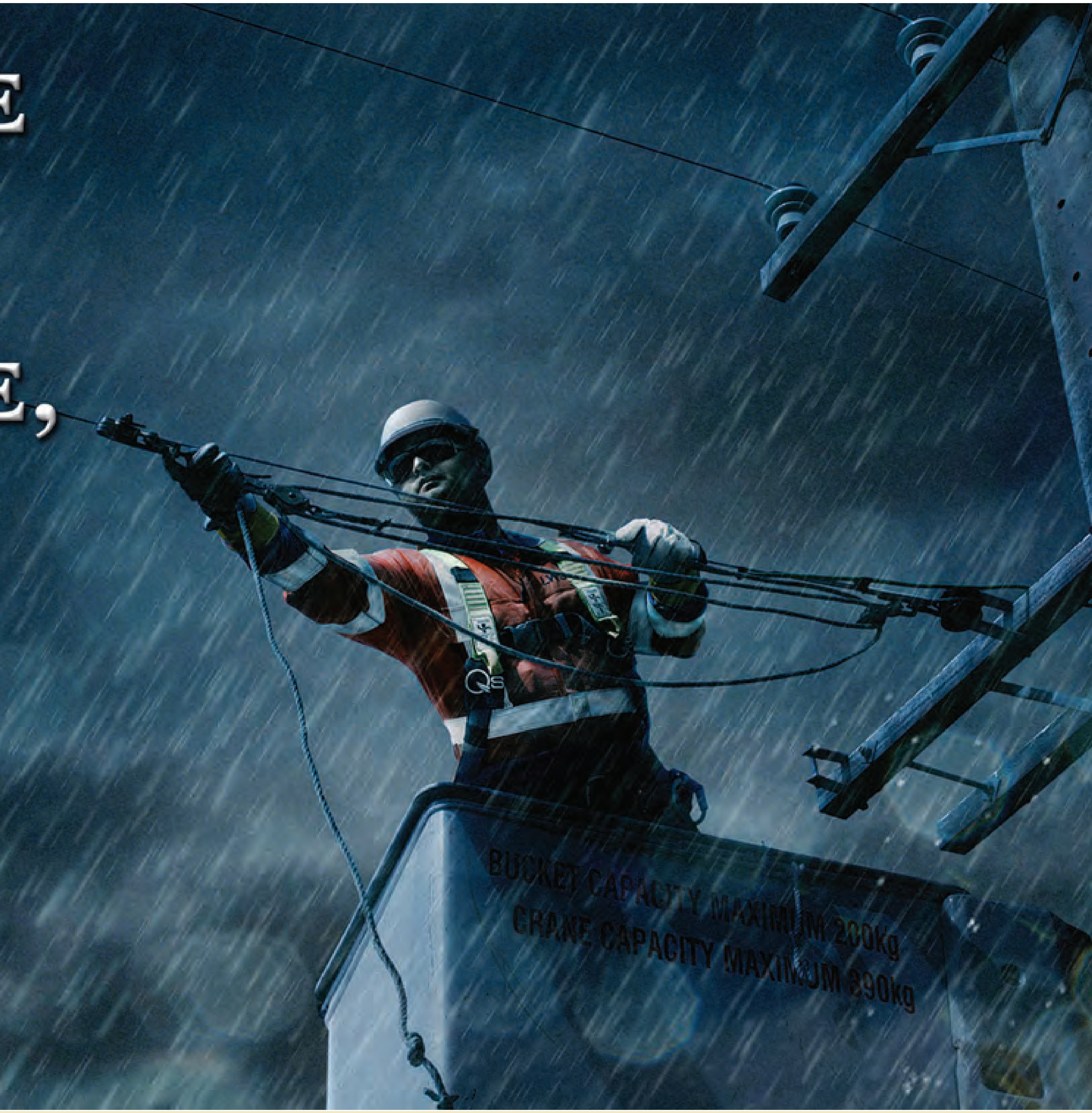
Electra

ELECTRA LIMITED **ANNUAL REPORT 2013 - 14**


WHEN EVERYONE
ELSE IS TOLD
TO STAY AT HOME
OUR PEOPLE
GO TO WORK.
Electra


BUCKET CAPACITY MAXIMUM 200kg
CRANE CAPACITY MAXIMUM 290kg

Electra

ELECTRA LIMITED operates as an electricity line owner and operator in the Kapiti and Horowhenua region on the west coast of the lower North Island, New Zealand. Ownership is vested in the Trustees of the Electra Trust on behalf of 42,908 beneficiaries.

At 31 March 2014, the Group had total assets of $260 million and shareholders' funds of $134 million and employed 181 (full-time-equivalent) people. Electra owns 100% of DataCol NZ Limited and Datacol Group Pty Limited, which are data collection, monitoring and management companies; Oxford Finance Limited, which specialises in financial services and Sky Communications Limited, a telecommunications contracting company.

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All values in this report are in thousands (000's) of New Zealand dollars (rounded) and are for years ended 31 March unless otherwise stated.

"This year" means the year ended 31 March 2014

"Last year" means the year ended 31 March 2013

"Next year" means the year ending 31 March 2015

ELECTRA key facts

- 9th largest lines company in the country in terms of consumer numbers at 42,908.
- Electra's network extends from Paekakariki in the south to just north of Foxton and Tokomaru, an area of 1700 square kilometres.
- Electra is owned by the Electra Trust, which represents all electricity consumers in Kapiti-Horowhenua.
- The Trustees of the Electra Trust hold all shares in Electra on behalf of all those consumers connected to its network.
- Electra has five trading subsidiaries.
- Electra employs 181 staff across the network operation and subsidiaries.

HIGHLIGHTS

- Profit of $3.7 million

- Invested $8.1 million in our electricity network

- $8.8 million (including GST) Sales Discount distributed to Kapiti-Horowhenua consumers

- High levels of consumer satisfaction maintained in annual surveys

CHAIR REVIEW 2014

On behalf of the Board of Directors, I have pleasure in presenting the Electra Limited 2014 Annual Report, which incorporates the audited financial statements of Electra Limited and its subsidiaries (collectively known as the Electra Group) for the year ended 31 March 2014.

Over the past year the Electra Group's main activities were: Electra Limited, the electricity lines business in the Kapiti and Horowhenua region; Oxford Finance Limited, a financial services company; DataCol NZ Limited, a national meter reading and data collection company; and Sky Communications Limited, a telecommunications contracting business.

Despite improving business optimism, economic conditions remained challenging across the country during 2013. For our network business, subdued regional growth and an extremely mild winter saw units transported on the network down 1.87% from the previous year.

Against this testing backdrop the Group was pleased to produce another strong return for the year ended 31 March 2014.

As always, the Group remains focused on identifying and implementing strategies that will position the business for future growth, increase our revenue streams and, ultimately, the level of return we can provide to the communities in which we operate.

Our Financial Performance

The Electra Group's goal has always been to maximise value for our consumers and owner, the Trustees of the Electra Trust, through competitive prices, quality services and efficient operations.

We are pleased to report that, for the year ended 31 March 2014, the Group was once again able to deliver a profitable performance in line with this goal.

Total Group revenue from continuing operations for the year was $62.8 million, a 5% decrease on the 2012/13 result ($65.9 million).

The overall operating profit for the Group was $3.7m, an excellent result that was once again assisted by the performance of all our subsidiary companies who either achieved or exceeded budget expectations.

Sale of Oxford Finance Limited

In March the Electra Group announced that it had entered into an agreement to sell its finance company subsidiary, Oxford Finance Limited, to Dorchester Oxford Limited.

While the sale was completed on 1 April 2014, the final sale price won't be confirmed until the business earnings for the year to 31 March 2015 have been reported and accounted for. Electra will report a significant gain on the sale of this non-core asset in next year's result.

Sales Discount Distribution

As noted electricity sales levels were affected by extremely mild winter conditions; however the absence of any unusual or extreme weather conditions other than the tail end of cyclone Lusi in March helped to contain unplanned operational expenses across the network. With continued solid performances from all subsidiaries, the overall performance of the entire Electra Group meant the Board was able to declare a final sales discount of $8.77m incl. GST, an increase on the previous year. Once again this was distributed to the 42,908 consumers on the Electra network as an annual sales discount credited to their power accounts.

We are proud to have returned more than $144m to the electricity consumers throughout the Kapiti and Horowhenua regions over the last 20 years. This demonstrates the value of Electra's Consumer Trust structure.

Positive Signs for the Future

A number of high profile local developments that we have previously signalled (Transmission Gully Peka Peka to Otaki expressway and State Highway 1 improvements, Otaki to Foxton and the Kapiti Expressway) are now underway or approved and will create significant employment and investment opportunities for our region.

In addition, further development at (and around) Paraparaumu Airport will help to generate further growth in the region.

Electra is working with the Councils and businesses in our region to support and attract business growth and development to leverage off these new infrastructure investments.

Meanwhile nationally, surplus generation capacity and flat demand growth should ensure greater price stability for consumers over the next few years.

Chief Executive and Board Level Changes

In March the Electra Group Chief Executive John Yeoman announced that he will be retiring at the end of May.

John has been at the helm of the Electra Group since 2002, guiding the business through many changes and challenges while continuing to deliver profit growth and increased returns to the Group and our owners – the electricity consumers connected to our network.

After 12 years of achievement, challenges, triumphs and memories John will leave having made a significant impact on Electra.

A recruitment process is underway by the Electra Board for a new Chief Executive.

At the same time the Board has accepted the resignation of long-serving Board member Martin Devlin. Martin has been a Director of Electra since 1997 and has provided strong commercial acumen to the Group, particularly in the area of corporate governance where his expertise was invaluable in his role as Chair of the Board's Governance Committee.

We thank both John and Martin for their outstanding contributions to the Group over the years and we wish them both the very best for the future.

Patricia McKelvey
Chair

I am pleased to present the following performance review of the Electra Group of businesses for the year ended 31 March 2014.

Despite challenging economic and regulatory conditions in the markets in which the Electra Group operates, the Group produced an excellent result for the 2013/14 financial year. Once again this result can be directly linked to the positive underlying performance of both our core network and our subsidiaries, highlighting the effectiveness of the Group's long held strategy of diversifying its business streams and improving overall profitability.

As mentioned by the Chair, in March the Group entered into an agreement to sell its finance subsidiary, Oxford Finance Limited, to Dorchester Oxford Limited.

While the Group had no immediate plans to divest its ownership of Oxford Finance, it had been identified that the business did not fit the Group's future strategic direction given the significant investment that would have been required to further grow the loan book.

The decision to sell followed a number of unsolicited approaches to purchase the business and the Board's decision to investigate the opportunity further by obtaining a valuation range for the business. From there the Board sought indicative offers from the market before finally calling for firm bids for the business.

In the end the Dorchester bid was accepted due to two key factors: 1) the offer price, and 2) Dorchester's commitment to continue operating the Oxford business from its Levin base, with all staff retained, along with plans to invest in its future growth.

As a result Electra is poised to make a significant gain on the sale of a non-core asset which will allow the Group to focus on further investment in our electricity network and complementary businesses that will enable the business to achieve its long term strategy.

Throughout the year the focus continued to be on positioning the Group for future growth, investing in the network, equipment, technology and people.

Trust owned companies like Electra remain exempt from the Commerce Commission control regime. However,

CE REPORT

despite this exemption, we still have to comply with substantial information disclosure requirements from regulatory bodies such as the Commerce Commission and the Electricity Authority ('EA'). It is expected that the level of disclosure required by the Commerce Commission will increase further over the coming year, requiring additional investment in systems and processes to support the collection and reporting of additional data. This will involve additional cost in time and resources that will ultimately need to be passed on to the consumer to satisfy the growing level of compliance. We remain hopeful that the Government will deliver on its stated intention to reduce the level of business compliance and reporting, so we can focus on our core activities which provide benefits for our consumers and shareholders.

ELECTRA LIMITED

Electra Limited owns and operates the electricity network throughout the Kapiti and Horowhenua regions, and has distributed electricity to these regions for more than 70 years. The network covers more than 1,700 square kilometres along a largely rural coastal band. Its 42,908 consumers make it the 9th largest electricity network in New Zealand (out of 29). Our network is in the top quartile for reliability performance with substantial ongoing investment planned to maintain this reliability of supply in the region.

The electricity network operation remains core to the Electra Group's overall performance. This year the network produced another positive performance, with revenue of $36.2 million.

Total electricity unit sales were 1.76% lower than the previous year, largely due to a mild winter - the second warmest winter on record.

New connections across the network were 449, an increase of 22% over the previous year's figure of 368, but the actual increase in ICP's was 117.

Growth in the business sector remained flat although recent commercial developments, predominantly in the Kapiti area, indicate that business confidence is returning to the region.

The company's Asset Management Plan ('AMP') sets out the planned investment in the electricity network for the next 10 years and reflects the efforts of the Electra team to deliver a quality electricity network to the region. The current AMP indicates a movement in emphasis and direction away from catering for high growth, and towards asset replacement and delivering consistent reliability in the short to medium term.

Part of this strategy involves the greater use of technology to capture and transfer field data resulting from activities such as inspections and fault reporting. We have also installed smart meters on specific transformers as a trial to gather data that could be useful to network planning. This may be rolled out further, depending on results.

An important project during the year improved the electricity supply to Waikanae Beach. This involved sectionalisation of the network by installing an alternative supply route to both the north end of Waikanae Beach and Peka Peka allowing quicker restoration of power and fault isolation to minimise outage times. In coming years similar work is planned in the Levin commercial area, Raumati South and Waitarere Beach.

A new underground cable is also being installed from the Paraparaumu GXP to the Paraparaumu East (Tongariro Street) Substation. This will improve operational flexibility and enhance our ability to maintain security of supply.

During the year a major project was completed that improved supply from Transpower's Mangahao Grid Exit Point ('GXP'), near Shannon. The four existing circuits were separated to increase the security of supply from Mangahao GXP, to the Horowhenua.

It was reported in the 2012/13 Annual Report that Electra Limited was in discussions with Transpower about how to deal with future capacity issues at our southern Paraparaumu GXP currently fed by a 110kV line through Transmission Gully. The Government's decision in September to proceed with the Transmission Gully highway has resulted in an agreement with Transpower and NZTA to install a new 220/33kV GXP at Paraparaumu, fed from the 220kV circuits that run close by. Once this new GXP is completed the 110Kv

line through Transmission Gully will be removed. This decision will effectively double the capacity at Kapiti and will meet local demand for the foreseeable future.

The network achieved excellent reliability for the year. Once again this high level of network performance is due in part to the vegetation crews who work hard throughout the year to remove potential threats to the lines, and to the faults staff who respond to outages on the network. Our field staff achieved a very high satisfaction rating in the annual customer service survey (90% of customers rated the faults service on the Electra network as either above average or excellent).

Electra's construction and maintenance division saw the current depot at Paraparaumu (Tongariro Street) upgraded and the creation of a new depot in Levin (Coventry Street). The new Levin premises allows the Division's vehicles to be stored under cover in a single location.

OPENING OF THE LEVIN DEPOT

Top: Staff enjoying the new Levin depot.

Centre: Line vehicles housed within the new depot building.

Left: Ample parking for all at the new Levin depot.

