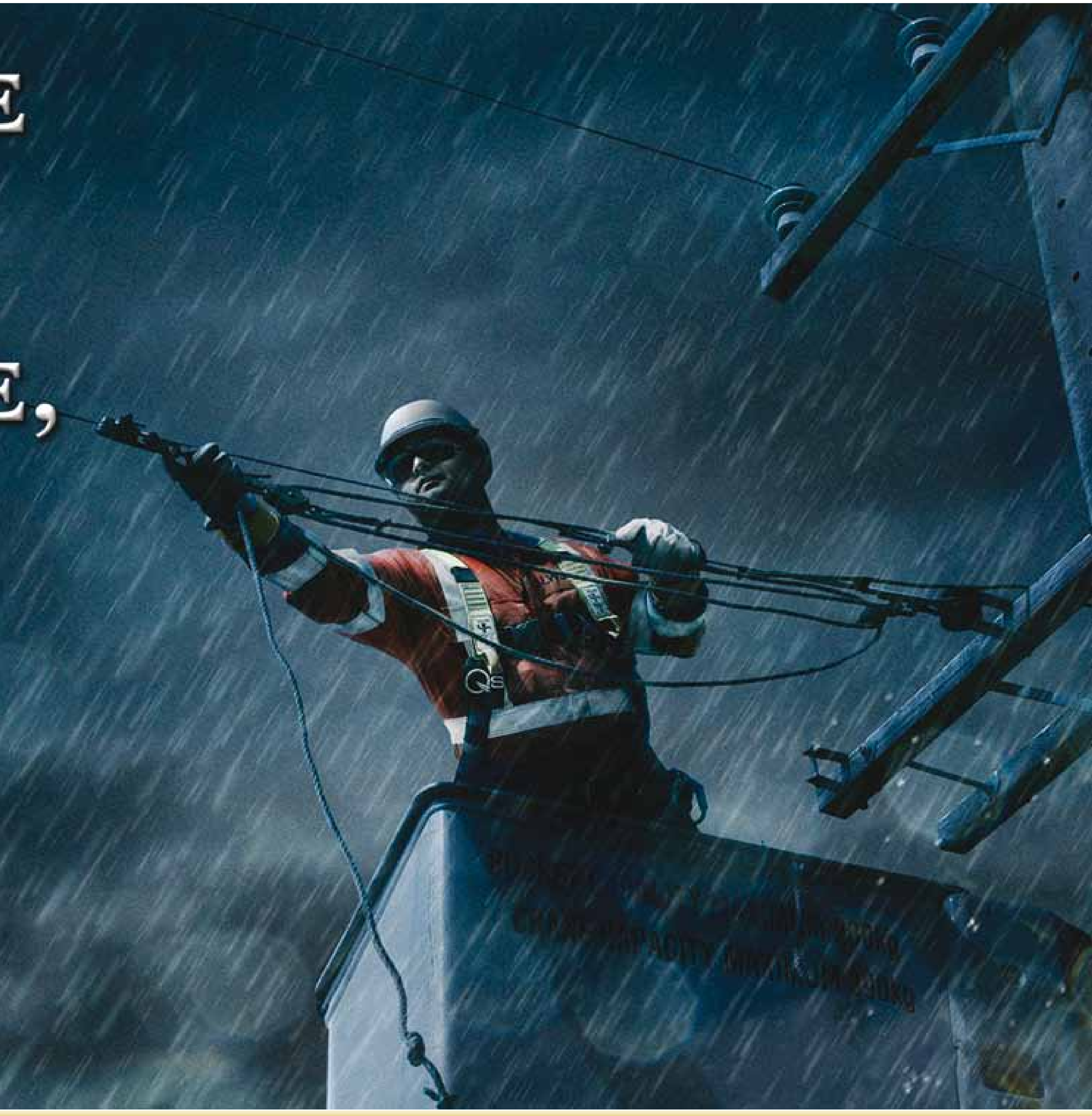
Electra

ELECTRA LIMITED **ANNUAL REPORT 2012 - 13**


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



ELECTRA LIMITED is an energy company which owns and operates the electricity lines business in the Kapiti and Horowhenua regions on the west coast of the lower North Island, New Zealand.

Ownership is vested in Electra Trust on behalf of 42,810 beneficiaries. At 31 March 2013, the Group had total assets of $261 million and shareholders' funds of $133 million and employed 177 (full-time-equivalent) people. Electra owns 100% of DataCol NZ Limited which is a national electricity and gas meter reading company; Oxford Finance Limited, which specialise 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 2013

"Last year" means the year ended 31 March 2012

"Next year" means the year ending 31 March 2014

ELECTRA key facts

- 9th largest lines company in the country in terms of consumer numbers at 42,810.
- 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 Electra Trust holds all shares in Electra on behalf of all those consumers connected to its network.
- Electra has four subsidiaries.
- Electra employs 177 staff across the network operation and subsidiaries.

HIGHLIGHTS

Profit of $5 million

Invested $7.1 million in our electricity network

$8 million (including GST) Sales Discount distributed to Kapiti-Horowhenua consumers

High levels of consumer satisfaction maintained in annual surveys

CHAIR REVIEW 2013

On behalf of the Board of Directors, we have pleasure in presenting the Electra Limited 2013 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 2013.

The Electra Group's principal activities comprise: 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.

Economic conditions continued to challenge the country during 2012 and our region was not immune to the effects of this ongoing period of subdued growth. For our network business, continued flat regional growth and a mild winter saw units transported on the network decrease slightly from the previous year.

With the contracting market expected to be restrained, for the foreseeable future, the decision was made to reduce the Group's exposure to this market, and two subsidiary companies were divested through the year as a result.

At the same time operational and compliance costs were reduced within a number of the remaining subsidiaries, and a large infrastructure project has been deferred.

The result of these changes was to produce an excellent return for the Group despite the ongoing economic and regional challenges we face.

As always, the Group remains focused on identifying and implementing strategies that will position the business for future growth and 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 Electra Trust, through competitive prices, quality services and efficient operations.

We are pleased to report that, for the year ended 31 March 2013, the Group was once again able to deliver a profitable performance in line with this goal.

Total Group revenue for the year was $74.9 million, a 13% decrease on the 2011/12 result ($86.4 million).

SALES DISCOUNT DISTRIBUTION

While electricity sales levels were affected by the flat economic climate and mild winter conditions, the absence of any unusual or extreme weather conditions (that occurred in the previous two years) helped to contain unplanned operational expenses across the network. With some business rationalisation across the group and solid performances from the remaining subsidiaries, the overall performance of the entire Electra Group meant the Board was able to declare a final sales discount of $8m incl. GST, a slight increase on the previous year. Once again this was distributed to the 42,810 consumers on the Electra network as an annual sales discount credited to their power accounts.

We are proud to have returned more than $136m to electricity consumers throughout the Kapiti and Horowhenua regions over the last 19 years. This demonstrates the value of Electra's Consumer Trust structure.

POSITIVE SIGNS FOR THE FUTURE

A number of high profile developments throughout the region are set to create employment and investment opportunities and will likely lead to increased demand for electricity. Infrastructure projects such as the Kapiti Expressway, Transmission Gully along with significant SH1 upgrades to the North of Levin and further development at Paraparaumu Airport will help to generate growth in the region.

One of the keys to stimulating the local economy is to continue to attract new developments to the region. That is why we hosted a special business forum in April that focussed on specific opportunities that will help the region to grow and create local employment in the long term.

Patricia McKelvey
Chair

CEO REPORT

I am pleased to present the following performance review of the Electra Group and its subsidiary businesses for the year ended 31 March 2013.

Despite challenging economic and regulatory conditions in the markets in which the Electra Group operates, the Group produced an excellent result for the 2012/13 financial year. Once again this result can be directly linked to the positive underlying performance of our core network and our subsidiaries.

The Group has long had a strategy of diversifying its business streams and improving overall profitability.

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

Competition within the contracting market has continued to increase in the post-GFC environment, placing further downward pressure on margins as too many players pursued too few opportunities. With this market expected to continue to struggle in the medium term, it was decided to reduce our exposure to it.

The Linework and Stones business was reviewed and as a result the core network maintenance and development arm of the business was brought back in house to create a new Distribution Operations Division within Electra, and the Petone operation that serviced the Wellington Electricity Network was sold to Connetics. The remaining non-core electrical contracting operation was then sold as a going concern to the Divisional Manager and reverted back to its original Stones Electrical branding.

An approach by a third party during 2012 ultimately led to the sale of the Sky Communications Pty Ltd business in Australia (while retaining the New Zealand operation), with the sale completed on 31 December 2012. Exiting the Australian market will enable our remaining Sky Communications business to fully focus on the New

Zealand market which is positioned to be a major contractor for the 4G upgrades.

While trust owned companies like Electra remain exempt from the Commerce Act control regime, we still have to comply with substantial information disclosure requirements from regulatory bodies such as the Commerce Commission and the Electricity Authority ('EA'). Compliance requirements increased further with the Commerce Commission's Information Disclosure Requirements being broadened in October 2012. Investment in systems and processes is required to support the collection and reporting of additional data, and the significant cost in time and resources to satisfy the growing level of compliance will ultimately need to be passed on to the consumer. 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 across a largely rural coastal band. Its 42,810 consumers make it the 9th largest electricity network in New Zealand (out of 29). Our network is in the top quartile in terms of reliability with substantial ongoing investment made to maintain this reliability of supply in the region.

