the law.

## **Purpose of the Trust:**

The Northpower Electric Power Trust is established to hold all the shares in Northpower Ltd. [the Company], to appoint Directors to the Company, to agree each year on a Statement of Corporate Intent with the Company, to receive any dividends from the Company and to distribute any income received to the beneficiaries of the Trust in accordance with the Trust Deed or to reinvest it in the Company.

## **Operation of the Trust:**

The Trustees meet as required, usually monthly, to deal with Trust business that may include:

Correspondence and beneficiary enquiries, finance, monitoring the performance of Northpower Directors and the company's performance against the Statement of Corporate Intent, dividends and distributions as they arise, ownership and legislative issues, liaison with the Electricity Trusts of New Zealand, any other matters affecting the Trust.

## **Beneficiaries:**

A legal description of the beneficiaries is contained in the Trust Deed, but they can generally be described as consumers who at any time designated by the Trustees, are persons named in the records of the Company as persons whose premises are connected to the Company's distribution network.

## **Entitlement to Information:**

Trustees will make available to the public any completed Statement of Corporate Intent and the Trust's audited Annual Financial Statements of Account.

In addition, the Trustees will each year prepare an Annual Plan describing the intended actions of the Trust for the ensuing year and an Annual Report that describes the activities of the Trust in the last financial year, assesses the performance of the Trust against the last year's Annual Plan, and reports the performance of the Company in meeting the targets of the Statement of Corporate intent.

Trustees will ensure that beneficiaries are able to receive in a timely manner, the above information and any other information that they are legally entitled to under the Trustee Act 1956, the Northpower Electric Power Trust Deed, and any other rule of law.

Trustees will also from time to time as appropriate, provide general information about the Trust and its activities to beneficiaries through the news media, newsletters, or other media.

# Code of Practice

## Procedures for Requesting Information:

Beneficiaries may seek information from the Trust by:

- a. A telephone request through the Trust's free call telephone number 0800 434 100
- b. Writing to the Secretary of the Trust at P.O. Box 1609, Whangārei
- c. By email to nept@plusca.co.nz

Every request by a beneficiary for information shall be dealt with promptly and in a courteous businesslike manner.

All information that a beneficiary is entitled to will be made available for inspection on the Trust's web pages, at the office of the Trust or such other place that the Trust determines during ordinary office hours - free of charge.

Copies of any documents that a beneficiary is legally entitled to will be made available for purchase at a reasonable price.

Any beneficiary may seek a review of the way a request for information has been dealt with by making a formal request for review in writing to the Secretary of the Trust.

Any request for review will be recorded and will be placed before the next meeting of Trustees for consideration and a formal response to the beneficiary.

The Annual Report will record the number of reviews sought and the way they have been determined.

## Annual Meeting:

The Trust will, within four months of the end of each Financial Year, hold an Annual Meeting in the District, that is open to the public in accordance with the Trust Deed.

The Trustees will publish a notice of the Annual Meeting in the news section of at least two separate editions of the *Northern Advocate*, *Whangārei Leader*, *Kaipara Lifestyler* and/or *Mangawhai Focus*.

The first notification will be published not less than 14 days before the Annual Meeting and will include advice:

- That financial statements have been prepared and audited and are available to the public
- Of where copies are available.
- That a quorum at the Annual Meeting is 20 beneficiaries
- That every beneficiary has a vote

## Rights of Review of Acts and Decisions of Trustees:

Trustees will report to the Annual Meeting on the way in which requests for review have been dealt with and on any unresolved requests for review.

## Review of Code of Practice:

Trustees will review this Code of Practice each year and will provide an opportunity for beneficiaries to comment on it during each Ownership Review. Ownership Reviews must be held at intervals of no more than five years. The last Ownership Review was completed in June 2022 and the next Ownership Review will be in 2027.

# Independent Auditor's report



## INDEPENDENT AUDITOR'S REPORT TO THE BENEFICIARIES OF NORTHPOWER ELECTRIC POWER TRUST GROUP

### Opinion

We have audited the consolidated financial statements of Northpower Electric Power Trust ("the Trust") and its subsidiary (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and its consolidated 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 (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition to the audit services, partners and employees of our firm may deal with the group on normal terms within the ordinary course of trading activities of the business of the group. We have no other relationship with, or interest in, the Trust or its subsidiary.

### Other Information

The trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Trustees' Responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the trustees are responsible on behalf of the Group for assessing 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 Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/>.

This description forms part of our auditor's report.

## Who we Report to

This report is made solely to the beneficiaries, as a body. Our audit work has been undertaken so that we might state those matters which 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 Group and the Group's beneficiaries, as a body, for our audit work, for this report or for the opinions we have formed.



New Zealand

Date: 20th July 2022