Above: Horowhenua Mayor, Brendan Duffy at the opening of the Levin Depot - May 2014.

The electricity industry continues to face serious issues with an aging workforce and ongoing difficulties in recruiting qualified staff. Our focus continues to be on training and developing talent from within our own organisation, and securing external resource where required to complete capital projects. Over the last year we have recruited seven new trainees: a trainee technician, a trainee faultman, and five trainee line mechanics. We are currently operating with a ratio of 1:5 trainees to qualified staff. We are pleased to report that, despite a highly competitive employment market, we have maintained a low level of staff turnover.

While network charges were increased, overall prices for residential consumers still compare favourably with other lines companies. With 10 electricity retailers actively competing for customers on the network, this can only be good in providing local electricity consumers with greater choice and better value.

Energy efficiency has always been a major focus for Electra with numerous initiatives delivered over the last 20 years to increase awareness and help bring benefits to both our residential and commercial consumers. It is therefore pleasing to see that Electra's annual Market Awareness Survey has found that 32% of residential consumers and 30% of commercial consumers on the network currently have a heat pump installed. Even more pleasing, the study also reported that 84% of residential consumers and 61% of commercial consumers on the network have installed energy efficient light bulbs – considerably more than in the 2012 study (78% and 54% respectively).

In recent years our Market Awareness Survey had indicated a steady decline in unprompted awareness of the Electra brand, which was a concern given our community-ownership model and the sales discounts that are provided to everyone connected to the Electra network each year. The Electra brand had been developed 20 years ago, and with a significant influx of new arrivals to the region over this period, the decision was made to redevelop the brand to portray a fresh and energised company that provides an essential and reliable local service.

The roll-out of the new brand in 2013 has brought an improved profile, greater visibility and has had a positive impact on the unprompted awareness of the Electra brand which increased for the first time in several years.

More importantly, consumer knowledge of what Electra does has lifted substantially over the last year (from 58% to 79% for residential consumers, and from 73% to 87% for commercial consumers). The rebrand has also had a positive impact on the company culture, with staff satisfaction levels improved and a noticeable improvement in productivity.

DATACOL NEW ZEALAND LIMITED

DataCol is a data collection, monitoring and management business, based in Christchurch with branches in Auckland and Wellington, and over 150 employees and contractors.

Originally focused on delivering a manual electricity and gas meter reading service, the implementation of smart meter technology across the energy industry in recent years has seen DataCol's traditional area of business slowly decline, leading the company to identify a number of opportunities to leverage its expertise in the collection, monitoring and management of data by expanding into new markets and technologies.

In 2009 the company diversified into water meter reading, securing the contract to provide meter reading services to Watercare Services Ltd, the water services division of the Auckland Super City. DataCol quickly demonstrated a reputation for accuracy and reliability and, as a result, they are now responsible for 87% of all of the Super City's water meter readings.

This success has enabled the company to secure contracts with other councils, partnering with them in their water conservation and management efforts. The company is now responsible for reading the majority of New Zealand's water meters including: Tauranga City Council, Hamilton City Council, Dunedin City Council, Nelson City Council, Waimakariri District Council and the Kapiti Coast District Council.

At the same time the company's proprietary SevenX data collection and management software (meter reading) system was attracting international interest from a number of large utility companies. In August 2013 DataCol announced its most ambitious partnership yet, securing the contract to provide water meter reading solutions to Sydney Water, Australia's largest urban water supplier with over AUD$2 billion in annual revenues and 1.3 million water meters supplying 4.6 million people across an area of 12,700km^2.

With the SevenX system, Sydney Water is able to have meter readings submitted from the field via the mobile phone network with the data sent straight to the billing system. The system also uses field devices that include GPS location and have the ability to capture images from the field, which can be very useful to show issues such as difficulty accessing a meter.

A month following the Sydney Water announcement, the company confirmed that a second licensing agreement had been signed to provide the SevenX system to UMEME, Uganda's sole power distributor and one of Africa's largest distributors employing over 1,300 staff and supplying more than 460,000 customers.

UMEME selected the SevenX system over several other international vendors on the basis of its accuracy and transparency and proven ability to deliver customised solutions. The solution will present a giant leap over the UMEME's previous inefficient and costly paper based systems.

Securing these significant contracts over the last year has seen the company deliver a strong result for the Group.

SKY COMMUNICATIONS LTD

Established in 1997, Sky Communications has become one of New Zealand's leading telecommunications contracting services companies, designing, building, supplying and maintaining wireless, fibre and copper networks and products for the region's leading operators including Telecom, Vodafone and 2Degrees.

The company is based in Auckland with a field office in Wellington, employs 85 staff and has a turnover of approximately $15 million.

Over the last year the company has enjoyed considerable success, securing major contracts to assist New Zealand's largest telecommunications companies with the roll out of the next generation (or long term evolution, 'LTE') in mobile technology. The 4G roll-out is increasing the speed and volume of data distributed by mobile technology and Sky Communications is playing a pivotal role in making this happen. The company has joined Downers as the only contractors for the Vodafone 4G roll-out, and is working alongside both Downers and Transfield for the Telecom 4G roll-out.

In addition, the company's expertise in "in building" (IBC) telecommunications (providing coverage in buildings such as offices, hospitals and stadia to meet growing demand from data intensive mobile applications that require increased data speeds and data volumes) has placed the business in a strong position to provide IBC coverage to support the LTE deployment.

The increased level of activity in the local telecommunications industry provided Sky Communications with significant opportunities throughout the year, and ensured the company was able to report a solid result for the year.

The telecommunications market in New Zealand remains extremely competitive and Sky Communications is well placed to continue to profit from investments in the next generations of mobile technology.

IN THE COMMUNITY

While our principal commitment to the community is to maximise the Electra sales discount that is credited each year to each electricity account on the Electra network, we also support the local business community in a number of other ways.

During 2013 we continued our association with the Kapiti Electra Business Breakfast, helping to run 10 networking events in Kapiti throughout the year, providing local business owners with access to top quality business and related speakers. During the year we partnered with the Horowhenua District Council to launch a regular "Business After 5" event for local businesses, with high attendance levels confirming the value of such functions for local business owners and their key staff.

We were again the principal sponsor of the Annual Electra Business Awards, as we have been for the last 20 years. The Awards are an important way of recognising businesses that are helping to drive economic growth in the region. Congratulations to Aura RedEye for winning the 2013 Electra Business of the Year Award, and to HMC Kapiti for being highly commended by the Judges.

We also sponsor a "Caring for our Community" page in the Kapiti and Horowhenua weekly newspapers, providing local community organisations an opportunity to promote themselves and the positive work they do in the community. The page also features energy related information such as energy saving tips and product offers, plus any other information that might be of interest to customers of the Electra Group of companies.

INVESTING IN OUR PEOPLE

At the core of any good business are its people. Our ability to deliver a solid financial result in challenging market conditions while maintaining the highest standards in safety and customer service is a testimony to the quality of our people.

Ensuring the safety of our people, our contractors, our consumers and the general public remains our number one priority. The introduction of random alcohol and drug testing for all staff and contractors working on our network has been well received by staff. We remain committed to providing our staff with access to training that will enable them to grow personally while delivering genuine value to our organisation and customers.

We pride ourselves on developing a diverse workforce equipped with the right blend of skills to take the company into the future.

FUTURE OUTLOOK

The Electra Group remains in a solid financial position, with strong shareholder equity and a diversified asset and revenue base. From this position of strength we will continue to look for opportunities to grow and diversify our business, increase revenue streams and maximise the return we provide to our consumers through the Electra sales discount.

As mentioned by the Chair, signs are emerging that renewed electricity growth is ahead with the massive investment in roading infrastructure throughout our region along with further development that will help to reinforce growth in the region. The commencement of direct flights to Christchurch provides additional opportunities for local businesses.

At the same time residential new building consents in our region are showing signs of recovery and this should be reflected in increased consumer numbers over the next 12 – 18 months.

We remain committed to delivering a reliable electricity supply that can meet the demands of our consumers.

The new Paraparaumu GXP will be able to deal with any growth in the region for the foreseeable future.

Looking to take advantage of these major infrastructure projects Electra and Horowhenua and Kapiti Coast District Councils commenced a project to attract new developments and businesses to the region. Electra hosted a Regional Growth Forum in April 2013 and spent the rest of the year working with the Councils and a number of other organisations and people to progress specific initiatives and opportunities that will help the region to grow and create local employment in the long term.

As part of the Regional Growth Initiative an innovative Massey University MBA paper brought 28 executive students from all over the country to work with five selected Kapiti/Horowhenua businesses. This took place over three days and involved all five businesses making a presentation to the executive students. Groups then worked intensely with each company to deliver a "business pitch" aimed at helping to address specific issues causing them concern. Subsequently a final report for each business was completed including a business plan, feasibility analysis and an implementation plan. This programme is likely to be repeated and presents a significant opportunity for more local businesses to lift their performance by capitalising on the experience of students who are already experienced professionals, managers and senior executives.

We believe there are many reasons to look to the future with renewed optimism. We look forward to working with the local councils and the community to ensure the best advantage is taken of the opportunities the projects mentioned above will deliver.

THANK YOU

I would like to thank the management team for their leadership and commitment in delivering the latest financial result, the Directors and Trustees for their ongoing support during a challenging period for the industry, and the entire Electra Group team for their continued dedication to delivering the best possible service to our consumers and customers alike.

John Yeoman
CE Electra Group

PATRICIA MCKELVEY – CHAIR

Patricia has enjoyed outstanding success in both the sporting and education areas. She has been a world-class cricketer and was Principal of Wellington High School for seven years. Her service to the community has been recognised with an MBE for services to Women's Cricket in 1981 and a CNZM for Education in 2005.

Patricia has held a number of professional board and committee roles, including Chair of the Correspondence School Board of Trustees, Acting Chair of the Charities Commission and Chair of Career Services for many years. In 2014, she was appointed to the Teachers Council Complaints Assessment Committee. To these roles and her role at Electra, Patricia brings exceptional communication and Human Resource skills.

Patricia has been an Electra Director since 1993 and was appointed Chair in 2007.

MARTIN DEVLIN

Martin Devlin is Professor Emeritus at the College of Business, Massey University where he was Head of the Graduate School of Business for many years. His areas of expertise include Corporate Governance, Entrepreneurship, Innovation and Management.

Martin had successful careers in the Army, manufacturing and merchant banking.

His governance experience includes directorships in private, public and non-profit organisations, many of them well-known in New Zealand and overseas.

He is now a business consultant, a member of IoD and has been a Director of Electra Ltd since 1997, retiring on 31 March 2014.

Martin was appointed an Officer in the NZ Order of Merit (ONZM) in the 2011 Queen's Birthday honours list for services to education.

PIERS HAMID

Piers practised as a Chartered Accountant and Company Director in the Manawatu and Kapiti-Horowhenua regions from 1981 -2006. He has been a Financial Director and Management consultant and currently has his own consultancy business in Auckland.

His particular interest and expertise is in the area of SME business development over a wide range of industries including construction, transport, textiles and agribusiness. He is actively involved with Business Mentors NZ, in partnership with ATEED, in the development of individual businesses on Auckland's North Shore. Piers has been a Director of Electra since 1993 and was also an appointed member of the Mid-Central Health, Waikato District Health Boards for nine years, as well as being a Director of a number of private companies.

ELECTRA DIRECTORS Profiles

RUSSELL LONGUET

Russell is Managing Director of Exergi Consulting Limited, an independent energy consultancy, focusing on Energy Sector risk management for large Industrials, Retailers and Government liaison. Prior to that, he managed the Energy portfolio for Carter Holt Harvey.

Russell's background spans Electrical Engineering, Merchant Banking and Energy Consulting in New Zealand and overseas.

He is a member of the Institute of Directors, an ex-Director of the Energy Efficiency and Conservation Authority (EECA) and Energy Intellect Limited. He has been on a number of advisory groups to Government on electricity and gas markets.

Russell was appointed Director of Electra in 2008 and is Chair of the Risk Committee.

NEIL MACKAY

Neil has held a number of CEO and senior management roles in a wide variety of industries in New Zealand, UK, Hong Kong and Australia including power construction, manufacturing, transport, sales and distribution, financial services and the public service. He was the inaugural Chief Executive of Industry New Zealand a crown entity which was responsible for the development and implementation of strategies and programmes for industry, business and regional development.
Neil is currently an Executive Director of Green Chip Ltd which owns and supports new technology companies to commercialise and scale up their business. He is also a Director of a number of new technology companies.

Neil was appointed Director of Electra in 2007.

IAN WILSON

Ian is an experienced Company Manager and Director across a wide range of sectors. He has strong commercial, strategic and corporate governance strengths and has been involved with numerous acquisitions and mergers and organisational restructuring.

Ian has been a Director of companies in many parts of the world, and is presently a Director of a number of New Zealand public and private companies. He has around eighteen years experience in the energy sector having held past directorships in various network and retail/generation companies notably, Progas Systems, ElectroPower, TrustPower, Central Power and Powerco.
He is a Fellow of the Institute of Directors, an Associate of the NZ Institute of Management, was awarded the Massey University Medal in 2004 and made a Companion of the Queen's Service Order in 2006.

Ian was appointed Director of Electra in 2010 and is the Chair of the Audit Committee.

CORPORATE GOVERNANCE

PRINCIPLES

The Directors recognise the need for the highest standards of corporate governance practice and ethical conduct by all directors and employees of Electra Limited and its subsidiaries.

The Board embraces and endorses the principles embodied in the New Zealand Institute of Directors Code of Best Practice for New Zealand Directors.

The Directors recognise good governance is not merely a matter of achieving legislative compliance but ensuring that exemplary standards and behaviour are sustained. This involves the establishment and maintenance of a culture at board level and throughout the Group to ensure that the Directors and employees deal fairly with others, with transparency and protect the interest of all stakeholders.

It is the objective of the Directors to ensure that all issues within the Group are dealt with in a manner which will reinforce or enhance the reputation of the Group and those involved.

The Board will ensure that the Group is governed within the broader framework of corporate responsibility and regulatory oversight.

ROLE OF DIRECTORS

The Directors are responsible to the Shareholder for the setting of strategies and objectives in accord with key policies adopted in Electra's annual Statement of Corporate Intent.

It is their ongoing responsibility to monitor management's operation of the business.

They will direct management to develop appropriate structures, processes and plans necessary to achieve agreed objectives, and delegate to them the day to day operations in order that the plans are executed.

RISK MANAGEMENT

The Directors recognise their primary responsibility is the identification, evaluation and mitigation (where possible) of all risks to the business.

They ensure that management has appropriate systems and controls in place to regularly review and assess these risks and mitigation plans are adjusted accordingly.

BOARD OPERATION

Operation of the Board is governed by the Constitution of Electra, and the rules, procedures and guidelines adopted by the Board, which are set out in the Electra handbook.

The Board oversees the development of annual and long term plans. It meets monthly to receive reports from management on progress against such plans, and reviews and approves changes to strategies where necessary.

Where more detailed or technical supervision is necessary the Board has delegated responsibilities to committees as appropriate. Currently the Board has committees for Audit, Risk and Governance. Each committee determines its own meeting timetable to meet the specific requirements of its work programme.

The Directors meet quarterly with the shareholding Trustees to report on achievement of corporate objectives and discuss matters relating to the operation of the Group.