The core electricity network operation remains critical to the Electra Group's overall performance. This year produced another good performance, with revenue of $35.1 million. Total electricity unit sales were 0.68% lower than the previous year, due to the flat economy and a mild winter. New connections across the network were 368, a small increase on 2011/12 (354).

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

An important project completed during the year improved the 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.

Replacement of an aged copper line with increased capacity aluminium conductor at Muhunoa East Road south of Levin has provided a similar level of protection for the area south of Levin as well as a feed further south in the event of a fault immediately north of Otaki.

During the year two major projects commenced to improve supply from Transpower's Mangahao Grid Exit Point (GXP), near Shannon: a) circuits are currently being separated to increase the security of supply from Mangahao GXP, and b) a section of 33kV lines supplying Levin from Mangahao is being relocated and rebuilt as two independent circuits rated at 600A (opposed to the original double circuit of 400A each).

Ian Burnard, Electra Faultman

It was reported in the 2011/12 Annual Report that Electra Limited was in discussions with Transpower about how to deal with future capacity issues at our southern Paraparaumu GXP. Very recently Electra's potential options have changed with the possibility of a new 220/33kV GXP. This is not yet finalised, but because of the requirements to move Electra's current 110kV supply in the path of Transmission Gully it may well be a better option to feed Electra from the 220kV circuits that are not affected. Transpower are undertaking detailed analysis of this option, planning for a final decision by New Zealand Transport Agency which will be made in the near future.

There were no extreme weather conditions or events to cause widespread outages on the network in 2012/13. As a result the network achieved excellent reliability for the year – an outstanding accomplishment given the large network of overhead lines stretched between numerous small communities, and the heavy exposure to corrosive coastal conditions and heavily wooded areas.

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 network and also to the faults staff who respond to outages on the network while achieving a very high satisfaction rating in the annual customer service survey (97% of customers rated the faults service on the Electra network as either above average or excellent).

With the electricity industry facing 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. 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.

Electra Generator keeps the power on during routine maintenance.

While network charges were increased, overall prices for residential consumers still compare very favourably with other lines companies and competition amongst the electricity retailers on the network is a positive for electricity consumers throughout the region. There are now 10 companies competing for customers on the network and this can only be good in providing local consumers with greater choice and better value.

Energy efficiency has always been a major focus for Electra with multiple initiatives delivered over the last 20 years to increase awareness and drive behavioural change amongst both our residential and commercial consumers. It is therefore pleasing to see that Electra's annual Market Awareness Study has found that 27% of residential consumers and 30% of commercial consumers on the network currently have a heat pump installed, while 78% of residential consumers and 54% of commercial consumers on the network have installed energy efficient light bulbs.

A less pleasing result from the Market Awareness Survey was the fact that unprompted awareness of the Electra brand has been declining for some years, indicating that Electra is not as visible as we would like in the Kapiti Horowhenua region. This is concerning given our community-ownership model and the returns that are provided to everyone connected to the Electra network each year. With the current Electra brand developed 20 years ago, and a significant influx of new arrivals to the region over this period, the decision was made to rebrand Electra with a fresh and energised look that re-positions the business as an essential and reliable local service – a company we all have a stake in and can be proud of.

Electra is positive about maintaining the integrity of its existing network as well as positioning to meet the challenge that future growth will present.

OXFORD FINANCE LIMITED

In 2011 Oxford Finance Limited secured more favourable funding arrangements through a facility with the BNZ. This removed the need to offer debentures to the public and the remaining debentures on issue were repaid to investors on 21 February 2013.

As a result, Oxford Finance is no longer subject to the Non-Bank Deposit Takers ('NBDT') regime, thereby removing significant compliance costs from the business. The company's core lending business is in the area of vehicle finance which was historically built through its established Dealer/Broker network.

Oxford Finance made a significant investment in technology during 2012/13 to: a) improve its product and service offering, and strengthen relationships with its existing Dealer/Broker network, and b) allow expansion into new markets.

The company has also commenced a programme to increase its visibility to individual borrowers, begun to develop an effective online presence with a new website and online application software, and launched pre-approved vehicle finance to the public. With a focus on innovation and customer-focused solutions, significant future growth is expected to come from lending direct to the public.

The company believes it is now well placed to expand beyond its traditional markets and into larger regions as it builds towards establishing a nationwide presence.

These changes have enabled Oxford Finance to post another solid profit result despite subdued lending conditions continuing to challenge the finance industry.

With strong cash flows and a prudent approach to balance sheet growth the company is expected to continue to deliver an excellent return to the Electra Group.

DATACOL NEW ZEALAND LIMITED

DataCol is a data collection, monitoring and management business, based in Christchurch with offices in Auckland, Wellington and Christchurch.

Originally focused on delivering a manual electricity and gas meter reading service, the implementation of smart meter technology across the electricity industry in recent years has seen DataCol's traditional area of business slowly decline.

While the company is looking to add value by offering new (non meter reading) services to existing customers, and continues to secure meter reading contracts with newer electricity retailers such as Nova Energy, Tiny Mighty Power, Simply Energy and PowerShop, the company has identified a number of opportunities to leverage its expertise in the collection, monitoring and management of data by expanding into new markets and technologies.

Four years ago the company identified an opportunity to provide high quality water meter reading and management services to local authorities, and was successful in securing a meter reading contract with Watercare Services Ltd, the water services division of the Auckland Super City. Today, DataCol is responsible for 87% of all of the Super City's water meter readings, and this success has enabled the company to recently secure a new contract to undertake water meter readings for the Tauranga City Council.

With growing pressure on parts of the economy (such as local and central government) to more carefully protect natural resources, opportunities exist to enable organisations right through the value chain to manage natural resources in smarter, more efficient ways.

The company's 'Data Collect' system, an electronic system that assists with the monitoring and management of irrigation and water usage is an example of DataCol's expertise. Sales of the system continue to grow in the rural sector and further development is underway to include the monitoring and effective management of effluent and nutrients, as well as developing multiple sales channels for the product. Further opportunities to expand the range of monitoring and management are currently under investigation.

Demand also continues to grow for the company's patented specialist meter reading software and system, SevenX. Significant opportunities exist for this technology, particularly internationally where licensing agreements are currently being pursued.

Transforming DataCol into a broader data collection, monitoring and management service provider has seen the company position itself to continue to deliver solid growth and returns.

SKY COMMUNICATIONS LIMITED

Sky Communications is a well established and respected telecommunications contractor, providing design, build and maintenance services to New Zealand's telecommunications operators and vendors, including Telecom, Vodafone and 2Degrees.

Following a period of relative inactivity in recent years, New Zealand's major telecommunications companies are in the process of planning the roll out of the next generation (or long term evolution, 'LTE') in mobile technology that will increase the speed and volume of data distributed by mobile technology.

Having secured large contracts to support the previous roll-out of network upgrades for clients such as Telecom, Vodafone and 2Degrees, Sky Communications are once again expected to be in a strong position to secure major contracts to assist with the LTE implementation.

The company has already been confirmed as one of two contractors for the Vodafone 4G rollout for the Auckland region (that will then be rolled out to the rest of New Zealand). To prepare for the roll-out the company recently upgraded 171 Vodafone tower sites over a three month period. They also secured a contract to install a number of tower sites for 2Degrees within the North Island.

In addition, the company's decision to expand into "in building" (IBC) telecommunications three years ago (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) places the business in a strong position to provide IBC coverage to support the LTE deployment.

Overall the telecommunications market in New Zealand is extremely positive and Sky Communications is well placed to profit from the pending investment in the next generation of mobile technology.

IN THE COMMUNITY

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

During 2012 we continued our association with the Electra Business Breakfasts, helping to run 11 networking events in each of the Kapiti and Horowhenua areas throughout the year, providing local business owners with access to top quality business and Government speakers.

We were again the principal sponsor of the Annual Electra Business Awards, an event that has been running for 19 years now. The Awards are an important way of recognising businesses that are helping to drive economic growth in the region. Congratulations to Mitre10 MEGA Kapiti for winning the 2012 Award, and to Kitchen Creators for being highly commended by the Judges.

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.

Electra fosters a safety culture across the Group and amongst all our contractors. We are 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, despite flat growth in the Kapiti and Horowhenua regions in recent years, signs are beginning to emerge that significant growth is ahead with several large infrastructure projects attracting further investment in the region.

Continued development at Paraparaumu Airport, and the roll-out of the Government's Ultra Fast Broadband and Expressway Projects, coupled with local initiatives will position our region well for future growth.

Ensuring we can support this growth will require significant ongoing investment in the electricity network, and we are committed to delivering a reliable electricity supply that will also meet the increased capacity needs of our region.

The rebranding of Electra as a fresh, energised local company that delivers a safe, reliable and essential service to everyone connected to the network will raise our community profile and help us to focus on the things that are important to our consumers.

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

THANK YOU

We would like to thank the management team for their leadership and commitment in delivering the latest financial result, the Directors 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.

J L Yeoman

John Yeoman
CEO 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 now has had 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. 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 since 1997, chairing the Governance Committee of the board.

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.

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 and overseas including power construction, manufacturing, 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 is supporting innovative companies to scale up their business. He is also a director of a number of new technology companies in the titanium and bio-waste sectors and Chair of the Kapiti Aquatic Centre Trust.

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 seventeen 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 in 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 adjust mitigation plans accordingly.

BOARD OPERATION

Operation of the Board is governed by the Constitution of Electra, and the rules, procedures and guidelines adopted by the Board, and 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 regularly 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 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 2013.

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 invest in business activities and projects that add value to the Group.

GROUP RESULTS AND DISTRIBUTIONS

	2013	2012
	$000	$000
Operating revenue	**74,923**	86,442
Discount to consumers	**(6,947)**	(6,112)
Group profit/(loss) before tax for the financial year	**5,043**	(2,798)
Taxation	**(2,352)**	254
Net profit/(loss) after taxation	**2,691**	(2,544)
Dividend	**(275)**	(298)
Retained earnings brought forward	**60,937**	63,779
Retained earnings carried forward	**63,353**	60,937

DIRECTORS' INTERESTS

Directors have declared interests in transactions with the Company during the year as set out in note 27 of the full financial statements.

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

RETIREMENT OF DIRECTORS

In accordance with the Constitution of the Company, Miss Patricia McKelvey and Mr Piers Hamid retire by rotation at the annual general meeting of the Company. Miss Patricia McKelvey and Mr Piers Hamid being eligible, offer themselves 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

Ian Wilson
Director

14 June 2013

FIVE YEAR PERFORMANCE HIGHLIGHTS

	NZ IFRS				
	2013	2012	2011	2010	2009
FINANCIAL - GROUP					
Total revenue ($000)	**74,923**	86,442	75,206	68,835	63,400
Discount issued ($000) (excludes provisions)	**6,947**	6,736	6,949	7,235	7,080
Profit/(Loss) (after tax) ($000) (excludes revaluation)	**2,691**	(2,544)	411	2,047	1,838
Total assets ($000)	**261,250**	271,379	274,266	269,279	190,063
Total shareholders' funds ($000)	**133,165**	131,054	133,809	132,531	81,252
Shareholders' funds to total assets	**51%**	48%	49%	49%	43%
Net asset backing per share	**$5.43**	$5.36	$5.46	$5.41	$3.26
NETWORK - PARENT					
GWh sold (GWh)	**409.0**	413.2	410.7	416.1	399.2
Loss ratio	**7.5%**	7.3%	7.5%	7.5%	7.3%
Load factor	**54%**	49%	54%	54%	55%
Maximum demand (MW)	**93**	104	94	94	90
Circuit kilometers (kms)	**2,589**	2,583	2,580	2,577	2,233
Supply area (sq kms)	**1,628**	1,628	1,628	1,628	1,628
Operating costs per kilometre	**$3,354**	$3,722	$3,014	$3,205	$3,116
Capital expenditure cost per kilometre	**$2,742**	$2,543	$2,282	$2,427	$3,089
CONSUMER INFORMATION - PARENT					
Number of consumers	**42,810**	42,595	42,483	42,204	41,761
Average kWh sales per consumer	**9,554**	9,701	9,667	9,859	9,561
Operating costs per consumer	**$203**	$226	$183	$196	$212
Capital expenditure cost per consumer	**$166**	$154	$139	$148	$189
Discount issued per consumer (incl. GST) (Average)	**$187**	$182	$184	$193	$191
NETWORK RELIABILITY - PARENT					
System Average Interruption Duration Index (SAIDI)	**58.0**	131.9a	74.7	161.2	88.7*
System Average Interruption Frequency Index (SAIFI)	**0.93**	2.29a	1.62	3.05	1.55*
Consumer Average Interruption Duration Index (CAIDI)	**62.6**	57.6	46.2	52.9	57.2
Faults per 100km line (number)	**6.2**	6.4	3.6	3.7	7.6
PERSONNEL - GROUP					
Number of employees					
- Electra	**69**	15	12	12	12
- Linework & Stones	**-**	90	101	104	108
- Oxford Finance	**21**	21	23	23	19
- DataCol NZ	**32**	38	44	46	59
- Sky Communications	**55**	120	84	76	-

* Excludes extreme events that occurred during the year.
Including these events SAIDI and SAIFI would have been - SAIDI – 683.1, SAIFI – 2.9

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

Electra

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

	Note	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Continuing operations					
Sales and interest revenue		**71,984**	82,423	**36,074**	32,638
Dividends from subsidiaries		**-**	-	**2,268**	2,110
Other revenue		**2,939**	3,969	**1,249**	1,765
Total operating revenue	2	**74,923**	86,442	**39,591**	36,513
Discount to consumers		**(6,947)**	(6,112)	**(6,947)**	(6,112)
Finance expenses		**(5,854)**	(5,987)	**(2,692)**	(2,908)
Other expenses		**(57,079)**	(77,141)	**(27,155)**	(26,345)
Total expenses	2	**(69,880)**	(89,240)	**(36,794)**	(35,365)
Profit/(loss) before taxation		**5,043**	(2,798)	**2,797**	1,148
Income tax (expense)/benefit	3	**(2,352)**	254	**(1,370)**	658
Profit/(loss) for the year		**2,691**	(2,544)	**1,427**	1,806
Other comprehensive income					
Asset revaluation		**-**	(61)	**-**	(61)
Increment/(decrement) on disposal of revalued assets		**(424)**	182	**(424)**	182
Income tax relating to components of other comprehensive income	3	**119**	(34)	**119**	(34)
Other comprehensive (loss)/income for the year net of tax		**(305)**	87	**(305)**	87
Total comprehensive income/(loss) for the year net of tax		**2,386**	(2,457)	**1,122**	1,893

The notes on pages 27 to 80 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2013

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	22	-	-	(275)	(275)	-	(275)
Balance at 31 March 2013		18,000	51,812	63,353	133,165	-	133,165

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 2011		18,000	52,030	63,779	133,809	-	133,809
Loss for the year		-	-	(2,544)	(2,544)	-	(2,544)
Other comprehensive income for the year net of tax		-	87	-	87	-	87
Total comprehensive (loss)/income		-	87	(2,544)	(2,457)	-	(2,457)
Capital issued		-	-	-	-	-	-
Dividend paid	22	-	-	(298)	(298)	-	(298)
Balance at 31 March 2012		18,000	52,117	60,937	131,054	-	131,054

The notes on pages 27 to 80 form part of these financial statements.

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	22	-	-	(275)	(275)
Balance at 31 March 2013		**18,000**	**51,812**	**65,281**	**135,093**

PARENT

	Note	Issued Capital	Reserves	Retained Earnings	Total
		$000	$000	$000	$000
Balance at 1 April 2011		18,000	52,030	58,950	128,980
Profit for the year		-	-	1,806	1,806
Other comprehensive income for the year net of tax		-	87	-	87
Total comprehensive income		**-**	**87**	**1,806**	**1,893**
Capital issued		-	-	-	-
Dividend paid	22	-	-	(298)	(298)
Balance at 31 March 2012		**18,000**	**52,117**	**60,458**	**130,575**

The notes on pages 27 to 80 form part of these financial statements.

The Board of Electra Limited authorised these financial statements for issue on 14 June 2013.

For and on behalf of the Board

Patricia McKelvey
Chair
14 June 2013

Ian Wilson
Director

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Equity					
Share capital	20	**18,000**	18,000	**18,000**	18,000
Retained earnings		**63,353**	60,937	**65,281**	60,458
Reserves	21	**51,812**	52,117	**51,812**	52,117
Total equity		**133,165**	131,054	**135,093**	130,575
Attributable to:					
Parent entity interest		**133,165**	131,054	**135,093**	130,575
Total equity		**133,165**	131,054	**135,093**	130,575
Non-current liabilities					
Debt finance	17	**49,650**	48,830	**22,950**	23,130
Other financial liabilities	18	**260**	321	**260**	321
Deferred tax	3	**36,047**	37,727	**36,907**	37,973
Secured debenture stock	19	**-**	3,212	**-**	-
Provisions		**-**	50	**-**	-
Total non-current liabilities		**85,957**	90,140	**60,117**	61,424
Current liabilities					
Secured debenture stock	19	**-**	13,597	**-**	-
Debt finance	17	**31,384**	25,880	**17,494**	24,765
Other financial liabilities	18	**9**	62	**9**	62
Trade and other payables	16	**10,735**	10,646	**7,481**	5,851
Total current liabilities		**42,128**	50,185	**24,984**	30,678
Total equity and liabilities		**261,250**	271,379	**220,194**	222,677
Non-current assets					
Property, plant and equipment	13	**183,858**	189,091	**184,270**	183,564
Investments in subsidiaries	14	**-**	-	**22,867**	23,732
Goodwill	15	**10,279**	11,035	**-**	235
Intangible assets	15	**1,965**	2,044	**1,520**	1,565
Finance receivables	7	**25,880**	22,501	**-**	-
Total non-current assets		**221,982**	224,671	**208,657**	209,096
Current assets					
Cash and cash equivalents	25	**4,084**	3,945	**2,543**	1,232
Receivables and prepayments	6	**9,251**	12,970	**8,506**	11,519
Finance receivables	7	**24,598**	27,335	**-**	-
Property held for sale	8	**-**	830	**-**	830
Inventories	9	**626**	621	**174**	-
Work in progress	9	**709**	1,007	**314**	-
Total current assets		**39,268**	46,708	**11,537**	13,581
Total assets		**261,250**	271,379	**220,194**	222,677