CONFLICTS OF INTEREST

Directors are required to identify any potential conflicts of interest they may have in dealing with the Group's affairs. Where a conflict arises, a Director may still attend a Board meeting but may not take part in the debate or vote on any resolution in which they are interested.

DIRECTORS' STATUTORY REPORT

The Directors take pleasure in presenting their Report and financial statements of Electra Limited and Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The Group's principal activities during the year were:

- to be a successful electricity line owner and operator maximising value for owners through competitive prices, quality and efficient operations;
- to operate a successful electricity network construction and maintenance contracting business; and
- to invest in business activities and projects that add value to the Group.

GROUP RESULTS AND DISTRIBUTIONS

	2014	2013
	$000	$000
Operating revenue from continuing operations	**62,756**	65,856
Discount to consumers	**(7,628)**	(6,947)
Other expenses	**(62,740)**	(62,890)
Profit before tax	**16**	2,966
Taxation	**997**	(1,830)
Profit after tax from continuing operations	**1,013**	1,136
Profit after tax from discontinued operations	**2,653**	1,555
Net profit after tax	**3,666**	2,691
Dividend	**(320)**	(275)
Retained earnings brought forward	**63,353**	60,937
Retained earnings carried forward	**66,699**	63,353

DIRECTORS' INTERESTS

Directors have declared interests in transactions with the Company during the year as set out in note 24 of these financial statements.

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

RETIREMENT OF DIRECTORS

In accordance with the Constitution of the Company, Messrs Martin Devlin and Russell Longuet retire by rotation at the annual general meeting of the Company. Mr Martin Devlin has offered his resignation effective 31 March 2014 and Mr Russell Longuet being eligible, offers himself for re-election.

USE OF COMPANY INFORMATION

During the year, the Board received no notices from Directors of the Company requesting use of Company information received in their capacity as Directors, which would not otherwise have been available to them.

AUDITOR

Trevor Deed of Deloitte was appointed as Auditor on behalf of the Auditor-General, in accordance with Section 45 of the Electricity Companies Act 1992.

For and on behalf of the Board

Patricia McKelvey
Chair
12 June 2014

Neil Mackay
Director

FIVE YEAR PERFORMANCE HIGHLIGHTS

	NZ IFRS				
	2014	2013	2012	2011	2010
FINANCIAL - GROUP					
Total revenue ($000) (includes discontinued operations)	**71,915**	74,923	86,442	75,206	68,835
Discount issued ($000) (excludes provisions)	**7,628**	6,947	6,736	6,949	7,235
Profit/(Loss) (after tax) ($000) (excludes revaluation)	**3,666**	2,691	(2,544)	411	2,047
Total assets ($000)	**260,249**	261,250	271,379	274,266	269,279
Total shareholders' funds ($000)	**133,753**	133,165	131,054	133,809	132,531
Shareholders' funds to total assets	**51%**	51%	48%	49%	49%
Net asset backing per share	**$5.47**	$5.43	$5.36	$5.46	$5.41
NETWORK - PARENT					
GWh sold (GWh)	**401.8**	409.0	413.2	410.7	416.1
Loss ratio	**7.5%**	7.5%	7.3%	7.5%	7.5%
Load factor	**53%**	54%	49%	54%	54%
Maximum demand (MW)	**93**	93	104	94	94
Circuit kilometers (kms)	**2,262**	2,256	2,229	2,226	2,223
Supply area (sq kms)	**1,628**	1,628	1,628	1,628	1,628
Operating costs per kilometre	**$3,788**[a]	$3,236[a]	$4,313	$3,493	$3,715
Capital expenditure cost per kilometre	**$3,193**	$3,147	$2,947	$2,645	$2,813
CONSUMER INFORMATION - PARENT					
Number of consumers	**42,908**	42,810	42,595	42,483	42,204
Average kWh sales per consumer	**9,365**	9,554	9,701	9,667	9,859
Operating costs per consumer	**$205**[a]	$171[a]	$226	$183	$196
Capital expenditure cost per consumer	**$173**	$166	$154	$139	$148
Discount issued per consumer (incl. GST) (Average)	**$205**	$187	$182	$184	$193
NETWORK RELIABILITY - PARENT					
System Average Interruption Duration Index (SAIDI)	**67.3**	58.0	131.9*	74.7	161.2
System Average Interruption Frequency Index (SAIFI)	**1.25**	0.93	2.29*	1.62	3.05
Consumer Average Interruption Duration Index (CAIDI)	**53.8**	62.6	57.6	46.2	52.9
Faults per 100km line (number)	**8.0**	6.2	10.2	7.1	7.4
PERSONNEL - GROUP					
Number of employees					
- Electra	**72**	69	15	12	12
- Linework & Stones	**-**	-	90	101	104
- Oxford Finance	**21**	21	21	23	23
- DataCol NZ	**34**	32	38	44	46
- Sky Communications	**54**	55	120	84	76

a Adjusted to remove capital expenditure margin elimination for 2013 and 2014.

* Excludes Transpower outages during the year.
Including these events SAIDI and SAIFI would have been- SAIDI – 267.3, SAIFI – 3.3

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

		GROUP		PARENT	
	Note	2014	2013	2014	2013
		$000	$000	$000	$000
Continuing operations					
Sales and interest revenue		**62,068**	64,950	**37,673**	36,074
Dividends from subsidiaries		**-**	-	**1,879**	2,268
Other revenue		**688**	906	**762**	1,249
Total operating revenue	2	**62,756**	65,856	**40,314**	39,591
Discount paid to consumers		**(7,628)**	(6,947)	**(7,628)**	(6,947)
Finance expenses		**(2,181)**	(2,715)	**(2,172)**	(2,692)
Other expenses		**(52,931)**	(53,228)	**(30,583)**	(27,155)
Total expenses	2	**(62,740)**	(62,890)	**(40,383)**	(36,794)
Profit/(loss) before taxation		**16**	2,966	**(69)**	2,797
Income tax benefit/(expense)	3	**997**	(1,830)	**1,824**	(1,370)
Profit for the year from continuing operations		**1,013**	1,136	**1,755**	1,427
Discontinued operations					
Profit after tax from discontinued operations	28	**2,653**	1,555	**-**	-
Profit for the year		**3,666**	2,691	**1,755**	1,427
Other comprehensive income					
Foreign exchange reserve decrement		**(28)**	-	**-**	-
Asset revaluation decrement		**(4,053)**	-	**(4,053)**	-
Increment/(decrement) on disposal of revalued assets		**668**	(424)	**668**	(424)
Income tax relating to components of other comprehensive income	3	**655**	119	**655**	119
Other comprehensive (loss) for the year net of tax		**(2,758)**	(305)	**(2,730)**	(305)
Total comprehensive income/(loss) for the year net of tax		**908**	2,386	**(975)**	1,122

The notes on pages 27 to 68 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

GROUP

	Note	Issued Capital	Reserves	Retained Earnings	Attributable to owners of the parent	Non-controlling interest	Total
		$000	$000	$000	$000	$000	$000
Balance at 1 April 2013		18,000	51,812	63,353	133,165	-	133,165
Profit for the year		-	-	3,666	3,666	-	3,666
Other comprehensive income for the year net of tax		-	(2,758)	-	(2,758)	-	(2,758)
Total comprehensive (loss)/income		-	(2,758)	3,666	908	-	908
Capital issued		-	-	-	-	-	-
Dividend paid	19	-	-	(320)	(320)	-	(320)
Balance at 31 March 2014		18,000	49,054	66,699	133,753	-	133,753

GROUP

	Note	Issued Capital	Reserves	Retained Earnings	Attributable to owners of the parent	Non-controlling interest	Total
		$000	$000	$000	$000	$000	$000
Balance at 1 April 2012		18,000	52,117	60,937	131,054	-	131,054
Profit for the year		-	-	2,691	2,691	-	2,691
Other comprehensive income for the year net of tax		-	(305)	-	(305)	-	(305)
Total comprehensive (loss)/income		-	(305)	2,691	2,386	-	2,386
Capital issued		-	-	-	-	-	-
Dividend paid	19	-	-	(275)	(275)	-	(275)
Balance at 31 March 2013		18,000	51,812	63,353	133,165	-	133,165

The notes on pages 27 to 68 form part of these financial statements.

PARENT

	Note	Issued Capital	Reserves	Retained Earnings	Total
		$000	$000	$000	$000
Balance at 1 April 2013		18,000	51,812	65,281	135,093
Profit for the year		-	-	1,755	1,755
Other comprehensive income for the year net of tax		-	(2,730)	-	(2,730)
Total comprehensive income		**-**	**(2,730)**	**1,755**	**(975)**
Amalgamation of subsidiary		-	-	27	27
Capital issued		-	-	-	-
Dividend paid	19	-	-	(320)	(320)
Balance at 31 March 2014		**18,000**	**49,082**	**66,743**	**133,825**

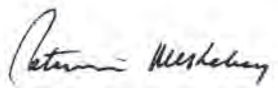
PARENT

	Note	Issued Capital	Reserves	Retained Earnings	Total
		$000	$000	$000	$000
Balance at 1 April 2012		18,000	52,117	60,458	130,575
Profit for the year		-	-	1,427	1,427
Other comprehensive income for the year net of tax		-	(305)	-	(305)
Total comprehensive income		**-**	**(305)**	**1,427**	**1,122**
Amalgamation of subsidiary		-	-	3,671	3,671
Capital issued		-	-	-	-
Dividend paid	19	-	-	(275)	(275)
Balance at 31 March 2013		**18,000**	**51,812**	**65,281**	**135,093**

The notes on pages 27 to 68 form part of these financial statements.

The Board of Electra Limited authorised these financial statements for issue on 12 June 2014.

For and on behalf of the Board



Patricia McKelvey
Chair
12 June 2014

Neil Mackay
Director

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

		GROUP		PARENT	
	Note	2014	2013	2014	2013
		$000	$000	$000	$000
Equity					
Share capital	17	**18,000**	18,000	**18,000**	18,000
Retained earnings		**66,699**	63,353	**66,743**	65,281
Reserves	18	**49,054**	51,812	**49,082**	51,812
Total equity		**133,753**	133,165	**133,825**	135,093
Attributable to:					
Parent entity interest		**133,753**	133,165	**133,825**	135,093
Total equity		**133,753**	133,165	**133,825**	135,093
Non-current liabilities					
Debt finance	15	**18,220**	49,650	**18,220**	22,950
Other financial liabilities	16	**43**	260	**43**	260
Deferred tax	3	**35,786**	36,047	**35,301**	36,907
Total non-current liabilities		**54,049**	85,957	**53,564**	60,117
Current liabilities					
Debt finance	15	**16,439**	31,384	**16,439**	17,494
Other financial liabilities	16	**22**	9	**22**	9
Trade and other payables	14	**8,939**	10,735	**9,026**	7,481
Total current liabilities		**25,400**	42,128	**25,487**	24,984
Liabilities of disposal group classified as held for sale	28	**47,047**	-	**-**	-
Total equity and liabilities		**260,249**	261,250	**212,876**	220,194
Non-current assets					
Property, plant and equipment	11	**179,195**	183,858	**180,152**	184,270
Investments in subsidiaries	12	**-**	-	**10,034**	22,867
Goodwill	13	**6,511**	10,279	**-**	-
Intangible assets	13	**2,112**	1,965	**1,802**	1,520
Finance receivables	7	**-**	25,880	**-**	-
Total non-current assets		**187,818**	221,982	**191,988**	208,657
Current assets					
Cash and cash equivalents	22	**974**	4,084	**345**	2,543
Receivables and prepayments	6	**11,867**	9,251	**9,120**	8,506
Finance receivables	7	**2,711**	24,598	**-**	-
Inventories	8	**603**	626	**83**	174
Work in progress	8	**973**	709	**361**	314
Total current assets		**17,128**	39,268	**9,909**	11,537
Assets of disposal group classified as held for sale	28	**55,303**	-	**10,979**	-
Total assets		**260,249**	261,250	**212,876**	220,194

The notes on pages 27 to 68 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	Note	GROUP 2014 $000	GROUP 2013 $000	PARENT 2014 $000	PARENT 2013 $000
Cash flows from operating activities					
Cash was received from:					
Receipts from customers (net of discount)		**50,970**	64,864	**27,867**	27,178
Dividends received		**-**	-	**1,879**	1,658
Finance receivables - interest received		**6,698**	6,528	**-**	-
Proceeds from HP contracts and loan advances		**43,551**	49,597	**-**	-
Income tax refund		**362**	159	**-**	-
Other interest received		**51**	61	**188**	356
		101,592	121,209	**29,934**	29,192
Cash was applied to:					
Payments to suppliers and employees		**(41,292)**	(50,485)	**(18,129)**	(17,962)
Secured debenture stock - interest paid		**-**	(899)	**-**	-
Finance loans advanced		**(46,216)**	(49,733)	**-**	-
Interest paid		**(5,097)**	(5,106)	**(2,197)**	(2,843)
Income tax paid		**(1,921)**	(2,075)	**(352)**	(1,432)
		(94,526)	(108,298)	**(20,678)**	(22,237)
Net cash flows from operating activities	23	**7,066**	12,911	**9,256**	6,955
Cash flows to investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment and intangible assets		**87**	2,141	**39**	2,141
Sale of investment		**-**	669	**4,010**	669
		87	2,810	**4,049**	2,810
Cash was applied to:					
Purchase of property, plant and equipment and intangible assets		**(8,427)**	(4,859)	**(7,598)**	(3,594)
Purchase / Capital introduced into investments		**-**	-	**(1)**	-
		(8,427)	(4,859)	**(7,599)**	(3,594)
Net cash flows to investing activities		**(8,340)**	(2,049)	**(3,550)**	(784)
Cash flows from financing activities					
Cash was provided from:					
Loans raised		**109,968**	34,720	**16,600**	19,570
Loan repaid by subsidiary		**-**	-	**260**	5,809
		109,968	34,720	**16,860**	25,379
Cash was applied to:					
Advance to subsidiary		**-**	-	**(2,084)**	(1,605)
Repayment of debenture funds		**-**	(16,809)	**-**	-
Repayment of loans		**(110,218)**	(28,359)	**(22,360)**	(28,359)
Payment of dividends		**(320)**	(275)	**(320)**	(275)
		(110,538)	(45,443)	**(24,764)**	(30,239)
Net cash flows from financing activities		**(570)**	(10,723)	**(7,904)**	(4,860)
Net (decrease)/increase in cash and cash equivalents held		**(1,844)**	139	**(2,198)**	1,311
Add opening cash and cash equivalents brought forward		**4,084**	3,945	**2,543**	1,232
Ending cash and cash equivalents carried forward	22	**2,240**	4,084	**345**	2,543

The notes on pages 27 to 68 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of compliance

Electra Limited ('the Company' or 'Parent') is a Public Benefit Entity (PBE) incorporated in New Zealand. The Company has its head office in Levin. The Company operates primarily in the field of electricity distribution and as a holding company for other investments.

The 'Group' for financial reporting purposes comprises:

Electra Limited, the Parent Company, and its fully owned subsidiaries Oxford Finance Limited, Electra Finance Limited, DataCol NZ Limited, Datacol Group Pty Limited and Sky Communications Limited. Non-trading subsidiaries of the Group include – Electra Generation Limited, DeFrost Limited and Horowhenua Wind Energy Limited. The ultimate parent of the Group is the Electra Trust.

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Energy Companies Act 1992. The financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and with International Financial Reporting Standards (IFRS).

1.2 Basis of preparation

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

Separate accounting policies are outlined below.

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

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

1.3 Critical accounting estimates and judgements

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

Estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at 31 March 2014 that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are disclosed below. The assumptions are based on existing knowledge and outcomes that within the next financial year may differ from these assumptions and could require a material adjustment to the carrying amount of the asset or liability affected.

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

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

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

In carrying out the revaluation of the network distribution assets a number of assumptions and estimates were used where complete or accurate data was not available.

Other areas where judgement has been exercised in preparing these financial statements are assessing the level of any unrecoverable work in progress and calculating provisions for employee benefits.

1.4 Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

1.4.1 Basis of consolidation

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

Subsidiaries

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

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

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

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

1.4.2 Goods and Services Tax (GST)

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

1.4.3 Revenue recognition

Revenue comprises the fair value for the sale of goods and services, excluding GST, rebates and discounts (not excluding discount to consumers) and after eliminating sales within the Group.

Revenue is recognised as follows:

(i) Distribution revenue

Distribution revenue is the electricity lines revenue. Electricity lines revenue is based on actual and assessed readings.

(ii) Contracting revenue

Contracting revenue is recognised by reference to the stage of completion at balance date measured by progress invoices calculated on the basis of the percentage of the contract completed compared to the total estimated cost. Refer also to note 1.4.7.

(iii) Dividend revenue

Dividend revenue is recognised when the shareholders' right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues at the effective interest rate.

(v) Sale of goods

Revenue from the sale of goods is recognised when an entity in the Group has delivered to the buyer the significant risks and rewards of ownership of the goods and services.

(vi) Lending fees

Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to interest over the life of the loan using the effective interest method.

(vii) Commission and other fees

Where fees are received on an ongoing basis and represent the recoupment of the costs of maintaining and administering existing loans, these fees are taken to income on an accrual basis as the service is provided.

(viii) Rental income

Rental income is recognised on an accrual basis in accord with the underlying rental agreement.

(ix) Administrative income

Administrative income written into contracts but not yet earned has been excluded from gross income.

(x) Unearned income

Unearned income is reflected as a reduction of finance receivables.

(xi) Transfer of assets from customers

Transfer of assets from customers relates to connection to the network and the revenue is recognised when the connection to the network is completed.

Revenues (v) to (xi) above are included in the classification 'Other revenue' in note 2.

1.4.4 Income tax

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

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

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

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

1.4.5 Offsetting

Offsetting of assets and liabilities does not occur unless there is a legally enforceable right or it is expressly permitted by a standard.

1.4.6 Inventory and work in progress

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

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

1.4.7 Construction contracts

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

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

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

1.4.8 Property, plant and equipment and depreciation

The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on an income (present value) approach. The fair values are recognised in these financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of the electricity distribution network is not materially different from fair value. Consideration is given as to whether the assets are impaired as detailed in note 1.4.9.

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

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

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

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

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

The following rates are used in the calculation of depreciation:

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

1.4.9 Impairment of assets

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

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

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

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

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, then the carrying amount is reduced to its recoverable amount. An impairment loss other than goodwill is recognised in the Statement of Comprehensive Income immediately unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.4.10 Intangible assets

(i) Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and is not amortised but is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the Statement of Comprehensive Income and not subsequently reversed. Refer also to note 1.4.9.

(ii) Software

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

(iii) Easements

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

1.4.11 Research and Development Costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as an expense as incurred.

An intangible asset arising from development activity is recognised only if all of the following conditions are met: an asset is created that can be recognised; it is probable that the asset created will generate future economic benefits; and the cost can be measured reliably. Development costs that meet these criteria are amortised on a straight-line basis over their useful lives. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Development costs incurred that cannot be separately identified from the physical asset are included in the item of property, plant and equipment being developed and depreciated over the useful life of the asset. If the recognition criteria are not met, development expenditure is recognised as an expense as incurred.

1.4.12 Employee benefits

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

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

Contributions to defined contribution superannuation schemes are expensed when incurred.

1.4.13 Financial instruments issued by the Group

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

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

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

1.4.14 Financial assets

(i) Investments

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

(ii) Loans and receivables
Accounts receivable are initially measured at fair value and are subsequently recognised at amortised cost less impairment using the effective interest method. All known bad debts are written off during the financial year. Inter-group balances due from subsidiaries are stated at amortised cost less impairment.

(iii) Finance receivables
Finance receivables, comprising hire purchase contracts, mortgage advances and dealer floorplans are initially measured at fair value at trade date and are subsequently measured at amortised cost under the effective interest method plus any directly attributable transaction costs, less impairment.

Finance receivables include:

Impaired assets:

- 'non accrual loans' being loans where we do not expect to be able to collect all the amounts owing in terms of the contract and therefore impairment is required under NZ IAS 39 (but is not a restructured asset).
- 'Assets acquired through security enforcement' being assets acquired in full or partial satisfaction of outstanding loans.

Restructured assets:

- an impaired asset for which the original contracted loan terms have been concessionally modified due to the counterparty's difficulties in complying with the original terms; and
- the revised terms of the facility are not comparable with the terms of the new facilities with comparable risks; and
- the yield on the loan following restructuring is equal to, or greater than, the Company's average cost of funds.

Past due assets:

- finance receivables where a counterparty has failed to make a payment when contractually due and is not a restructured asset or impaired asset.

90 day past due assets:

- finance receivables which have not been operated by the counterparty within the key terms of the agreement for at least 90 days but which are not impaired assets.

An impairment loss is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the Statement of Comprehensive Income.

(iv) Bad debts and doubtful debts provisioning
Finance receivables are written down, by way of a specific write-off or collective provision, to their expected net collectable amounts with the amount written off or provided recognised as an expense in the Statement of Comprehensive Income, comprising:

- Specific provisions: these are raised when there is objective evidence (identified on a counterparty by counterparty basis) that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using the original effective interest rate. The Company identifies impaired assets where the security has been repossessed and sold due to a breach of agreement. Also where the security has become damaged or written off.
- Collective provisions: Loans that are not known to be impaired are grouped together according to their risk characteristics and are then assessed for objective evidence of impairment of the balance at reporting date. The appropriate collective provision is raised based on historical loss data and current available information for assets with similar risk characteristics. From analysis undertaken, this benchmark has been consistent with the historical level of bad debts experienced in these portfolios.

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

1.4.15 Financial liabilities

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

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

Borrowing costs are expensed using the effective interest method. No borrowing costs have been capitalised.

(iii) Intercompany payables
These payables are initially recognised at fair value and are subsequently recognised at amortised cost using the effective interest method. In preparing the Group financial statements they are eliminated in full.

(iv) Interest rate swaps
The Company and Group enters into derivative financial instrument contracts to manage its exposure to interest rates risk arising from financing activities.

Derivative financial liabilities are recognised initially at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the profit or loss immediately in the Statement of Comprehensive Income as the financial instrument meets the definition of a derivative.

The derecognition of derivatives financial instruments takes place when the Company or Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold or all cash flows attributable to the instrument are passed through to an independent party.

1.4.16 Foreign currency transactions

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

Exchange differences on foreign currency balances are recognised in the Statement of Comprehensive Income in the period in which they arise.

1.4.17 Statement of cash flows

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

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

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

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

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

1.4.18 Provisions

Provisions are recognised when the Company or Group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be reliably measured.

1.4.19 Fund management activities

The Company or Group does not manage funds on behalf of other parties or engage in other fiduciary activities.

1.4.20 Operating leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term. There are no leases classified as finance leases.

1.4.21 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not amortised or depreciated.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable and the asset is available for immediate sale in its present condition.

1.4.22 Changes in accounting policy

The same accounting policies, presentation and methods of computation have been followed in these financial statements as were applied in the preparation of the financial statements for the year ended 31 March 2013. The exception has been the valuation of the electricity distribution network which was based on an income (present value) approach in the current year as opposed to depreciated replacement cost methodology in prior years.

1.5 Standards and Interpretations on issue not yet adopted - Public Benefit Entities (PBE's)

The External Reporting Board (XRB) has introduced a revised Accounting Standards Framework. The revised framework intends to introduce Public Benefit Entity Accounting Standards (PAS) comprising International Public Sector Accounting Standards (IPSAS), modified as appropriate for New Zealand circumstances.

The Financial Reporting Act 2013 was enacted in December 2013 and will bring the revised framework into law. As a result the financial reporting requirements for PBE's are frozen in the short-term and that all NZ IFRS with a mandatory effective date for annual reporting commencing on or after 1 January 2012 are not applicable to PBE's. Therefore the group has not adopted IFRS 10 consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities and consequential amendments to IAS 28 Investments in Associates and Joint Ventures and IAS 27 Consolidated and Seperate Financial Statements. In addition, the Group has not adopted IAS 19 (amended 2011) Employee Benefits and IFRS 13 Fair Value Measurement.

Accordingly no disclosure has been made about new or amended NZ IFRS that exclude PBE's from their scope.

Under the revised Accounting Standards Framework the Parent and Group is expected to prepare annual financial statements in accordance with IPSAS based standards for the first-time for the year ended 31 March 2016.

The Governing Body is currently assessing the impact of IPSAS adoption on the annual financial statements of the Parent and Group. While changes in presentation and additional disclosures are expected, significant changes to the measurement of the financial performance and position are not, based on a preliminary assessment.

2. NET PROFIT/LOSS BEFORE TAXATION

Operating revenue from continuing operations

	GROUP		PARENT	
	2014	2013	2014	2013
	$000	$000	$000	$000
Sales - distribution	**36,165**	35,099	**36,165**	35,099
Sales - contracting	**25,858**	29,790	**1,320**	619
Interest revenue - related parties	**-**	-	**169**	319
Interest revenue - other	**45**	61	**19**	37
Dividend revenue - subsidiaries	**-**	-	**1,879**	2,268
Gain on amalgamation	**-**	-	**-**	301
Other revenue	**688**	906	**762**	948
Total operating revenue from continuing operations	**62,756**	65,856	**40,314**	39,591

	GROUP		PARENT	
	2014	2013	2014	2013
	$000	$000	$000	$000
Net profit/(loss) before taxation from continuing operations	**16**	2,966	**(69)**	2,797
After charging/(crediting)				
Auditors remuneration:				
Audit services	**116**	102	**86**	68
Other services	**62**	25	**57**	19
Bad debts	**139**	47	**139**	27
Change in provision for doubtful debts	**80**	21	**80**	21
Depreciation	**8,291**	8,499	**7,932**	7,638
Impairment of property, plant and equipment	**-**	15	**-**	-
Intangible assets amortisation	**200**	174	**127**	56
Goodwill impairment	**500**	756	**-**	235
Directors' fees	**263**	272	**260**	272
Defined contribution plan expense	**287**	373	**174**	118
Employee costs	**12,519**	16,191	**5,324**	4,158
Investment impairment	**49**	-	**-**	1,163
Interest - other	**2,181**	2,715	**2,172**	2,692
Loss/(gain) on sale of property, plant and equipment	**1,116**	(495)	**1,085**	(484)
Loss on disposal of investments	**-**	217	**76**	697
Contracting inventory expense	**7,782**	4,616	**1,422**	706
Rental and lease costs	**732**	688	**232**	56
Repairs and maintenance	**710**	658	**610**	1,396
Vehicle	**426**	845	**85**	140
Contractors	**5,987**	6,438	**1,117**	493
Discount to consumers	**7,628**	6,947	**7,628**	6,947
Other expenses	**13,672**	13,786	**11,777**	10,376
Total expenses from continuing operations	**62,740**	62,890	**40,383**	36,794

Consumer sales discount

A total of $7.6m plus GST was credited to consumers during the year to 31 March 2014 ($6.9m plus GST during the year to 31 March 2013).

3. TAXATION

The income taxation expense on pre-tax accounting profit/(loss) reconciles to the income tax expense as follows:

	GROUP		PARENT	
	2014	**2013**	**2014**	**2013**
	$000	$000	$000	$000
Profit/(loss) for the year before taxation from continuing operations	**16**	2,966	**(69)**	2,797
Income taxation for the period at 28%	**4**	830	**(19)**	783
Taxation effect of				
Permanent/timing differences	**276**	264	**(403)**	(131)
Prior period adjustment	**(1,277)**	736	**(1,333)**	718
Taxation (benefit)/expense from continuing operations	**(997)**	1,830	**(1,824)**	1,370
Taxation (benefit)/expense comprises of:				
Current tax expense	**(625)**	3,054	**(873)**	2,641
Deferred tax benefit	**(372)**	(1,224)	**(951)**	(1,271)
Total taxation (benefit)/expense from continuing operations	**(997)**	1,830	**(1,824)**	1,370

Deferred Tax

GROUP	Opening Balance	Charged to Income - Continuing Operations	Charged to Income - Discontin-ued Operations	Charged to Other Compre-hensive Income	Aquisitions /Disposals	Closing Balance
31 March 2014	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	796	(39)	-	-	(490)	267
Doubtful debts and impairment	768	-	9	-	(748)	29
Property, plant and equipment	(37,611)	411	(3)	655	466	(36,082)
	(36,047)	**372**	**6**	**655**	**(772)**	**(35,786)**

GROUP	Opening Balance	Charged to Income - Continuing Operations	Charged to Income - Discontinued Operations	Charged to Other Comprehensive Income	Aquisitions /Disposals	Closing Balance
31 March 2013	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	360	431	5	-	-	796
Doubtful debts and impairment	432	5	331	-	-	768
Property, plant and equipment	(38,519)	788	1	119	-	(37,611)
	(37,727)	**1,224**	**337**	**119**	**-**	**(36,047)**

PARENT	Opening Balance	Charged to Income	Charged to Other Comprehensive Income	Aquisitions /Disposals	Closing Balance
31 March 2014	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities					
Provisions	138	14	-	-	152
Doubtful debts and impairment	34	5	-	-	39
Property, plant and equipment	(37,079)	932	655	-	(35,492)
	(36,907)	**951**	**655**	**-**	**(35,301)**

PARENT	Opening Balance	Charged to Income	Charged to Other Comprehensive Income	Aquisitions /Disposals	Closing Balance
31 March 2013	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities					
Provisions	61	73	-	4	138
Doubtful debts and impairment	21	3	-	10	34
Property, plant and equipment	(38,055)	1,195	119	(338)	(37,079)
	(37,973)	**1,271**	**119**	**(324)**	**(36,907)**

Imputation credit account

	GROUP		PARENT	
	2014	2013	2014	2013
	$000	$000	$000	$000
Closing balance	**10,526**	11,489	**9,319**	9,752

4. RENTAL AND LEASES

	GROUP		PARENT	
	2014	2013	2014	2013
	$000	$000	$000	$000
No later than one year	**551**	560	**219**	184
Later than one year and not later than five years	**1,668**	1,204	**858**	720
Greater than five years	**1,674**	-	**1,660**	-
	3,893	1,764	**2,737**	904

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

5. REMUNERATION OF AUDITOR

	GROUP		PARENT	
	2014	**2013**	**2014**	**2013**
	$000	$000	$000	$000
Audit of the financial statements	**116**	174	**86**	68
Audit related services or review of the financial statements not reported above	**45**	12	**45**	12
Taxation services	**17**	31	**12**	7
	178	217	**143**	87

The auditor of Electra Limited and its subsidiaries is Trevor Deed of Deloitte on behalf of the Auditor-General.