The notes on pages 27 to 80 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	Note	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Cash flows from operating activities					
Cash was received from:					
Receipts from customers		**64,864**	70,901	**27,178**	26,665
Dividends received		**-**	-	**1,658**	2,110
Finance receivables - interest received		**6,528**	6,528	**-**	-
Proceeds from HP contracts and loan advances		**49,597**	46,631	**-**	-
Other interest received		**61**	55	**356**	313
Income tax refund		**159**	-	**-**	-
		121,209	124,115	**29,192**	29,088
Cash was applied to:					
Payments to suppliers and employees		**(50,485)**	(60,654)	**(17,962)**	(14,149)
Secured debenture stock - interest paid		**(899)**	(2,123)	**-**	-
Finance loans advanced		**(49,733)**	(45,537)	**-**	-
Interest paid		**(5,106)**	(3,464)	**(2,843)**	(2,508)
Income tax paid		**(2,075)**	(1,050)	**(1,432)**	(345)
		(108,298)	(112,828)	**(22,237)**	(17,002)
Net cash flows from operating activities	26	**12,911**	11,287	**6,955**	12,086
Cash flows to investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment and intangible assets		**2,141**	78	**2,141**	-
Sale of investment		**669**	-	**669**	-
		2,810	78	**2,810**	-
Cash was applied to:					
Purchase of property, plant and equipment and intangible assets		**(4,859)**	(10,754)	**(3,594)**	(8,060)
Purchase / Capital introduced into investments		**-**	(4)	**-**	(654)
		(4,859)	(10,758)	**(3,594)**	(8,714)
Net cash flows to investing activities		**(2,049)**	(10,680)	**(784)**	(8,714)
Cash flows from financing activities					
Cash was provided from:					
Loans raised		**34,720**	74,250	**19,570**	44,800
Loan repaid by subsidiary		**-**	-	**5,809**	1,316
		34,720	74,250	**25,379**	46,116
Cash was applied to:					
Advance to subsidiary		**-**	-	**(1,605)**	(6,588)
Repayment of debenture funds		**(16,809)**	(33,740)	**-**	-
Repayment of loans		**(28,359)**	(42,162)	**(28,359)**	(42,162)
Payment of dividends		**(275)**	(298)	**(275)**	(298)
		(45,433)	(76,200)	**(30,239)**	(49,048)
Net cash flows from financing activities		**(10,723)**	(1,950)	**(4,860)**	(2,932)
Net increase/(decrease) in cash and cash equivalents held		**139**	(1,343)	**1,311**	440
Add opening cash and cash equivalents brought forward		**3,945**	5,288	**1,232**	792
Ending cash and cash equivalents carried forward		**4,084**	3,945	**2,543**	1,232

The notes on pages 27 to 80 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of compliance

Electra Limited ('The Company' or 'Parent') is a profit-oriented company 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 Corporation Limited, Oxford Finance Limited, DataCol NZ Limited and Sky Communications Limited. Non-trading subsidiaries of the Group include – Electra Finance Limited, Datacol Group Pty Limited, 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 2013 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.

The Group financial statements incorporate the financial statements of the entities that comprise the consolidated Group, being the parent Electra Limited and its subsidiaries, Oxford Finance Limited, Oxford Finance Corporation Limited, Datacol NZ Limited and Sky Communications Limited. Non-trading subsidiaries include Electra Finance Limited, DataCol Group Pty Limited, Electra Generation Limited, DeFrost Limited and Horowhenua Wind Energy Limited.

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. Electricty 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 accordance 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.

Revenue (v) to (xi) are included in the classification of '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 using the comprehensive balance sheet liability method in respect of temporary differences between the carrying values of the assets and liabilities and income and expenses in the consolidated financial statements and the corresponding tax bases of those items.

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

A deferred tax liability is not recognised in relation to any taxable temporary differences arising from goodwill or in relation to temporary differences arising from the initial recognition of assets or liabilities, which affect neither taxable income nor accounting profit. Similarly deferred tax liabilities are not recognised where temporary differences arise on acquisition of subsidiaries, associates and joint ventures where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets or liabilities giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects at the reporting date to recover or settle the carrying amount of its assets and liabilities.

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

Land and buildings and the electricity distribution network are valued at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on an optimised depreciated replacement cost methodology. 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 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. A growth rate of 2 per cent is assumed in the estimated future cash flows.

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 other than goodwill 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. Usually this period does not exceed three years. 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 the 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 2012.

1.5 Standards and Interpretations on issue not yet adopted

At the date of authorisation there were a number of Standards and Interpretations that have been issued by the External Reporting Board, but are not yet effective. A list of the relevant standards is outlined below.

NZ IFRS 9 requires all financial assets to be measured at fair value, unless the Company or Group's business model is to hold the assets to collect contractual cash flows and contractual terms give rise to cash flows that are solely payments of interest and principal, in which case they are measured at amortised cost. This may impact the classification of certain available for sale investments in the financial statements. The financial statement impact of adoption of these other standards has not yet been analysed.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS 13 'Fair Value Measurement'	1 January 2013	31 March 2014
Amendment to NZ IAS 19 'Employee Benefits'	1 January 2013	31 March 2014
NZ IFRS 9 'Financial Instruments'	1 January 2015	31 March 2016
Amendments to NZ IFRS 7 'Financial Instruments: Disclosures' - Offsetting Financial Assets and Financial Liabilities	1 January 2013	31 March 2014
NZ IFRS 7 – Financial Instruments: Disclosures	1 January 2013	31 March 2014
NZ IAS 16 Property, Plant and Equipment	1 January 2013	31 March 2014
Amendments to NZ IAS 32 'Financial Instruments: Presentation'	1 January 2013	31 March 2014
"New" Accounting Standards Framework – XRB A1 Accounting Standards Framework	1 December 2012	31 March 2014

2. NET PROFIT/LOSS BEFORE TAXATION

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Sales - distribution	**35,099**	32,325	**35,099**	32,325
Sales - contracting	**29,790**	43,020	**619**	-
Interest revenue - lending	**7,034**	7,025	**-**	-
Interest revenue - impaired loans	**-**	48	**-**	-
Interest revenue - related parties	**-**	-	**319**	295
Interest revenue - other	**61**	55	**37**	18
Dividend revenue - subsidiaries	**-**	-	**2,268**	2,110
Gain on amalgamation	**-**	-	**301**	-
Other revenue	**2,939**	3,969	**948**	1,765
Total operating revenue	**74,923**	86,442	**39,591**	36,513

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Net profit/(loss) before taxation	**5,043**	(2,798)	**2,797**	1,148
After charging/(crediting)				
Auditors remuneration:				
Audit services	**174**	233	**68**	104
Other services	**43**	58	**19**	34
Bad debts	**359**	2,096	**27**	39
Change in provision for doubtful debts	**1,203**	(385)	**21**	20
Depreciation	**8,499**	8,554	**7,638**	7,361
Impairment of property, plant and equipment	**15**	-	**-**	-
Intangible assets amortisation	**174**	166	**56**	69
Goodwill impairment	**756**	1,177	**235**	1,177
Directors' fees and expenses	**360**	342	**272**	270
Defined contribution plan expense	**373**	417	**118**	52
Employee costs	**17,331**	22,248	**4,158**	1,703
Investment impairment	**-**	-	**1,163**	-
Debenture interest	**899**	2,121	**-**	-
Interest - other	**4,955**	3,866	**2,692**	2,908
(Gain)/loss on sale of property, plant and equipment	**(495)**	442	**(484)**	396
Loss on disposal of investments	**217**	-	**697**	-
Contracting inventory expense	**4,616**	12,577	**706**	-
Rental and lease costs	**801**	1,005	**56**	27
Repairs and maintenance	**658**	891	**1,396**	5,352
Vehicle	**845**	1,442	**140**	61
Contractors	**6,438**	8,710	**493**	-
Discount to consumers	**6,947**	6,112	**6,947**	6,112
Other expenses	**14,712**	17,168	**10,376**	9,680
Total expenses	**69,880**	89,240	**36,794**	35,365

Consumer sales discount

A total of $6.9m plus GST (excluding provisions) was credited to consumers during the year to 31 March 2013 ($6.7m plus GST during the year to 31 March 2012).

3. TAXATION

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

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Profit/(loss) for the year before taxation	**5,043**	(2,798)	**2,797**	1,148
Income taxation for the period at 28% (2012 : 28%)	**1,412**	(784)	**783**	321
Taxation effect of				
Permanent / timing differences	**200**	562	**(131)**	(244)
Prior period adjustment	**740**	(32)	**718**	(109)
Taxation losses given to/(received from) Group Entities	**-**	-	**-**	(626)
Taxation expense/(benefit)	**2,352**	(254)	**1,370**	(658)
Taxation expense/(benefit) comprises of:				
Current tax expense	**3,913**	691	**2,641**	56
Deferred tax (benefit)	**(1,561)**	(945)	**(1,271)**	(714)
Taxation expense/(benefit)	**2,352**	(254)	**1,370**	(658)

Deferred Tax

GROUP	Opening Balance	Charged to Income	Charged to Other Compre-hensive Income	Aquisitions /Disposals	Change in Tax Rate/ Law	Closing Balance
31 March 2013	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	360	436	-	-	-	796
Doubtful debts and impairment	432	336	-	-	-	768
Property, plant and equipment	(38,519)	789	119	-	-	(37,611)
	(37,727)	**1,561**	**119**	**-**	**-**	**(36,047)**

GROUP	Opening Balance	Charged to Income	Charged to Other Comprehensive Income	Aquisitions /Disposals	Change in Tax Rate/ Law	Closing Balance
31 March 2012	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	(99)	459	-	-	-	360
Doubtful debts and impairment	540	(108)	-	-	-	432
Property, plant and equipment	(39,079)	594	(34)	-	-	(38,519)
	(38,638)	**945**	**(34)**	**-**	**-**	**(37,727)**

PARENT	Opening Balance	Charged to Income	Charged to Other Comprehensive Income	Aquisitions /Disposals	Change in Tax Rate/ Law	Closing Balance
31 March 2013	$000	$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)**

PARENT	Opening Balance	Charged to Income	Charged to Other Comprehensive Income	Aquisitions /Disposals	Change in Tax Rate/ Law	Closing Balance
31 March 2012	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	34	27	-	-	-	61
Doubtful debts and impairment	15	6	-	-	-	21
Property, plant and equipment	(38,702)	681	(34)	-	-	(38,055)
	(38,653)	**714**	**(34)**	**-**	**-**	**(37,973)**

Except for buildings the tax rate used in the above reconciliation of deferred tax for all adjustments that will reverse after 1 April 2011 is the corporate tax rate of 28% payable by New Zealand corporate entities on taxable profits under New Zealand tax law (which applied from the 2012 income year, commencing 1 April 2011 for the Company). Deferred tax on buildings has been adjusted to take into account the change in tax law removing depreciation on buildings from 1 April 2011.

Imputation credit account

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Closing balance	11,489	7,925	9,752	5,613

4. RENTAL AND LEASES

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
No later than one year	560	818	184	4
Later than one year and not later than five years	1,204	835	720	-
Greater than five years	-	-	-	-
	1,764	1,653	904	4

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 Electra.

5. RENUMERATION OF AUDITOR

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Audit of the financial statements	**174**	233	**68**	104
Audit related services or review of the financial statements not reported above	**12**	18	**12**	18
Taxation services	**31**	40	**7**	16
	217	291	**87**	138

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, and for the year ended 31 March 2012, the audit of Oxford Finance Corporation Limited debenture register in accordance with Section 51 of the Securities Act 1978.

Taxation services include a charge for providing taxation advice, compliance assistance and preparation of taxation returns.

6. RECEIVABLES AND PREPAYMENTS

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Trade receivables	**8,752**	12,718	**4,674**	2,119
Intercompany receivable	**-**	-	**3,573**	8,922
GST receivable	**345**	-	**345**	486
Prepayments	**274**	354	**34**	64
	9,371	13,072	**8,626**	11,591
Less provision for doubtful debts	**(120)**	(102)	**(120)**	(72)
	9,251	12,970	**8,506**	11,519

7. FINANCE RECEIVABLES

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

	GROUP	
	2013	2012
	$000	$000
Finance receivables	**53,158**	51,302
Less provision for unearned interest	**(57)**	(25)
Total	**53,101**	51,277
Less provision for doubtful debts	**(2,623)**	(1,441)
Total finance receivables	**50,478**	49,836

Due for repayment

	GROUP	
	2013	2012
	$000	$000
Current	**24,598**	27,335
Non-current	**25,880**	22,501
Total	**50,478**	49,836

8. PROPERTY HELD FOR SALE

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
27 Bristol Street, Levin	-	163	-	163
26 Koromiko Road, Te Aro	-	667	-	667
	-	830	-	830

The property at 27 Bristol Street, Levin has been held for Company use. The property at 26 Koromiko Road, Te Aro has been sold.

9. INVENTORIES AND WORK IN PROGRESS

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Inventory	**626**	621	**174**	-
Work in progress	**709**	1,007	**314**	-
	1,335	1,628	**488**	-

10. FINANCIAL INSTRUMENTS

For specifics relating to Oxford Finance Corporation Limited, refer to note 11, and Oxford Finance Limited, refer note 12.

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 and the guarantee it has made in regard to the deposits of Oxford Finance Corporation Limited which the Company and Group consider is covered within the general liquidity management.

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	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Trade and intercompany receivables				
Not past due	**7,936**	10,816	**7,834**	10,886
Past due 0 – 30 days	**362**	1,123	**15**	(120)
Past due 31- 60 days	**(35)**	138	**(43)**	8
Past due more than 60 days	**489**	641	**441**	267
	8,752	12,718	**8,247**	11,041

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	
	2013	**2012**
	$000	**$000**
Bank funding	**unlimited**	**unlimited**
Oxford Debenture Guarantee	**-**	16,809
	-	16,809

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 and Secured Debenture Stock.

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 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 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	-	-	-
Secured debenture stock	-	-	-	-	-	-
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 – Group

	Interest Rate %	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years
As at 31 March 2012		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	3.00	3,945	3,945	-	-	-
Trade receivables	-	12,718	12,718	-	-	-
Finance receivables	14.89	49,836	27,335	14,521	7,821	159
Total financial assets		**66,499**	**43,998**	**14,521**	**7,821**	**159**
Financial liabilities						
Trade and other payables	-	10,646	10,646	-	-	-
Secured debenture stock	7.32	16,809	13,597	2,982	230	-
Debt finance	6.17	74,710	25,880	13,900	34,930	-
Other financial liabilities	-	383	62	54	267	-
Total financial liabilities		**102,548**	**50,185**	**16,936**	**35,427**	**-**

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**	**-**

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 2012		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	2.63	1,232	1,232	-	-	-
Trade receivables	-	2,119	2,119	-	-	-
Intercompany receivables	4.85	8,922	8,922	-	-	-
Receivables - other	-	-	-	-	-	-
Total financial assets		**12,273**	**12,273**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	4,201	4,201	-	-	-
Intercompany payables	4.85	1,650	1,650	-	-	-
Debt finance	6.17	45,260	22,130	7,900	15,230	-
Other financial liabilities	-	383	62	54	267	-
Intercompany loans	-	2,635	2,635	-	-	-
Total financial liabilities		**54,129**	**30,678**	**7,954**	**15,497**	**-**

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

GROUP AND PARENT 2012	Level One	Level Two	Level Three	Total
	$000	$000	$000	$000
Interest Rate Swaps	-	(383)	-	(383)
Total	**-**	**(383)**	**-**	**(383)**

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	2013	2012
	$000	$000
Interest Rate Swaps	114	(383)
Total	114	(383)

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 $97.35m (2012: $96.25m) exist with the Bank of New Zealand, of which amounts are drawn down to cover shortfalls in liquidity. At balance date $82.95m had been drawn down.

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

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	-	-	-	-	-	-
Secured debenture stock	-	-	-	-	-	-	-	-	-	-
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 – 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 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	3.00	3,945	3,945	-	-	-	-	-	-	-
Trade and other receivables	-	12,718	-	12,718	-	-	-	-	-	-
Finance receivables	14.89	57,499	-	19,360	13,011	17,211	6,160	1,281	339	137
Total financial assets		74,162	3,945	32,078	13,011	17,211	6,160	1,281	339	137
Financial liabilities										
Trade and other payables	-	10,646	-	10,646	-	-	-	-	-	-
Secured debenture stock	7.32	17,183	33	7,154	6,646	3,114	166	70	-	-
Debt finance	6.17	82,565	-	23,465	5,615	16,551	29,467	4,786	123	2,558
Other financial liabilities	-	1,287	-	297	234	276	175	123	123	59
Total financial liabilities		111,681	33	41,562	12,495	19,941	29,808	4,979	246	2,617

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**	**-**

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 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	2.63	1,232	1,232	-	-	-	-	-	-	-
Trade and other receivables	-	2,597	-	2,597	-	-	-	-	-	-
Intercompany receivables	4.85	8,922	-	8,922	-	-	-	-	-	-
Total financial assets		**12,751**	**1,232**	**11,519**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	5,851	-	5,851	-	-	-	-	-	-
Debt finance	6.16	49,055	-	18,857	4,801	9,106	8,824	4,786	123	2,558
Other financial liabilities	-	1,287	-	297	234	276	175	123	123	59
Total financial liabilities		**56,193**	**-**	**25,005**	**5,035**	**9,382**	**8,999**	**4,909**	**246**	**2,617**

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% (2012:40%) 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 accounts to be provided within 120 days of balance date
- (iii) Half yearly accounts to be provided within 120 days of period end
- (iv) Cash flow forecast for ensuing year to be provided to the bank annually within one month of end of year balance date and upon revision
- (v) Group equity to be maintained at no less than 35% of total assets at all times

(c) Oxford Finance Limited is subject to further covenant as detailed in Note 12.