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

Taxation services include a charge for providing taxation compliance assistance.

6. RECEIVABLES AND PREPAYMENTS

	GROUP		PARENT	
	2014	**2013**	**2014**	**2013**
	$000	$000	$000	$000
Trade receivables	**11,451**	8,752	**3,462**	4,674
Intercompany receivable	**-**	-	**5,411**	3,573
GST receivable	**495**	345	**346**	345
Prepayments	**60**	274	**40**	34
	12,006	9,371	**9,259**	8,626
Less provision for doubtful debts	**(139)**	(120)	**(139)**	(120)
	11,867	9,251	**9,120**	8,506

7. FINANCE RECEIVABLES

Finance lending is provided to clients in the form of HP contracts, mortgages and dealer floorplans.

	GROUP	
	2014	2013
	$000	$000
Finance receivables	2,711	53,158
Less provision for unearned interest	-	(57)
Total	2,711	53,101
Less provision for doubtful debts	-	(2,623)
Total finance receivables	2,711	50,478

Due for repayment

	GROUP	
	2014	2013
	$000	$000
Current	2,711	24,598
Non-current	-	25,880
Total	2,711	50,478

8. INVENTORIES AND WORK IN PROGRESS

	GROUP		PARENT	
	2014	2013	2014	2013
	$000	$000	$000	$000
Inventory	603	626	83	174
Work in progress	973	709	361	314
	1,576	1,335	444	488

9. FINANCIAL INSTRUMENTS

For specifics relating to Oxford Finance Limited, refer to note 10.

Credit risk

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

Financial assets which potentially subject the Company and Group to credit risk principally consist of bank balances, accounts receivable and in the case of the Company, advances to subsidiaries.

The Company and the Group manages their principal credit risk by having Use of System Agreements with its major customers to maintain a minimum credit rating of BBB or better and performing credit evaluations on customers requiring advances.

The status of trade receivables and intercompany loan receivable as at reporting date is as follows:

	GROUP		PARENT	
	2014	2013	2014	2013
	$000	$000	$000	$000
Trade and intercompany receivables				
Not past due	**10,330**	7,936	**8,130**	7,834
Past due 0 – 30 days	**712**	362	**415**	15
Past due 31- 60 days	**30**	(35)	**14**	(43)
Past due more than 60 days	**379**	489	**314**	441
	11,451	8,752	**8,873**	8,247

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

The levels of potential credit exposure resulting from the Parent's guarantees for subsidiary funding are as follows:

	PARENT	
	2014	2013
	$000	$000
Bank funding	unlimited	unlimited

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

Concentrations of credit risk

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

Foreign currency risk

The Company and Group have no material exposure to foreign exchange risk.

Interest rate risk

Liabilities

The interest rate risk exposure is limited to bank borrowings.

Fair values

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

Interest rate risk profile of financial assets and liabilities

The interest rate risk profile in relation to continuing activities of on-balance sheet financial assets and financial liabilities has been prepared on the basis of maturity or contractual repricing whichever is the earlier.

Financial Instrument Carrying Values by Category – Group

	Interest Rate %	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years
As at 31 March 2014		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	2.25	974	974	-	-	-
Trade receivables	-	11,451	11,451	-	-	-
Finance receivables	-	2,711	2,711	-	-	-
Total financial assets		**15,136**	**15,136**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	8,939	8,939	-	-	-
Debt finance	5.98	34,659	16,439	5,320	12,900	-
Other financial liabilities	-	65	22	-	43	-
Total financial liabilities		**43,663**	**25,400**	**5,320**	**12,943**	**-**

Financial Instrument Carrying Values by Category – Group

	Interest Rate %	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years
As at 31 March 2013		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	3.00	4,084	4,084	-	-	-
Trade receivables	-	8,752	8,752	-	-	-
Finance receivables	14.76	50,478	24,598	16,182	9,585	113
Total financial assets		**63,314**	**37,434**	**16,182**	**9,585**	**113**
Financial liabilities						
Trade and other payables	-	10,735	10,735	-	-	-
Debt finance	6.24	81,034	31,384	27,930	21,720	-
Other financial liabilities	-	269	9	90	170	-
Total financial liabilities		**92,038**	**42,128**	**28,020**	**21,890**	**-**

Financial Instrument Carrying Values by Category – Parent

	Interest Rate %	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years
As at 31 March 2014		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	2.25	345	345	-	-	-
Trade receivables	-	3,462	3,462	-	-	-
Intercompany receivables	5.10	5,411	5,411	-	-	-
Receivables - other	-	247	247	-	-	-
Total financial assets		9,465	9,465	-	-	-
Financial liabilities						
Trade and other payables	-	6,871	6,871	-	-	-
Intercompany payables	-	2,155	2,155	-	-	-
Debt finance	6.30	34,659	16,439	5,320	12,900	-
Other financial liabilities	-	65	22	-	43	-
Intercompany loans	-	-	-	-	-	-
Total financial liabilities		43,750	25,487	5,320	12,943	-

Financial Instrument Carrying Values by Category – Parent

	Interest Rate %	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years
As at 31 March 2013		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	3.00	2,543	2,543	-	-	-
Trade receivables	-	4,674	4,674	-	-	-
Intercompany receivables	4.92	3,573	3,573	-	-	-
Receivables - other	-	307	307	-	-	-
Total financial assets		11,097	11,097	-	-	-
Financial liabilities						
Trade and other payables	-	7,481	7,481	-	-	-
Intercompany payables	-	-	-	-	-	-
Debt finance	6.64	36,434	13,484	8,230	14,720	-
Other financial liabilities	-	269	9	90	170	-
Intercompany loans	-	4,010	4,010	-	-	-
Total financial liabilities		48,194	24,984	8,320	14,890	-

Fair Value Measurements Recognised through Statement of Comprehensive Income

The table below shows the fair value hierarchy of financial assets and liabilities recognised at fair value. The fair value hierarchy is based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs or other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable data (unobservable inputs).

Derivative Financial Instruments

GROUP AND PARENT 2014	Level One	Level Two	Level Three	Total
	$000	$000	$000	$000
Interest Rate Swaps	-	(65)	-	(65)
Total	**-**	**(65)**	**-**	**(65)**

GROUP AND PARENT 2013	Level One	Level Two	Level Three	Total
	$000	$000	$000	$000
Interest Rate Swaps	-	(269)	-	(269)
Total	**-**	**(269)**	**-**	**(269)**

The table below shows the changes in fair value of financial instruments recognised in the profit and (loss) component of the Statement of Comprehensive Income.

GROUP AND PARENT	2014	2013
	$000	$000
Interest Rate Swaps	204	114
Total	204	114

Liquidity risk

Liquidity risk represents the risk that the Company and Group may not have the financial ability to meet its contractual obligations. The Company and Group evaluates its liquidity requirements on an ongoing basis. While total financial liabilities exceed total financial assets, facilities of $99.85m (2013: $97.35m) exist with the Bank of New Zealand, of which amounts are drawn down to cover shortfalls in liquidity. At balance date $80.7m had been drawn down (2013: $82.95m).

The following table outlines undiscounted cash flows including any accrued interest based on contractual maturities however actual repayments may differ. While most commercial loans are showing in the table with contractual maturities of 0-6 months it is expected some of these will be rolled over at the discretion of the Board.

Contractual Maturity Analysis - Continuing Operations

Financial Instrument Maturity Values by Category – Group

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2014		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	2.25	974	974	-	-	-	-	-	-	-
Trade and other receivables	-	11,439	-	11,439	-	-	-	-	-	-
Finance receivables	-	2,711	-	414	2,297	-		-	-	-
Total financial assets		**15,124**	**974**	**11,853**	**2,297**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	8,939	-	8,939	-	-	-	-	-	-
Debt finance	6.30	37,669	-	17,087	588	6,226	5,461	6,296	2,011	-
Other financial liabilities	-	481	-	114	62	123	123	59	-	-
Total financial liabilities		**47,089**	**-**	**26,140**	**650**	**6,349**	**5,584**	**6,355**	**2,011**	**-**

Financial Instrument Maturity Values by Category – Group

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2013		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	3.00	4,084	4,084	-	-	-	-	-	-	-
Trade and other receivables	-	8,752	-	8,752	-	-	-	-	-	-
Finance receivables	14.76	66,149	1,521	16,587	15,738	22,985	7,344	1,619	286	69
Total financial assets		**78,985**	**5,605**	**25,339**	**15,738**	**22,985**	**7,344**	**1,619**	**286**	**69**
Financial liabilities										
Trade and other payables	-	10,735	-	10,735	-	-	-	-	-	-
Debt finance	6.24	84,843	-	25,730	7,209	28,997	13,028	5,240	4,639	-
Other financial liabilities	-	757	-	148	129	175	123	123	59	-
Total financial liabilities		**96,335**	**-**	**36,613**	**7,338**	**29,172**	**13,151**	**5,363**	**4,698**	**-**

Financial Instrument Maturity Values by Category – Parent

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2014		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	2.25	345	345	-	-	-	-	-	-	-
Trade and other receivables	-	3,462	-	3,462	-	-	-	-	-	-
Intercompany receivables	5.10	5,411	-	5,411	-	-	-	-	-	-
Total financial assets		**9,218**	**345**	**8,873**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	9,026	-	9,026	-	-	-	-	-	-
Debt finance	6.30	37,669	-	17,087	588	6,226	5,461	6,296	2,011	-
Other financial liabilities	-	481	-	114	62	123	123	59	-	-
Total financial liabilities		**47,176**	**-**	**26,227**	**650**	**6,349**	**5,584**	**6,355**	**2,011**	**-**

Financial Instrument Maturity Values by Category – Parent

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2013		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	3.00	2,543	2,543	-	-	-	-	-	-	-
Trade and other receivables	-	4,674	-	4,674	-	-	-	-	-	-
Intercompany receivables	4.92	3,573	-	3,573	-	-	-	-	-	-
Total financial assets		**10,790**	**2,543**	**8,247**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	7,481	-	7,481	-	-	-	-	-	-
Debt finance	6.64	40,243	-	11,830	3,209	9,297	6,028	5,240	4,639	-
Other financial liabilities	-	757	-	148	129	175	123	123	59	-
Total financial liabilities		**48,481**	**-**	**19,459**	**3,338**	**9,472**	**6,151**	**5,363**	**4,698**	**-**

Capital management

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

The Group is subject to the following capital requirements and covenants:

(a) The Statement of Corporate Intent imposes a restriction that the Parent will maintain shareholder funds at not less than 40% (2013:40%) of total assets.

(b) Bank Covenants:

- (i) Ratio of EBIT (Group earnings before interest, taxation and customer discounts) to interest paid to be no less than 2.0 times
- (ii) Annual Balance Sheet and Profit and Loss account to be provided within 120 days of balance date
- (iii) Interim accounts to be provided upon request
- (iv) Cash flow forecasts/budgets for the ensuing year to be provided to the bank upon request
- (v) Group equity to be maintained at no less than 35% of total tangible assets at all times

(c) Oxford Finance Limited is subject to further covenant as detailed in Note 10.

The Group has complied with all covenants during the year.

10. FINANCIAL INSTRUMENTS – (OXFORD FINANCE LIMITED (OFL))

The assets and liabilities related to Oxford Finance Limited (OFL) and Oxford Finance Corporation Limited (OFC) have been presented as held for sale following the approval of the Group's management and shareholders on 28 March 2014 to sell assets of both former entities (Note 28).

In preparation for the sale of OFL, on 31 March 2014 OFC sold certain commercial loans to Electra Finance Limited. On the same date OFC was amalgamated into OFL (Note 12.2). The amalgamation was accounted for as a commonly controlled acquisition.

Management Policies

Interest rate risks are monitored on a regular basis and advice taken on likely trends. Oxford Finance Limited's (OFL) policy is to match interest rate risk, and interest rate exposures are reported to and reviewed regularly by the Board of Directors.

Credit Risk

The nature of the OFL's activities as a financial institution necessitates OFL dealing in financial instruments that contain an inherent element of credit risk.

Financial instruments which potentially subject OFL to credit risk principally consist of hire purchase contracts, mortgage advances, dealer floorplans and bank deposits.

For all customers requiring advances and hire purchase loans, OFL performs credit evaluations. The approval process considers a number of factors including; borrower's past performance, ability to repay, amount of money to be borrowed against the security and the substance of the guarantor/co-borrower involved.

Hire purchase contracts are principally made through motor vehicle dealer clients. Dealer floorplans are secured by first charges taken over vehicle stock. All other motor vehicle lending is secured by first charges over vehicle stock. Exposure to land and buildings are secured by way of mortgage over the property.

Maximum exposures to credit risk as at balance date are:

	31 March 2014	31 March 2013
	$000	$000
Cash and cash equivalents	**1,266**	1,015
Finance receivables	**50,053**	50,478
Related party receivable	**86**	2
Trade and other receivables	**7**	3,655
Other credit risk	**598**	480
Total exposure to credit risk	**52,010**	55,630
Amounts neither past due nor impaired:		
Cash and cash equivalents	**1,266**	1,015
Finance receivables	**48,598**	41,715
Related party receivable	**86**	4,590
Trade and other receivables	**7**	3,657
Other credit risk	**598**	480
Total	**50,555**	51,547

The above maximum exposures are net of any recognised provision for doubtful debts in these financial statements.

Fair Values

Carrying Amount and Fair Value.

	31 March 2014	
	Carrying Value	Fair Value
	$000	$000
Cash and cash equivalents	1,266	1,266
Hire purchase and mortgage advances	49,270	49,616
Dealer floorplans	2,142	2,142
Total finance receivables	**51,412**	**51,758**
Other liabilities	(2,236)	(2,236)
Debt finance	(46,100)	(46,100)
Total finance liabilities	**(48,336)**	**(48,336)**

	31 March 2013	
	Carrying Value	Fair Value
	$000	$000
Cash and cash equivalents	1,015	1,015
Hire purchase and mortgage advances	50,005	52,648
Dealer floorplans	1,521	1,521
Total finance receivables	**51,526**	**54,169**
Other liabilities	(1,273)	(1,882)
Debt finance	(44,600)	(44,600)
Total finance liabilities	**(45,873)**	**(46,482)**

The carrying value of trade and other payables and other receivables approximates their fair value due to the short term nature of the financial instrument.

The fair value of loans and advances are calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the financial assets. Discount rates applied in this calculation are based on current market interest rates for loans and advances with similar credit profiles. At 31 March 2014 the discount rate used for loans and advances was 13.50% (31 March 2013: 13.50%).

The carrying value of debt finance has been assessed as an appropriate measure of fair value.

OFL is not involved in any off balance sheet financial instruments.