The Group has complied with all covenants during the year.

11. FINANCIAL INSTRUMENTS – (OXFORD FINANCE CORPORATION LIMITED (OFC))

Management Policies

Interest rate risks are monitored on a regular basis and advice taken on likely trends. Oxford Finance Corporation Limited's (OFC) 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 OFC's activities as a financial institution necessitates OFC dealing in financial instruments that contain an inherent element of credit risk.

Financial instruments which potentially subject OFC 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, OFC 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 2013	31 March 2012
	$000	$000
Cash and cash equivalents	**384**	1,334
Finance receivables	**8,471**	21,737
Related party receivable	**2**	3
Total exposure to credit risk	**8,857**	23,074
Amounts neither past due nor impaired:		
Cash and cash equivalents	**384**	1,334
Related party receivable	**4,590**	16,556
Trade and other receivables	**2**	3
Total	**4,976**	17,893

The above maximum exposures are net of any recognised provision for doubtful debts in these financial statements. Other credit exposures represent the other commercial loan commitments waiting for drawdown and all undrawn floorplan exposures.

Sensitivity Analysis

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

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 $000	Profit and Equity Impact per annum	31 March 2013	31 March 2012
Increase 1%	decrease	-	(168)
Decrease 1%	increase	-	168
Lending			
Increase 1%	increase	**84**	217
Decrease 1%	decrease	**(84)**	(217)

Fair Values

Carrying Amount and Fair Value.

	31 March 2013	
	Carrying Value	Fair Value
	$000	$000
Cash and cash equivalents	384	384
Hire purchase and mortgage advances	8,471	10,487
Total finance receivables	**8,471**	**10,487**
Secured debenture stock	-	-
Other liabilities	(3,470)	(3,470)
Total finance liabilities	**(3,470)**	**(3,470)**

	31 March 2012	
	Carrying Value	Fair Value
	$000	$000
Cash and cash equivalents	1,334	1,334
Hire purchase and mortgage advances	21,737	22,721
Total finance receivables	**21,737**	**22,721**
Secured debenture stock	(16,809)	(16,861)
Other liabilities	(232)	(232)
Total finance liabilities	**(17,041)**	**(17,093)**

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 2013 the discount rate used for loans and advances was 13.50% (31 March 2012 - 16.95%).

The fair value of all financial liabilities is calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the instruments. The discount rate applied in this calculation is based on current market rates of 4.00% to 6.00% (31 March 2012 - 4.25% to 7.65%).

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

Financial Assets and Liabilities by classification

	As at 31 March 2013	As at 31 March 2012
	$000	$000
Loans and receivables		
Cash	**384**	1,334
Finance receivables	**8,471**	21,737
Trade and other receivables	**2**	3
Total loans and receivables	**8,857**	23,074
Financial liabilities held at amortised cost		
Trade and other payables	**(3,425)**	(232)
Secured debenture stock	**-**	(16,809)
Total financial liabilities held at amortised cost	**(3,425)**	(17,041)

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

Financial Instrument Carrying Values by Category

	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	-	2	-	2	-	-	-	-	-	-
Cash and cash equivalents	2.64	384	384	-	-	-	-	-	-	-
Finance receivables	13.12	8,471	-	3,994	1,154	2,652	322	249	100	-
Total financial assets		**8,857**	**384**	**3,996**	**1,154**	**2,652**	**322**	**249**	**100**	**-**
Financial liabilities										
Trade and other payables	-	3,425	-	75	3,350	-	-	-	-	-
Total financial liabilities		**3,425**	**-**	**75**	**3,350**	**-**	**-**	**-**	**-**	**-**

	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 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	3	-	3	-	-	-	-	-	-
Cash and cash equivalents	2.95	1,334	1,334	-	-	-	-	-	-	-
Finance receivables	14.03	21,737	-	11,442	4,033	4,570	984	340	219	149
Total financial assets		**23,074**	**1,334**	**11,445**	**4,033**	**4,570**	**984**	**340**	**219**	**149**
Financial liabilities										
Trade and other payables	-	232	-	232	-	-	-	-	-	-
Secured debenture stock	7.32	16,809	33	7,066	6,498	2,982	163	67	-	-
Total financial liabilities		**17,041**	**33**	**7,297**	**6,498**	**2,982**	**163**	**67**	**-**	**-**

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

Liquidity Risk

Liquidity risk is the potential for OFC 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 contractual maturities. 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

	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	-	2	-	2	-	-	-	-	-	-
Cash and cash equivalents	2.64	384	384	-	-	-	-	-	-	-
Finance receivables	13.26	9,265	-	3,705	2,440	2,302	436	263	119	-
Total financial assets		**9,651**	**384**	**3,707**	**2,440**	**2,302**	**436**	**263**	**119**	**-**
Financial liabilities										
Trade and other payables	5.00	3,633	60	84	84	3,405	-	-	-	-
Secured debenture stock	-	-	-	-	-	-	-	-	-	-
Total financial liabilities		**3,633**	**60**	**84**	**84**	**3,405**	**-**	**-**	**-**	**-**

Contractual Maturity Analysis

	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 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	3	-	3	-	-	-	-	-	-
Cash and cash equivalents	2.95	1,334	1,334	-	-	-	-	-	-	-
Finance receivables	14.03	24,307	-	11,895	5,531	5,027	1,065	416	259	114
Total financial assets		**25,644**	**1,334**	**11,898**	**5,531**	**5,027**	**1,065**	**416**	**259**	**114**
Financial liabilities										
Trade and other payables	-	232	-	232	-	-	-	-	-	-
Secured debenture stock	7.32	17,183	33	7,154	6,646	3,114	166	70	-	-
Total financial liabilities		**17,415**	**33**	**7,386**	**6,646**	**3,114**	**166**	**70**	**-**	**-**

OFC'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.

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

OFC 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 2013 the facility had not been utilised (31 March 2012 - $Nil).

Overdues

The finance receivable balance includes Impaired Assets comprising as follows:

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	414	3,793	4,207
Additions of individually impaired assets	414	247	661
Reduction of individually impaired assets	(125)	(331)	(456)
Bad debts written off during the year	(166)	(8)	(174)
Closing carrying value	**537**	**3,701**	**4,238**
Less:			
Provision for Doubtful Debts – opening	(67)	(815)	(882)
Bad debts written off during the year	-	-	-
Additions to impaired assets	(182)	(949)	(1,131)
Reductions to Individually impaired assets	-	-	-
Provision for Doubtful Debts – closing	**(249)**	**(1,764)**	**(2,013)**
Closing carrying value – net of provision	**288**	**1,937**	**2,225**

As at March 2012	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	694	1,806	2,500
Additions of individually impaired assets	418	4,042	4,460
Reduction of individually impaired assets	(178)	(606)	(784)
Bad debts written off during the year	(520)	(1,449)	(1,969)
Closing carrying value	**414**	**3,793**	**4,207**
Less:			
Provision for Doubtful Debts – opening	(158)	(1,135)	(1,293)
Bad debts written off during the year	4	1,200	1,204
Additions to impaired assets	(38)	(880)	(918)
Reductions to Individually impaired assets	125	-	125
Provision for Doubtful Debts – closing	**(67)**	**(815)**	**(882)**
Closing carrying value – net of provision	**347**	**2,978**	**3,325**

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 OFC'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 OFC's day to day operations.

The finance receivable balance includes Restructured Loans comprising:

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2013	$000	$000	$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

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2012	$000	$000	$000
Restructured Loans			
Carrying value at beginning of year	180	-	180
Additions of restructured loans	166	-	166
Repayment of restructured loans	(139)	-	(139)
Closing carrying value	207	-	207

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

	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	478	1,375	1,853
Bad debts written off during the year	-	-	-
Additions to past due assets	74	538	612
Repayment of past due assets	(436)	(168)	(604)
Transfer to impaired assets	-	-	-
Closing carrying value	116	1,745	1,861
Less:			
Carrying value at beginning of year	(53)	(151)	(204)
Bad debts written off during the year	-	-	-
Additions to past due assets	-	(41)	(41)
Repayment of past due assets	40	-	40
Transfer to impaired loans	-	-	-
Provision for doubtful debts – closing	(13)	(192)	(205)
Closing carrying value – net of provision	103	1,553	1,656

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2012	$000	$000	$000
Past Due Assets (90+days)			
Carrying value at beginning of year	462	-	462
Bad debts written off during the year	-	-	-
Additions to past due assets	424	1,375	1,799
Repayment of past due assets	(281)	-	(281)
Transfer to impaired assets	(127)	-	(127)
Closing carrying value	**478**	**1,375**	**1,853**
Less:			
Carrying value at beginning of year	(51)	-	(51)
Bad debts written off during the year	-	-	-
Additions to past due assets	(47)	(151)	(198)
Repayment of past due assets	31	-	31
Transfer to impaired loans	14	-	14
Provision for doubtful debts – closing	**(53)**	**(151)**	**(204)**
Closing carrying value – net of provision	**425**	**1,224**	**1,649**

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 2013	**19**	**404**	**1,438**	**1,861**
31 March 2012	344	24	1,485	1,853

The proportion of loans in arrears 3 months and over is 21.9% being total overdue loan balances as a proportion of total loan ledger (31 March 2012: 8.57%).