Financial Assets and Liabilities by classification

	As at 31 March 2014	As at 31 March 2013
	$000	$000
Loans and receivables		
Cash	**1,266**	1,015
Finance receivables	**50,053**	50,478
Trade and other receivables	**93**	3,657
Total loans and receivables	**51,412**	55,150
Financial liabilities held at amortised cost		
Trade and other payables	**(1,302)**	(1,228)
Debt finance	**(46,100)**	(44,600)
Total financial liabilities held at amortised cost	**(47,402)**	(45,828)

Interest Rate Risk Profile of Financial Assets and Liabilities

The interest rate risk profile of on-balance sheet financial assets and financial liabilities has been prepared on the basis of maturity or contractual repricing whichever is the earlier.

Interest rate risk is the risk that the value of OFL's assets and liabilities will fluctuate due to changes in market interest rates. OFL is exposed to interest rate risk by lending and borrowing at fixed interest rates for differing terms. OFL manages this risk by matching, as far as possible, maturities on funding facilities with maturities on finance receivables.

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2014		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	7	-	7	-	-	-	-	-	-
Cash and cash equivalents	2.25	1,266	1,266	-	-	-	-	-	-	-
Finance receivables	15.65	50,053	2,142	12,131	10,428	15,604	7,462	1,963	303	20
Intercompany finance receivables	-	86	-	86	-	-	-	-	-	-
Financial commitments	-	598	-	598	-	-	-	-	-	-
Total financial assets		**52,010**	**3,408**	**12,822**	**10,428**	**15,604**	**7,462**	**1,963**	**303**	**20**
Financial liabilities										
Trade and other payables	-	1,302	-	1,302	-	-	-	-	-	-
Debt finance	5.75	46,100	-	19,450	17,650	7,000	2,000	-	-	-
Total financial liabilities		**47,402**	**-**	**20,752**	**17,650**	**7,000**	**2,000**	**-**	**-**	**-**

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2013		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	26	-	26	-	-	-	-	-	-
Cash and cash equivalents	2.25	1,015	1,015	-	-	-	-	-	-	-
Finance receivables	15.07	50,478	1,521	12,987	10,090	16,182	7,739	1,726	220	13
Intercompany finance receivables	-	3,616	-	-	-	3,616	-	-	-	-
Financial commitments	-	480	-	480	-	-	-	-	-	-
Total financial assets		55,615	2,536	13,493	10,090	19,798	7,739	1,726	220	13
Financial liabilities										
Trade and other payables	-	1,228	-	1,228	-	-	-	-	-	-
Debt finance	5.91	44,600	-	13,900	4,000	19,700	7,000	-	-	-
Total financial liabilities		45,828	-	15,128	4,000	19,700	7,000	-	-	-

The balances in the tables above are net of any recognised provision for losses in these financial statements.

Sensitivity Analysis
In managing interest rate risks OFL aims to reduce the impact of short-term fluctuations on OFL's earnings. The impact on profit of future funding interest rate changes would be mitigated by increasing the rates charged to borrowers on future borrowings.

Potential impact of interest rate change:
If either the funding or lending rate increased but with no corresponding increase in either funding or the lending rates the impact on profit and equity would be as follows:

Funding	Profit and equity impact per annum	As at 31 March 2014	As at 31 March 2013
		$000	$000
Increase 1%	Decrease	(461)	(446)
Decrease 1%	Increase	461	446
Lending			
Increase 1%	Increase	500	538
Decrease 1%	Decrease	(500)	(538)

Liquidity Risk

Liquidity risk is the potential for OFL to encounter difficulty meeting its financial obligations as they fall due. Policies are in place to manage liquidity on a day to day basis based on expected cash flow arising from contractual maturities and any restructured loans terms.The following table outlines undiscounted cash flows including any accrued interest based on contractual maturities however actual repayments may differ. While most commercial loans are showing in the table with contractual maturities of 0-6 months it is expected some of these will be rolled over at the discretion of the Board.

Contractual Maturity Analysis

As at 31 March 2014	Int Rate %	Total $000	On Call $000	0-6 Mths $000	6-12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Trade and other receivables	-	7	-	7	-	-	-	-	-	-
Cash and cash equivalents	2.25	1,266	1,266	-	-	-	-	-	-	-
Finance receivables	15.65	61,609	2,142	17,219	13,882	18,973	7,416	1,684	259	34
Intercompany receivables	-	86	-	86	-	-	-	-	-	-
Financial commitments	-	598	598	-	-	-	-	-	-	-
Total financial assets		**63,566**	**4,006**	**17,312**	**13,882**	**18,973**	**7,416**	**1,684**	**259**	**34**
Financial liabilities										
Trade and other payables	-	1,302	-	1,302	-	-	-	-	-	-
Debt finance	5.75	48,081	-	20,332	18,257	7,451	2,041	-	-	-
Total financial liabilities		**49,383**	**-**	**21,634**	**18,257**	**7,451**	**2,041**	**-**	**-**	**-**

Contractual Maturity Analysis

As at 31 March 2013	Int Rate %	Total $000	On Call $000	0-6 Mths $000	6-12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Trade and other receivables	-	26	-	26	-	-	-	-	-	-
Cash and cash equivalents	2.25	1,015	1,015	-	-	-	-	-	-	-
Finance receivables	14.74	66,149	1,521	16,587	15,738	22,985	7,344	1,619	286	69
Intercompany receivables	-	3,616	-	-	-	3,616	-	-	-	-
Financial commitments	-	480	-	480	-	-	-	-	-	-
Total financial assets		**71,286**	**2,536**	**17,093**	**15,738**	**26,601**	**7,344**	**1,619**	**286**	**69**
Financial liabilities										
Trade and other payables	-	1,228	60	1,168	-	-	-	-	-	-
Debt finance	5.91	48,421	-	15,162	4,865	21,067	7,327	-	-	-
Total financial liabilities		**49,649**	**60**	**16,330**	**4,865**	**21,067**	**7,327**	**-**	**-**	**-**

OFL's policy for managing liquidity is to structure its investment rates offered to attract investment funds for periods that match the contractual lending maturity portfolio as displayed in the above tables.

OFL is subject to cashflow liquidity risk by borrowing funds on floating interest rates.

OFL has the ability to borrow up to $5m from Electra Limited through their committed cash facility with the Bank of New Zealand. The facility is secured by way of a general security agreement over Electra Limited assets. As at 31 March 2014 the facility had not been utilised (31 March 2013: $Nil).

Overdues

The finance receivable balance includes Impaired Assets comprising as follows:

As at March 2014	Motor Vehicle Plant and Equip Other $000	Land and Buildings $000	Total $000
Non-Accrual Loans and Assets Acquired Through Enforcement of Security			
Carrying value at beginning of year	781	3,701	4,482
Additions of individually impaired assets	531	-	531
Reduction of individually impaired assets	(127)	(3,701)	(3,828)
Bad debts written off during the year	(354)	-	(354)
Closing carrying value	**831**	**-**	**831**
Less:			
Provision for Doubtful Debts – opening	(303)	(1,764)	(2,067)
Additions to impaired assets	(35)	1,764	1,729
Provision for Doubtful Debts – closing	**(338)**	**-**	**(338)**
Closing carrying value – net of provision	**493**	**-**	**493**

As at March 2013	Motor Vehicle Plant and Equip Other $000	Land and Buildings $000	Total $000
Non-Accrual Loans and Assets Acquired Through Enforcement of Security			
Carrying value at beginning of year	466	3,793	4,259
Additions of individually impaired assets	606	247	853
Reduction of individually impaired assets	(125)	(331)	(456)
Bad debts written off during the year	(166)	(8)	(174)
Closing carrying value	**781**	**3,701**	**4,482**
Less:			
Provision for Doubtful Debts – opening	(87)	(815)	(902)
Additions to impaired assets	(216)	(949)	(1,165)
Provision for Doubtful Debts – closing	**(303)**	**(1,764)**	**(2,067)**
Closing carrying value – net of provision	**478**	**1,937**	**2,415**

Assets are identified as impaired in accordance with the accounting policy. Some loans have been identified as impaired at balance date, but the security has yet to be sold. Once the security is seized OFL's policy is to issue notices (under the Credit Contracts Act) and at the expiration of those notices put the security up for sale. Seized securities are not used in OFL's day to day operations.

The finance receivable balance includes Restructured Loans comprising:

As at March 2014	Motor Vehicle Plant and Equip Other $000	Land and Buildings $000	Total $000
Restructured Loans			
Carrying value at beginning of year	168	-	168
Additions of restructured loans	167	-	167
Repayment of restructured loans	(110)	-	(110)
Closing carrying value	**225**	**-**	**225**

As at March 2013	Motor Vehicle Plant and Equip Other $000	Land and Buildings $000	Total $000
Restructured Loans			
Carrying value at beginning of year	207	-	207
Additions of restructured loans	97	-	97
Repayment of restructured loans	(136)	-	(136)
Closing carrying value	**168**	**-**	**168**

The finance receivable balance also includes 90+ days Past Due Assets comprising:

As at March 2014	Motor Vehicle Plant and Equip Other $000	Land and Buildings $000	Total $000
Past Due Assets (90+days)			
Carrying value at beginning of year	241	1,745	1,986
Additions to past due assets	183	-	183
Repayment of past due assets	(216)	(1,348)	(1,564)
Closing carrying value	**208**	**397**	**605**
Less:			
Carrying value at beginning of year	(27)	(192)	(219)
Additions to past due assets	(5)	-	(5)
Repayment of past due assets	10	148	158
Provision for doubtful debts – closing	**(22)**	**(44)**	**(66)**
Closing carrying value – net of provision	**186**	**353**	**539**

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2013	$000	$000	$000
Past Due Assets (90+days)			
Carrying value at beginning of year	551	1,375	1,926
Additions to past due assets	126	538	664
Repayment of past due assets	(436)	(168)	(604)
Closing carrying value	**241**	**1,745**	**1,986**
Less:			
Carrying value at beginning of year	(61)	(151)	(212)
Additions to past due assets	(6)	(41)	(47)
Repayment of past due assets	40	-	40
Provision for doubtful debts – closing	**(27)**	**(192)**	**(219)**
Closing carrying value – net of provision	**214**	**1,553**	**1,767**

The disclosure of past due assets in the tables below recognises the entire loan balance as past due when an instalment has not been made within the terms of its agreement.

	91 - 120 days	121 - 150 days	150 + days	Total
Past Due Assets	$000	$000	$000	$000
31 March 2014	**121**	**21**	**481**	**623**
31 March 2013	72	437	1,477	1,986

The proportion of loans in arrears 3 months and over is 1.2% being total overdue loan balances as a proportion of total loan ledger (31 March 2013: 3.9%).

	1 - 30 days	31 - 60 days	61- 90 days	Total
Past Due Assets	$000	$000	$000	$000
31 March 2014	**1,961**	**847**	**195**	**3,003**
31 March 2013	3,817	817	312	4,946

For all customers requiring advances and hire purchase loans OFL performs credit evaluations. The approval process considers a number of factors including; borrowers past performance, ability to repay, amount of money to be borrowed against the security and the substance of the guarantor/co-borrower involved.

Hire purchase contracts are principally made through the motor vehicle dealer clients.

There are no indicators to suggest that credit quality of these assets is impaired.

The finance receivables include mortgage advances secured by a registered mortgage over the property. It also includes personal and hire purchase advances whereby OFL holds a secured charge over a motor vehicle.

Concentrations of lending

The majority of OFL's funds are advanced through motor vehicle dealers on hire purchase agreements. These dealers are throughout the North Island of New Zealand. OFL also provides finance on hire purchase and advances, mortgage advances, business lending and motor vehicle floorplans. OFL's credit exposure concentrations of finance receivables are as follows:

	31 March 2014	31 March 2013
Land and Buildings	**2%**	11%
Residential	**2%**	7%
Commercial	**-**	1%
Industrial	**-**	3%
Plant and Equipment	**6%**	1%
Motor Vehicles	**89%**	74%
Other	**3%**	14%
Land and Buildings		
1st Mortgage	**-**	56%
2nd Mortgage	**100%**	44%

OFC's credit exposure concentrations within New Zealand are as follows:

	31 March 2014	31 March 2013
Auckland/Northland	**8%**	6%
Waikato/Bay of Plenty	**24%**	23%
Hawkes Bay/Gisborne	**6%**	6%
Taranaki/Manawatu/Horowhenua	**30%**	32%
Wellington/Wairarapa	**26%**	29%
Canterbury/Westland/South Island	**6%**	4%

All credit risks are in New Zealand.

Concentrations of Credit Exposure are as follows:

	31 March 2014	31 March 2013
Accommodation, Cafes and Restaurants	**3%**	2%
Agriculture,Forestry, Fishing and Mining	**9%**	7%
Construction	**9%**	9%
Education, Health and Community Services	**18%**	20%
Electricity, Gas and Water	**2%**	1%
Finance and Insurance	**2%**	3%
Manufacturing	**2%**	3%
Property and Business Services	**9%**	13%
Transport, Storage and Communication	**9%**	7%
Wholesale and Retail Trade	**19%**	20%
Other Services	**18%**	15%

Industry categories have been identified using the Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

Large counterparties

As at 31 March 2014 OFL had the following numbers of counterparties and groups of closely related counterparties with credit exposure equalling or exceeding 10% of equity:

Percentage of Equity	**Number of Counterparties**	
	31 March 2014	31 March 2013
10-20%	**1**	1
21-30%	**1**	3

Capital management

OFL maintains capital in the form of ordinary issued shares and retained profits held within OFL. OFL's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

OFL has access to the undrawn portion of the $50m facility it has with the BNZ (31 March 2013: $47m). This facility is secured by a perfected first ranking General Security Agreement granting the BNZ a security interest in all present and after acquired property of Oxford Finance Limited, and an unlimited inter-company guarantee from Electra Limited, Oxford Finance Limited, DataCol NZ Limited, Linework and Stones Limited, and Sky Communications Limited.

OFL is subject to the following financial and reporting covenants:

(i) The value of top 10 borrowers (excluding any short-term advances for cash management purposes to Electra Limited), are to be no more than 20% of net finance receivables.

(ii) The net carrying value of 90 day plus days past due loans to net finance receivables is to be no more than 3%.

(iii) OFL and subsidiaries (on a consolidated basis) are to maintain net assets/tangible assets at no less than 8%.

(iv) To provide to the bank its annual balance sheet and profit and loss account within 120 days of balance date.

(v) To provide a copy of monthly financial reporting to the bank within 15 days of sign-off by the Board of Directors.

OFL has complied with all covenants during the year.