	1 - 30 days	31 - 60 days	61- 90 days	Total
Past Due Assets	$000	$000	$000	$000
31 March 2013	**506**	**94**	**41**	**641**
31 March 2012	1,430	747	80	2,257

For all customers requiring advances and hire purchase loans OFC 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 OFC holds a secured charge over a motor vehicle.

Concentrations of lending

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

	31 March 2013	31 March 2012
Land and Buildings	**56%**	30%
Residential	**40%**	24%
Commercial	**3%**	1%
Industrial	**13%**	5%
Plant and Equipment	**4%**	3%
Motor Vehicles	**36%**	64%
Other	**4%**	3%
Land and Buildings		
1st Mortgage	**58%**	67%
2nd Mortgage	**42%**	33%

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

	31 March 2013	31 March 2012
Auckland/Northland	**10%**	9%
Waikato/Bay of Plenty	**26%**	29%
Hawkes Bay/Gisborne	**2%**	2%
Taranaki/Manawatu/Horowhenua	**20%**	21%
Wellington/Wairarapa	**41%**	37%
Canterbury/Westland/South Island	**1%**	2%

All credit risks are in New Zealand.

Concentrations of Credit Exposure are as follows:

	31 March 2013	31 March 2012
Accommodation, Cafes and Restaurants	**1%**	3%
Agriculture,Forestry, Fishing and Mining	**3%**	5%
Construction	**12%**	10%
Education, Health and Community Services	**6%**	9%
Electricity, Gas and Water	**1%**	2%
Finance and Insurance	**1%**	3%
Manufacturing	**1%**	3%
Property and Business Services	**53%**	28%
Transport, Storage and Communication	**3%**	8%
Wholesale and Retail Trade	**5%**	7%
Other Services	**14%**	22%

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

OFC's concentrations of secured debenture stock funding are as follows:

	31 March 2013	31 March 2012
Auckland/Northland	-	2%
Waikato/Bay of Plenty	-	2%
Hawkes Bay/Gisborne	-	2%
Taranaki/Manawatu/Horowhenua	-	72%
Wellington/Wairarapa	-	20%
Canterbury/Westland/South Island	-	2%
Overseas	-	-

OFC is unable to determine the customer, industry or economic sector.

Large counterparties

As at 31 March 2013 OFC 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 2013	31 March 2012
10-20%	1	3
21-30%	3	2

Capital management

OFC maintains capital in the form of ordinary issued shares and retained profits held within OFC. OFC'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.

As part of the Electra Group, OFC also has access to the undrawn portion of the $47m facility Oxford Finance Limited has with the BNZ (31 March 2012 - $47m). This facility is secured by an unlimited inter-company guarantee from Electra Limited, Oxford Finance Limited, Datacol NZ Limited and Sky Communications Limited.

On 24 May 2013 this facility was extended to $50m.

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

Management Policies

Interest rate risks are monitored on a regular basis and advice taken on likely trends. OFL's 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 2013	31 March 2012
	$000	$000
Cash and cash equivalents	**631**	165
Finance receivables	**45,372**	29,433
Trade and other receivables	**3,655**	2,642
Other credit risk	**480**	422
Total exposure to credit risk	**50,138**	32,682
Amounts neither past due nor impaired:		
Cash and cash equivalents	**631**	165
Finance receivables	**45,080**	29,336
Trade and other receivables	**3,655**	2,642
Other credit risk	**480**	442
Total exposure to credit risk	**49,846**	32,585

The above maximum exposures are net of any recognised provision for doubtful debts in these financial statements. Other credit risk exposures represent the other commercial loan commitments waiting for drawdown and all undrawn floorplan exposures.

Fair Values

Carrying Amount and Fair Value

	31 March 2013	
	Carrying Value	**Fair Value**
	$000	$000
Cash and cash equivalents	631	631
Hire purchase and mortgage advances	44,899	45,526
Dealer floorplans	1,521	1,521
Total finance receivables	**46,420**	**47,046**
Debt financing	(44,600)	(44,600)
Other liabilities	(1,168)	(1,777)
Total finance liabilities	**(45,768)**	**(46,377)**

	31 March 2012	
	Carrying Value	**Fair Value**
	$000	$000
Cash and cash equivalents	165	165
Hire purchase and mortgage advances	28,255	28,719
Dealer floorplans	1,178	1,178
Total finance receivables	**29,433**	**29,897**
Debt financing	(29,450)	(29,450)
Other liabilities	(648)	(648)
Total finance liabilities	**(30,098)**	**(30,098)**

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

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 2013 the discount rate used for loans and advances was 13.50% (31 March 2012 -16.95% to 18.75%).

The carrying value of debt financing 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

	31 March 2013	31 March 2012
	$000	$000
Loans and receivables		
Cash	**631**	165
Finance receivables	**45,372**	29,433
Trade and other receivables	**3,655**	2,642
Total loans and receivables	**49,658**	32,240
Financial liabilities held at amortised cost		
Trade and other payables	**(1,168)**	(648)
Debt financing	**(44,600)**	(29,450)
Total financial liabilities held at amortised cost	**(45,768)**	(30,098)

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.

Financial Instrument Carrying Values by Category

	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	-	24	-	24	-	-	-	-	-	-
Cash and cash equivalents	2.25	631	631	-	-	-	-	-	-	-
Finance receivables	15.07	42,007	1,521	8,993	8,936	13,530	7,417	1,477	120	13
Intercompany finance - receivable	5.00	6,981	-	15	-	3,616	3,350	-	-	-
Financial commitments	-	480	-	480	-	-	-	-	-	-
Total financial assets		**50,123**	**2,152**	**9,512**	**8,936**	**17,146**	**10,767**	**1,477**	**120**	**13**
Financial liabilities										
Trade and other payables	-	1,168	-	1,168	-	-	-	-	-	-
Debt financing	5.91	44,600	-	13,900	4,000	19,700	7,000	-	-	-
Total financial liabilities		**45,768**	**-**	**15,068**	**4,000**	**19,700**	**7,000**	**-**	**-**	**-**

	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 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	7	-	7	-	-	-	-	-	-
Cash and cash equivalents	2.25	165	-	165	-	-	-	-	-	-
Finance receivables	15.53	28,100	-	6,434	5,427	9,951	5,177	1,017	84	10
Intercompany finance - receivable	9.00	1,333	-	10	1,323	-	-	-	-	-
Intercompany receivable	-	2,635	-	2,635	-	-	-	-	-	-
Financial commitments	-	442	-	442	-	-	-	-	-	-
Total financial assets		**32,682**	**-**	**9,693**	**6,750**	**9,951**	**5,177**	**1,017**	**84**	**10**
Financial liabilities										
Trade and other payables	-	648	-	648	-	-	-	-	-	-
Debt financing	6.20	29,450	-	3,750	-	6,000	19,700	-	-	-
Total financial liabilities		**30,098**	**-**	**4,398**	**-**	**6,000**	**19,700**	**-**	**-**	**-**

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 $000	Profit and Equity Impact per annum	31 March 2013	31 March 2012
Increase 1%	Decrease	**(446)**	(294)
Decrease 1%	Increase	**446**	294
Lending			
Increase 1%	Increase	**454**	294
Decrease 1%	Decrease	**(454)**	(294)

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 contractual maturities.The following table outlines undiscounted cash flows based on contractual maturities, however actual repayments may differ.

Contractual Maturity Analysis

	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	-	24	-	24	-	-	-	-	-	-
Cash and cash equivalents	2.25	631	631	-	-	-	-	-	-	-
Finance receivables	15.07	56,884	1,521	12,882	13,298	20,683	6,908	1,356	167	69
Intercompany receivables	-	7,189	-	84	84	7,021	-	-	-	-
Financial commitments	-	480	-	480	-	-	-	-	-	-
Total financial assets		**65,208**	**2,152**	**13,470**	**13,382**	**27,704**	**6,908**	**1,356**	**167**	**69**
Financial liabilities										
Trade and other payables	-	1,168	-	1,168	-	-	-	-	-	-
Debt financing	5.91	48,421	-	15,162	4,865	21,067	7,327	-	-	-
Total financial liabilities		**49,589**	**-**	**16,330**	**4,865**	**21,067**	**7,327**	**-**	**-**	**-**

	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 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	7	-	7	-	-	-	-	-	-
Cash and cash equivalents	2.25	165	-	165	-	-	-	-	-	-
Finance receivables	15.53	34,526	-	8,799	7,480	12,184	5,095	865	80	23
Intercompany finance receivables	9.00	1,412	-	59	1,353	-	-	-	-	-
Intercompany receivables	-	2,635	-	2,635	-	-	-	-	-	-
Financial commitments	-	442	-	442	-	-	-	-	-	-
Total financial assets		**39,187**	**-**	**12,107**	**8,833**	**12,184**	**5,095**	**865**	**80**	**23**
Financial liabilities										
Trade and other payables	-	648	-	648	-	-	-	-	-	-
Debt financing	6.20	33,510	-	4,608	814	7,445	20,643	-	-	-
Total financial liabilities		**34,158**	**-**	**5,256**	**814**	**7,445**	**20,643**	**-**	**-**	**-**

OFL policy for managing liquidity is to structure its Debt Financing maturity profile for periods that match the contractual lending maturity portfolio as displayed in the above tables.