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	Distribution Plant & Equipment (incl. land & buildings) at valuation	Other Land and Buildings at Cost	Other Plant and Equipment at Cost	Motor Vehicles at Cost	Other Capital Work in Progress at Cost	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance as at 1 April 2012	186,433	2,520	4,777	7,120	8,000	208,850
Additions	292	167	256	292	6,247	7,254
Disposals	(1,292)	(1,022)	(886)	(2,788)	-	(5,988)
Transfer to/(from) capital work in progress	9,939	-	-	-	(9,958)	(19)
Balance as at 31 March 2013	195,372	1,665	4,147	4,624	4,289	210,097
Balance as at 1 April 2013	195,372	1,665	4,147	4,624	4,289	210,097
Additions	228	-	283	216	7,832	8,559
Disposals	(479)	(1)	(187)	(317)	-	(984)
Transfer to/(from) capital work in progress	4,209	7	44	-	(4,260)	-
Reclassified as 'held for sale'	-	(311)	(161)	(89)	-	(561)
Revaluation	(32,210)	-	-	-	-	(32,210)
Balance as at 31 March 2014	**167,120**	**1,360**	**4,126**	**4,434**	**7,861**	**184,901**
Depreciation and impairment losses						
Balance as at 1 April 2012	(14,084)	(413)	(2,526)	(2,736)	-	(19,759)
Depreciation charge	(7,248)	(80)	(637)	(534)	-	(8,499)
Write back on disposals	113	204	568	1,149	-	2,034
Impairment losses (charged as profit)	-	-	(15)	-	-	(15)
Balance as at 31 March 2013	(21,219)	(289)	(2,610)	(2,121)	-	(26,239)
Balance as at 1 April 2013	(21,219)	(289)	(2,610)	(2,121)	-	(26,239)
Depreciation charge	(7,485)	(22)	(438)	(346)	-	(8,291)
Write back on disposals	89	1	155	252	-	497
Impairment losses (charged to profit)	-	-	-	-	-	-
Reclassified as 'held for sale'	-	72	62	32	-	166
Revaluation	28,161	-	-	-	-	28,161
Balance as at 31 March 2014	**(454)**	**(238)**	**(2,831)**	**(2,183)**	**-**	**(5,706)**
Carrying amounts						
At 31 March 2013	174,153	1,376	1,537	2,503	4,289	183,858
At 31 March 2014	**166,666**	**1,122**	**1,295**	**2,251**	**7,861**	**179,195**

PARENT	Distribution Plant & Equipment (incl. land & buildings) at valuation	Other Land and Buildings at Cost	Other Plant and Equipment at Cost	Motor Vehicles at Cost	Other Capital Work in Progress at Cost	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance as at 1 April 2012	188,651	963	671	244	8,000	198,529
Amalgamation	-	1,275	1,342	3,277	-	5,894
Additions	292	166	136	259	6,247	7,100
Disposals	(1,292)	(1,022)	(84)	(115)	-	(2,513)
Transfer to/(from) capital work in progress	9,958	-	-	-	(9,958)	-
Balance as at 31 March 2013	197,609	1,382	2,065	3,665	4,289	209,010
Balance as at 1 April 2013	197,609	1,382	2,065	3,665	4,289	209,010
Additions	228	-	78	143	7,832	8,281
Disposals	(479)	(1)	(27)	(233)	-	(740)
Transfer to/(from) capital work in progress	4,209	7	44	-	(4,260)	-
Revaluation	(32,210)	-	-	-	-	(32,210)
Balance as at 31 March 2014	**169,357**	**1,388**	**2,160**	**3,575**	**7,861**	**184,341**
Depreciation and impairment losses						
Balance as at 1 April 2012	(14,084)	(144)	(592)	(145)	-	(14,965)
Amalgamation	-	(252)	(937)	(1,381)	-	(2,570)
Depreciation charge	(7,248)	(37)	(136)	(217)	-	(7,638)
Write back on disposals	113	204	68	48	-	433
Balance as at 31 March 2013	(21,219)	(229)	(1,597)	(1,695)	-	(24,740)
Balance as at 1 April 2013	(21,219)	(229)	(1,597)	(1,695)	-	(24,740)
Depreciation charge	(7,485)	(22)	(145)	(280)	-	(7,932)
Write back on disposals	89	1	25	207	-	322
Revaluation	28,161	-	-	-	-	28,161
Balance as at 31 March 2014	**(454)**	**(250)**	**(1,717)**	**(1,768)**	**-**	**(4,189)**
Carrying amounts						
At 31 March 2013	176,390	1,153	468	1,970	4,289	184,270
At 31 March 2014	**168,903**	**1,138**	**443**	**1,807**	**7,861**	**180,152**

Revaluation and impairment review

The Company and Group's distribution assets (excluding land and buildings) and the electricity distribution network were revalued to a fair value of $167,349,712 as at 31 March 2014 by Richard Krogh, of independent valuers Energia Limited, using an income (present value) approach. This approach was considered to be the most appropriate valuation technique given the current electricity industry environment and the availability of input data.

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

In accordance with NZ IAS 36, the Company and Group has undertaken a review to determine whether the carrying values of any items of property, plant and equipment might be impaired. Based on evidence from asset disposals, the Group does not believe that any such carrying values are materially impaired at 31 March 2014 (31 March 2013: $Nil).

12. INVESTMENTS

12.1 Interest held by Group

NAME OF ENTITY	Principal Activities	2014	2013
Linework and Stones Limited	Electrical Contracting	-	Amalgamated 1 July 2012
Oxford Finance Limited	Financial Services	100%	100%
DataCol NZ Limited	Metering Services	100%	100%
DataCol Group Pty Limited	Metering Services	100%	100%
Sky Communications Limited	Telecommunication Contracting	100%	100%
Electra Finance Limited	Management Services	100%	100%
Electra Generation Limited	Non Trading	100%	100%
DeFrost Limited	Non Trading	100%	100%
Horowhenua Wind Energy Limited	Non Trading	100%	100%

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

All subsidiaries and associates have a balance date of 31 March and are incorporated in New Zealand, with the exception of DataCol Group Pty Limited which is incorporated in Australia.

12.2 Amalgamation of a Subsidiary

On 31 March 2014, Oxford Finance Corporation Limited (OFC) was amalgamated into Oxford Finance Limited.

The profit for the period prior to the amalgamation is analysed as follows:

	31 March 2014
	$000
Profit for the period	459
	459

The results for the relevant periods were as follows:

	31 March 2014
	$000
Revenue	1,004
Operating costs	(356)
Finance costs	(38)
Profit before tax	610
Income tax expense	(151)
Profit after tax	459

The net assets of OFC at the date of amalgamation were as follows:

	31 March 2014
	$000
Non-current assets	391
Current assets	3,408
Total assets	3,799
Non-current liabilities	-
Current liabilities	(23)
Total liabilities	(23)
Net assets on amalgamation	3,776

No tax charge or credit arose on the transaction.

13. GOODWILL AND INTANGIBLE ASSETS

GROUP	Software	Goodwill	Other	Total
	$000	$000	$000	$000
Gross carrying amount				
Balance as at 1 April 2012	5,371	13,105	175	18,651
Additions	95	-	-	95
Disposals	(425)	-	-	(425)
Balance as at 31 March 2013	5,041	13,105	175	18,321
Balance as at 1 April 2013	5,041	13,105	175	18,321
Additions	414	-	-	414
Disposals	-	-	-	-
Reclassified as 'held for sale'	(99)	(3,268)	-	(3,367)
Revaluation	(100)	-	-	(100)
Balance as at 31 March 2014	**5,256**	**9,837**	**175**	**15,268**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2012	(3,471)	(2,070)	(31)	(5,572)
Amortisation expenses	(165)	-	(9)	(174)
Disposals	425	-	-	425
Impairment losses (charged to profit)	-	(756)	-	(756)
Balance as at 31 March 2013	(3,211)	(2,826)	(40)	(6,077)
Balance as at 1 April 2013	(3,211)	(2,826)	(40)	(6,077)
Amortisation expenses	(192)	-	(8)	(200)
Disposals	-	-	-	-
Impairment losses (charged to profit)	-	(500)	-	(500)
Reclassified as 'held for sale'	36	-	-	36
Revaluation	96	-	-	96
Balance as at 31 March 2014	**(3,271)**	**(3,326)**	**(48)**	**(6,645)**
Carrying amounts				
At 31 March 2013	1,830	10,279	135	12,244
At 31 March 2014	**1,985**	**6,511**	**127**	**8,623**

PARENT	Software	Goodwill	Other	Total
	$000	$000	$000	$000
Gross carrying amount				
Balance as at 1 April 2012	4,396	1,412	175	5,983
Amalgamation	34	-	-	34
Additions	1	-	-	1
Disposals	(425)	-	-	(425)
Balance as at 31 March 2013	4,006	1,412	175	5,593
Balance as at 1 April 2013	4,006	1,412	175	5,593
Additions	413	-	-	413
Disposals	-	-	-	-
Revaluation	(100)	-	-	(100)
Balance as at 31 March 2014	**4,319**	**1,412**	**175**	**5,906**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2012	(2,975)	(1,177)	(31)	(4,183)
Amalgamation	(24)	-	-	(24)
Amortisation expenses	(47)	-	(9)	(56)
Disposals	425	-	-	425
Impairment losses (charged to profit)	-	(235)	-	(235)
Balance as at 31 March 2013	(2,621)	(1,412)	(40)	(4,073)
Balance as at 1 April 2013	(2,621)	(1,412)	(40)	(4,073)
Amortisation expenses	(119)	-	(8)	(127)
Disposals	-	-	-	-
Impairment losses (charged to profit)	-	-	-	-
Revaluation	96	-	-	96
Balance as at 31 March 2014	**(2,644)**	**(1,412)**	**(48)**	**(4,104)**
Carrying amounts				
At 31 March 2013	1,385	-	135	1,520
At 31 March 2014	**1,675**	**-**	**127**	**1,802**

Impairment

Goodwill has been allocated at the cash generating unit (CGU) level. As each subsidiary derives its own cash inflows, goodwill impairment is determined by reference to the cash generating unit. The recoverable amount of the subsidiary is its value in use.

Electra has performed impairment testing on the subsidiary business operations and has recognised the following impairment losses because the financial results have not returned what was expected; therefore the future cash flows of the current business activities have been reassessed.

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
DataCol NZ Limited	**-**	-	**-**	-
Linework and Stones Limited	**-**	235	**-**	235
Oxford Finance Corporation Limited	**-**	-	**-**	-
Sky Communications Limited	**500**	521	**-**	-
Impairment Loss Reported	**500**	756	**-**	235

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

Cash flow projections during the budget period are based on similar expected gross margins throughout the budget period.The cash flows beyond that five year period have been extrapolated using a steady 2% (2013: 2%) per annum average growth rate. The directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Datacol NZ Limited

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five year period, and a discount rate of 10.8% (2013: 10.8%) per annum.

Linework and Stones Limited

Linework and Stones Limited was amalgamated into its parent, Electra Limited on 1 July 2012. Consequently the balance of goodwill of $235,000 was written off as at that date.

Oxford Finance Limited

The recoverable amount of this CGU is determined based on the agreed disposal value.

Sky Communications Limited

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five year period, and a discount rate of 10.8% (2013: 10.8%) per annum.

Sky Communications Limited has performed impairment testing on its goodwill which has resulted in an impairment of $500,125 in the current year.

14. TRADE AND OTHER PAYABLES

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Trade payables	**7,363**	4,484	**5,639**	2,246
Other payables	**216**	348	**213**	129
Intercompany payables	**-**	-	**2,155**	-
Accruals	**439**	4,976	**460**	4,655
Accrued employee entitlements	**921**	927	**559**	451
	8,939	10,735	**9,026**	7,481

15. DEBT FINANCE

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Bank and other borrowings	**34,659**	81,034	**34,659**	36,434
Intercompany borrowings	**-**	-	**-**	4,010
Total debt funding	**34,659**	81,034	**34,659**	40,444
Less current borrowings	**(16,439)**	(31,384)	**(16,439)**	(17,494)
Non-current borrowings	**18,220**	49,650	**18,220**	22,950
Repayable as follows:				
Within one year	**16,439**	31,384	**16,439**	17,494
Within two years	**5,320**	27,930	**5,320**	8,230
Beyond two years	**12,900**	21,720	**12,900**	14,720
	34,659	81,034	**34,659**	40,444

All bank borrowings are secured by a 'General Securities Agreement' over the assets of the Group excluding Datacol Group Pty Limited.

Interest rates

Interest rates payable on the Parent Company bank facilities range from 4.98-7.88% pa. (2013: 4.87-7.99% pa.).

16. OTHER FINANCIAL LIABILITIES

The Group and the Company enter into New Zealand dollar floating interest rate swap agreements to reduce the impact of changes in the floating interest rates on its borrowings and thus reduce the variability in its cash flows.

Derivative financial instruments are initially recognised at fair value on the contract date and subsequently measured at fair value on each balance date. All interest rate swaps are valued at fair value through profit and loss and are not hedge accounted. Therefore, changes in the fair value of the interest rate swaps are recognised immediately in the profit or loss component of the Statement of Comprehensive Income.

	Average Contracted Fixed Interest Rate		Group and Parent Notional Principal		Group and Parent Fair Value	
	2014 %	2013 %	2014 $000	2013 $000	2014 $000	2013 $000
Interest rate swaps	**5.10**	5.00	**5,000**	7,400	**65**	269

Due for repayment

	GROUP AND PARENT	
	2014	2013
	$000	$000
Current	**22**	9
Non-current	**43**	260
Total	**65**	269

17. SHARE CAPITAL

	GROUP		PARENT	
000 of shares	2014	2013	2014	2013
Opening balance	**24,465**	24,465	**24,465**	24,465
Closing balance	**24,465**	24,465	**24,465**	24,465

	GROUP		PARENT	
$000	2014	2013	2014	2013
Opening balance	**18,000**	18,000	**18,000**	18,000
Closing balance	**18,000**	18,000	**18,000**	18,000

All shares rank equally with one vote attached to each share, have no par value and are issued and fully paid.

18. RESERVES

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Asset revaluation reserve	**49,082**	51,812	**49,082**	51,812
Foreign exchange reserve	**(28)**	-	**-**	-
Closing balance at end of financial year	**49,054**	51,812	**49,082**	51,812

	GROUP		PARENT	
Asset Revaluation Reserve	2014 $000	2013 $000	2014 $000	2013 $000
Opening balance at beginning of financial year	**51,812**	52,117	**51,812**	52,117
Revaluation decrements	**(3,678)**	(424)	**(3,678)**	(424)
Deferred tax liability arising on revaluation	**948**	119	**948**	119
Closing balance at end of financial year	**49,082**	51,812	**49,082**	51,812

The asset revaluation reserve arises on the revaluation of the Company and Group's distribution network land and buildings and the electricity distribution network. Where a revalued asset is disposed of that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained profits.

Foreign Exchange Reserve	Group	
	2014 $000	2013 $000
Opening balance at beginning of financial year	**-**	-
Decrement	**(28)**	-
Deferred tax liability arising	**-**	-
Closing balance at end of financial year	**(28)**	**-**

The foreign exchange reserve arises from converting the Statement of Financial Position of Datacol Group Pty Limited from its functional currency of Australian dollars to its presentation currency of New Zealand dollars.

19. DIVIDENDS

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Dividends paid	**320**	275	**320**	275

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Cents per share	**1.30**	1.12	**1.30**	1.12

Dividends were paid during the year to the Electra Trust. There is no proposed final dividend.

20. COMMITMENTS

Capital Commitments

At balance date, there was $1,968,178 unaccrued expenditure contracted for and approved by the Company and Group (2013: $1,691,838).

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Distribution network	**1,968**	1,692	**1,968**	1,692
Intangible assets	**-**	-	**-**	-
	1,968	1,692	**1,968**	1,692

Distribution network expenditure will be incurred when the work is completed (estimated to be over the next 12 to 24 months).

Financial Commitments

As at 31 March 2014 Oxford Finance Limited had financial commitments of $598,000 (31 March 2013: $480,000). This figure represents pre-approved floorplan facilities which were undrawn at balance date.

21. CONTINGENT LIABILITIES

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Guarantee of bank facilities for a subsidiary to a limit of	**unlimited**	unlimited	**unlimited**	unlimited

There is no indication that any liability with regard to the above guarantees will crystallise in the foreseeable future.

The Group has provided for a liability to some employees which would be payable on their retirement.

DataCol NZ Limited in its ordinary course of business undertakes various contracting works, some of which will be subject to customer disputes.

22. CASH AND CASH EQUIVALENTS

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Non-finance business				
Cash at bank	**974**	3,069	**345**	2,543
Finance business				
Cash at bank	**-**	1,015	**-**	-
Cash and cash equivalents included in a disposal group held for sale	**1,266**	-	**-**	-
Total cash and cash equivalents	**2,240**	4,084	**345**	2,543

23. RECONCILIATION of net profit after tax with cash inflow from operating activities

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Reported profit after taxation	**3,666**	2,691	**1,755**	1,427
Add/(less) non-cash items:				
Goodwill write off	**500**	756	**-**	235
Depreciation and amortisation	**8,609**	8,673	**8,059**	7,694
Doubtful debt provision movement	**(1,842)**	1,203	**80**	21
Deferred tax movement	**482**	436	**(1,606)**	(62)
Bad debts written off	**2,622**	359	**139**	27
Increase in unearned fees	**9**	159	**-**	-
Capitalised interest adjustment	**(227)**	(506)	**-**	-
Impairment of investment	**-**	-	**-**	1,163
Loss on sale of investment	**49**	217	**76**	396
Capital loss/(gain) on sale of fixed assets	**1,116**	(495)	**1,085**	(484)
Movements in working capital:				
(Decrease)/increase in accounts payable and other provisions	**(2,085)**	(2,598)	**(869)**	474
(Increase)/decrease in receivables	**(5,856)**	2,021	**446**	(3,383)
Decrease/(increase) in inventory	**23**	(5)	**91**	(103)
Net cash inflow from operating activities	**7,066**	12,911	**9,256**	6,955

24. TRANSACTIONS WITH RELATED PARTIES

The Parent entity in the consolidated Group is Electra Limited which is 100% owned by Electra Trust. For a list of other group companies refer note 12.

Electra Related Party Transactions

	PARENT	
	2014 $000	2013 $000
Revenue		
Sales to DataCol NZ Limited	**35**	23
Interest from Sky Communications Limited	**169**	237
Interest from Sky Communications Pty Limited	**-**	79
Management fees from Sky Communications Limited	**232**	206
Management/Director fees from Oxford Finance Corporation Limited	**-**	16
Management fees from Oxford Finance Limited	**66**	247
Expenses		
Purchases from Linework and Stones Limited	**-**	1,978
Purchases from Sky Communications Limited	**-**	52
Interest paid to Oxford Finance Corporation Limited	**-**	11
Receivables		
Loan to Sky Communications Limited	**5,314**	3,489
From Sky Communications Limited	**62**	30
From Oxford Finance Limited	**7**	54
Dividend from DataCol NZ Limited	**-**	216
Dividend from Oxford Finance Limited	**-**	394
Payables		
Loan from Oxford Finance Limited	**-**	4,010
Loan from Electra Finance Limited	**2,155**	-
Loan repaid to Oxford Finance Corporation Limited	**-**	1,373

No related party debts have been written off or forgiven during the year. No amounts were provided for in doubtful debts relating to debts due from related parties at reporting date (2013: $Nil).

Guarantees
Electra Limited provides an unlimited guarantee for subsidiaries bank facilities.

Directors
During the year no transactions were entered into with any of the Company's Directors other than the payment of Directors fees and the reimbursement of valid Company related expenses such as travel costs to board meetings. Some of the Directors are also consumers of the Company and some minor transactions were entered into by the Company with companies in which some Directors held directorships. These transactions were carried out on a commercial and arm's length basis. The exception to this being Directors of the Group are entitled to a discounted interest rate on lending when transacting with Oxford Finance Limited.

25. KEY MANAGEMENT PERSONNEL

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

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Short-term employee benefits	**1,964**	1,875	**1,608**	1,425
Defined contribution plans	**55**	35	**42**	33
	2,019	1,910	**1,650**	1,458

Some of the above employees are provided with the use of a company motor vehicle not included in the above calculation.

As at 31 March 2014 $Nil was owing to Directors and key management personnel (31 March 2013: $769). As at 31 March 2014 there was $465 owing from Directors and key management personnel (31 March 2013: $731).

26. SUBSEQUENT EVENTS

Electra Limited has entered into an agreement to sell 100% of its shares in Oxford Finance Limited (OFL) to Dorchester Oxford Limited with a settlement date of 1 April 2014. The assets of OFL are shown as held for sale in note 28.

Electra Limited will continue to provide services to OFL under a Management Services Agreement, for a 12 month period ending 31 March 2015.

As part of the settlement arrangements with Dorchester Oxford Limited for the sale of OFL, Electra Finance Limited agreed to grant a facility for one year for the sum of $50,000,000 to OFL to be secured by the following securities agreed upon:

- A perfected first ranking General Security Agreement granting the Bank a security interest in all present and after acquired property of Electra Finance Limited
- Novation Agreement between OFL and Electra Finance Limited
- Deed granting security interest in shares granted by Dorchester Oxford Limited in favour of Electra Finance Limited
- Deed of guarantee and indemnity from Dorchester Pacific Limited in favour of Electra Finance Limited
- Unlimited inter-company Guarantee from Electra Limited, Electra Finance Limited, Datacol NZ Limited and Sky Communications Limited

The effective advance date is to be 1 April 2014.

There have been no other material events since balance date to 12 June 2014 that require disclosure in these financial statements.

27. REQUIRED DISCLOSURES

The Group reported the following performance measures in its 2013/14 Statement of Corporate Intent:

	Actual	Target
Capital ratio – shareholders' funds to total assets	**51%**	53%
Operating surplus	**$3.67m**	$4.38m
Operating cost per consumer	**$205**	$209
Network reliability		
- Average interruption duration	**67.3**	83.0
- Average frequency index	**1.25**	1.66

28. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The assets and liabilities related to Oxford Finance Limited (OFL) and Oxford Finance Corporation Limited (OFCL) have been presented as held for sale following the approval of the Group's management and shareholders on 28 March 2014 to sell assets of both former entities.

On 31 March 2014 OFCL sold certain commercial loans to Electra Finance Limited. On the same date OFCL was amalgamated into OFL. The amalgamation was accounted for as a commonly controlled acquisition.

	2014 $000	2013 $000
Operating cash flows	**3,144**	(420)
Investing cash flows	**(33)**	(113)
Financing cash flows	**(2,861)**	49
Total cash flows	**250**	(484)
Assets of disposal group classified as held for sale		
Property, plant and equipment	**344**	-
Intangible assets	**29**	-
Finance receivables	**50,053**	-
Other current assets	**4,877**	-
Total assets	**55,303**	**-**
Liabilities of disposal group classified as held for sale		
Trade and other payables	**947**	-
Debt finance	**46,100**	-
Total liabilities	**47,047**	**-**
Analysis of the result of discontinued operation is as follows:		
Revenue	**9,159**	9,067
Expenses	**(5,580)**	(6,990)
Profit before tax of discontinued operations	**3,579**	2,077
Tax	**(926)**	(522)
Profit after tax of discontinued operations	**2,653**	1,555

INDEPENDENT AUDITORS REPORT

Deloitte.

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDER OF
ELECTRA LIMITED AND GROUP'S
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2014**

The Auditor-General is the auditor of Electra Limited (the "company") and group. The Auditor-General has appointed me, Trevor Deed, using the staff and resources of Deloitte, to carry out the audit of the financial statements and statement of service performance of the company and group on her behalf.

We have audited:

- the financial statements of the company and group on pages 22 to 68, that comprise the statement of financial position as at 31 March 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the company and group on page 68.

Opinion

Financial statements and the statement of service performance

In our opinion,

- the financial statements of the company and group on pages 22 to 68:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of the company and group's:
    - financial position as at 31 March 2014; and
    - financial performance and cash flows for the year ended on that date;
- the statement of service performance of the company and group on page 68:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company and group's achievements measured against the performance targets adopted for the year ended 31 March 2014.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company and group as far as appears from an examination of those records.

Our audit was completed on 12 June 2014. This is the date at which our opinion is expressed.

AUDITORS REPORT

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The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence shareholder's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company and group's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;

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- give a true and fair view of the company and group's financial position, financial performance and cash flows; and
- give a true and fair view of the company and group's service performance achievements.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible

for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 45(1) of the Energy Companies Act 1992.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have carried out assignments in the areas of tax compliance assistance, and audit of the regulatory disclosure schedules in accordance with the Electricity Distribution Information Disclosure Determination 2012, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the company or any of its subsidiaries.

Trevor Deed
Deloitte
On behalf of the Auditor-General
Wellington, New Zealand

This audit report relates to the consolidated financial statements of Electra Limited for the year ended 31 March 2014 included on Electra Limited's website. The Board of Directors is responsible for the maintenance and integrity of Electra Limited's website. We have not been engaged to report on the integrity of the Electra Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 12 June 2014 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NON FINANCIAL PERFORMANCE MEASURES

The following performance measures are disclosed in accordance with the Ministry of Commerce Disclosure Regulations for Electricity Distribution Companies.

	2014	**2013**
Energy performance measures		
Capital expenditure cost per kilometre	**$3,193**	$3,147
Capital expenditure cost per electricity customer	**$173**	$166
Energy delivery efficiency performance measures		
Load factor	**53.27%**	54.28%
Loss ratio	**7.46%**	7.56%
Capacity utilisation	**33.65%**	33.46%
Statistics		
System length (km)	**2,262**	2,256
Transformer capacity (kVA)	**313,100**	310,474
Maximum demand (MW)	**93.1**	92.8
Total electricity supplied from system (kWh)	**401,828,089**	409,015,907
Total customers	**42,908**	42,810
SAIDI (system average interruption duration index)	**67.3**	58.0
SAIFI (system average interruption frequency index)	**1.25**	0.93
CAIDI (customer average interruption duration index)	**53.8**	62.6
Number of faults per 100 kilometres	**8.0**	6.2

STATUTORY INFORMATION

Directors and remuneration

The following persons holding office as Directors during the year were authorised and received the following remuneration:

	Electra Limited	Datacol Group Pty Limted
P F McKelvey	$73,395	-
M H Devlin	$37,321	-
P A T Hamid	$37,321	-
R G Longuet	$37,321	-
N F Mackay	$37,321	-
D L Masters	-	$2,938
I A Wilson	$37,321	-
	$260,000	**$2,938**

Entries recorded in the interest register

The following entries were recorded in the Interest Register of the Company and its subsidiaries during the year:

a) Directors' interests in transactions

No Directors gave notice of an interest in transactions between a related party and Electra Limited or its subsidiaries.

A number of the Directors are consumers of the Company. All transactions were undertaken at the Company's normal terms and conditions.

b) Share dealings of Directors

The Directors did not purchase or sell shares in Electra Limited or its subsidiaries during the year.

c) Loans to Directors

There were no loans made to Directors by Electra Limited or its subsidiaries during the year.

d) Directors' indemnity and insurance

The Company has insured its Directors, and the Directors of its subsidiaries, against liabilities to other parties that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

Executive employees' remuneration

During the year the following numbers of employees received remuneration and/or other benefits within the following bands:

	GROUP AND PARENT	
	Year Ended 31 March 2014	Year Ended 31 March 2013
Continuing Employees		
$100,000 - $110,000	13	8
$110,001 - $120,000	3	5
$120,001 - $130,000	3	1
$130,001 - $140,000	3	3
$140,001 - $150,000	4	-
$150,001 - $160,000	-	1
$160,001 - $170,000	-	1
$170,001 - $180,000	1	-
$200,001 - $210,000	-	1
$210,001 - $220,000	1	-
$220,001 - $230,000	-	1
$230,001 - $240,000	1	-
$240,001 - $250,000	-	1
$250,001 - $260,000	1	1
$260,001 - $270,000	1	-
$350,001 - $360,000	1	-
$360,001 - $370,000	-	1

Some of the above employees are provided with the use of a Company motor vehicle not included in the above calculation.

Changes in accounting policy

There have been no changes in accounting policies this year.

Donations

During the year the Group made donations of $230 (2013: $1,854).

DIRECTORY

DIRECTORS - ELECTRA LIMITED

P F McKelvey (Chair), CNZM, MBE, TTC (Physical Education)
M H Devlin, ONZM, ED, BA, M.Com, MAIIE, GRAD.DBS, M Inst D
(Resigned 31 March 2014)
P A T Hamid, BCA
R G Longuet, BE (Elec), M Inst D
N F Mackay, BCA
I A Wilson, QSO, F Inst D, ANZIM

DIRECTOR - DATACOL GROUP PTY LIMITED

D L Masters, AICD

EXECUTIVES

J L Yeoman (CE – Electra Group), BBS, ACA, FCIS, ANZIM
S P Gregan (COO – Electra Group), BCA, CA
R N Leggett (GM – Group), BA
I R Fenwick (CFO – Electra Group), BCom, DipGrad, CA
B G Franks (CEO – DataCol NZ), Dip Bus Management
M J Taylor (GM – Sky Communications)
J R McKirdy (Group Business Services Manager)
V M Wright (Company Secretary), JP

REGISTERED OFFICE

Electra Limited
Cnr Exeter and Bristol Streets
Levin

POSTAL ADDRESS

P O Box 244
Levin 5540
Telephone 0800 353 2872
Fax 06 367 6120

AUDITOR

Trevor Deed – Appointed Auditor
Deloitte
Wellington
On behalf of the Auditor-General

SOLICITORS

Cullinane Steele, Levin
Quigg Partners, Wellington

BANKERS

Bank of New Zealand

ELECTRA TRUST TRUSTEES

C R Turver (Chairperson), JP
L R Burnell, QSM
A Chapman, MNZM, JP
S M Crosbie, CNZM, OBE
J M Keall (Resigned 26 July 2013)
R J Latham
G Sue, QSM, JP

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual Meeting of Shareholders of Electra Limited will be held at 33-35 Tongariro Street, Paraparaumu on Friday 25 July 2014 at 2.00pm.

ORDINARY BUSINESS

1. To receive and consider the Directors' Report, the Financial Statements and the Auditors' Report
2. To consider the Directors' recommendations as to dividends
3. To elect Directors. Messrs Martin Devlin and Russell Longuet retire by rotation at the annual general meeting of the Company. Mr Martin Devlin has offered his resignation effective 31 March 2014 and Mr Russell Longuet being eligible, offers himself for re-election
4. To fix remuneration of the Directors for the ensuing year
5. To record the re-appointment of the Auditor-General (or her appointee) as Auditor of the Company and to authorise the Directors to fix their remuneration for the ensuing year

By order of the Board

V M Wright

Company Secretary

12 June 2014

Any shareholder of the Company entitled to attend and vote at the Meeting may appoint another person as proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. Proxy forms must be lodged at the registered office of the Company, cnr Exeter and Bristol Streets, P O Box 244, Levin 5540.


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SEA STORM CLOU
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NETWORK COMPA
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