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

Overdues

The finance receivable balance includes Impaired Assets comprising:

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2013	$000	$000	$000
Non-Accrual Loans and Assets Acquired Through Enforcement of Security			
Carrying value at beginning of year	52	-	52
Additions of individually impaired assets	192	-	192
Closing carrying value	**244**	**-**	**244**
Less:			
Provision for Doubtful Debts – opening	(20)	-	(20)
Additions to impaired assets	(34)	-	(34)
Provision for Doubtful Debts – closing	**(54)**	**-**	**(54)**
Closing carrying value – net of provision	**190**	**-**	**190**

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2012	$000	$000	$000
Non-Accrual Loans and Assets Acquired Through Enforcement of Security			
Carrying value at beginning of year	-	-	-
Additions of individually impaired assets	52	-	52
Closing carrying value	**52**	**-**	**52**
Less:			
Provision for Doubtful Debts – opening	-	-	-
Additions to impaired assets	(20)	-	(20)
Provision for Doubtful Debts – closing	**(20)**	**-**	**(20)**
Closing carrying value – net of provision	**32**	**-**	**32**

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 also includes 90+ days Past Due Assets comprising:

	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	73	-	73
Additions to past due assets	52	-	52
Closing carrying value	**125**	**-**	**125**
Less:			
Carrying value at beginning of year	(8)	-	(8)
Additions to past due assets	(6)	-	(6)
Provision for doubtful debts – closing	**(14)**	**-**	**(14)**
Closing carrying value – net of provision	**111**	**-**	**111**

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2012	$000	$000	$000
Past Due Assets (90+days)			
Carrying value at beginning of year	-	-	-
Additions to past due assets	73	-	73
Closing carrying value	**73**	**-**	**73**
Less:			
Carrying value at beginning of year	-	-	-
Additions to past due assets	(8)	-	(8)
Provision for doubtful debts – closing	**(8)**	**-**	**(8)**
Closing carrying value – net of provision	**65**	**-**	**65**

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 2013	**53**	**33**	**39**	**125**
31 March 2012	40	33	-	73

The proportion of loans in arrears 3 months and over is 0.25% (31 March 2012: 0.25%) being total overdue loan balances as a proportion of total loan ledger.

	1 - 30 days	31 - 60 days	61 - 90 days	Total
Past Due Assets	$000	$000	$000	$000
31 March 2013	**3,311**	**723**	**271**	**4,305**
31 March 2012	1,203	180	39	1,422

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. Dealer floorplans are secured by first charges taken over vehicle stock.

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.

Floorplan Exposure

The maximum amount available to existing motor vehicle dealers on floorplan arrangements is $2.5m (31 March 2012: $1.6m).

The current borrowings by motor vehicle dealers under these facilities is $1.5m (2012: $1.178m).

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 2013	31 March 2012
Plant and Equipment	**1%**	1%
Motor Vehicles	**83%**	91%
Other	**15%**	7%
Property and Land	**1%**	1%

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

	31 March 2013	31 March 2012
Auckland/Northland	**5%**	3%
Waikato/Bay of Plenty	**23%**	29%
Hawkes Bay/Gisborne	**6%**	3%
Taranaki/Manawatu/Horowhenua	**35%**	22%
Wellington/Wairarapa	**26%**	40%
Canterbury/Westland/South Island	**5%**	3%

All credit risks are in New Zealand.

Concentrations of Credit Exposure are as follows:

	31 March 2013	31 March 2012
Accommodation, Cafes and Restaurants	**3%**	3%
Agriculture,Forestry, Fishing and Mining	**9%**	7%
Construction	**8%**	7%
Education, Health and Community Services	**23%**	12%
Electricity, Gas and Water	**1%**	7%
Finance and Insurance	**4%**	1%
Manufacturing	**3%**	2%
Property and Business Services	**2%**	1%
Transport, Storage and Communication	**8%**	8%
Wholesale and Retail Trade	**24%**	14%
Other Services	**15%**	38%

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

Large Counterparties

As at 31 March 2013 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 2013	31 March 2012
20-30%	2	-
31-40%	-	1
51-60%	-	1
71-80%	1	-

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 is subject to the following financial and reporting covenants:

(i) The value of the 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 consolidated basis) are to maintain net assets/total tangible assets at no less than 8%.

(iv) To provide a copy of its audited annual accounts to the bank 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.

13. 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 2011	182,212	2,190	4,176	6,251	4,987	199,816
Additions	1,252	333	1,110	1,266	6,698	10,659
Disposals	(230)	(3)	(577)	(397)	-	(1,207)
Transfer to/(from) capital work in progress	3,199	-	68	-	(3,685)	(418)
Balance as at 31 March 2012	**186,433**	**2,520**	**4,777**	**7,120**	**8,000**	**208,850**
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**
Depreciation and impairment losses						
Balance as at 1 April 2011	(6,893)	(331)	(2,288)	(2,385)	-	(11,897)
Depreciation charge	(7,213)	(83)	(669)	(589)	-	(8,554)
Write back on disposals	22	1	431	238	-	692
Balance as at 31 March 2012	**(14,084)**	**(413)**	**(2,526)**	**(2,736)**	**-**	**(19,759)**
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 to profit)	-	-	(15)	-	-	(15)
Balance as at 31 March 2013	**(21,219)**	**(289)**	**(2,610)**	**(2,121)**	**-**	**(26,239)**
Carrying amounts					-	
At 31 March 2012	172,349	2,107	2,251	4,384	8,000	189,091
At 31 March 2013	**174,153**	**1,376**	**1,537**	**2,503**	**4,289**	**183,858**

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 2011	184,012	963	655	223	4,987	190,840
Additions	1,252	-	-	21	6,698	7,971
Disposals	(230)	-	(52)	-	-	(282)
Transfer to/(from) capital work in progress	3,617	-	68	-	(3,685)	-
Balance as at 31 March 2012	**188,651**	**963**	**671**	**244**	**8,000**	**198,529**
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**
Depreciation and impairment losses						
Balance as at 1 April 2011	(6,893)	(125)	(550)	(101)	-	(7,669)
Depreciation charge	(7,213)	(19)	(85)	(44)	-	(7,361)
Write back on disposals	22	-	43	-	-	65
Balance as at 31 March 2012	**(14,084)**	**(144)**	**(592)**	**(145)**	**-**	**(14,965)**
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)**
Carrying amounts						
At 31 March 2012	174,567	819	79	99	8,000	183,564
At 31 March 2013	**176,390**	**1,153**	**468**	**1,970**	**4,289**	**184,270**

Revaluation and impairment review

The Company and Group's distribution assets including land and buildings and the electricity distribution network were revalued to a fair value of $181,235,000 as at 31 March 2010 by Ms Lynne Taylor, a director, and Mr Chris Taylor, a Partner of independent valuers PricewaterhouseCoopers. PricewaterhouseCoopers was assisted by Sinclair Knight Merz, engineering consultants in arriving at the depreciated replacement cost value.

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 2013 (31 March 2012: $Nil).

14. INVESTMENTS

14.1 Interest held by Group

NAME OF ENTITY	Principal Activities	2013	2012
Linework and Stones Limited	Electrical Contracting	Amalgamated 1 July 2013	100%
Oxford Finance Limited	Financial Services	100%	100%
Oxford Finance Corporation Limited	Financial Services	100%	100%
DataCol NZ Limited	Metering Services	100%	100%
Sky Communications Limited	Telecommunication Contracting	100%	100%
Sky Communications Pty Limited	Telecommunication Contracting	-	100%
Electra Finance Limited	Non Trading	100%	100%
Datacol Group Pty Limited	Non Trading	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 and Sky Communications Pty Limited which are incorporated in Australia.

14.2 Amalgamation of a Subsidiary

On 1 July 2012, Linework and Stones Limited was amalgamated into its parent Electra Limited.

The profit/(loss) for the period prior to the amalgamation is analysed as follows:

	31 March 2013
	$000
Loss for the period	(48)
Gain on amalgamation	301
	253

The results for the relevant periods were as follows:

	31 March 2013
	$000
Revenue	3,469
Operating costs	(3,404)
Finance costs	(35)
Profit before tax	30
Income tax expense	(78)
Loss after tax	(48)

The net assets of Linework and Stones Limited at the date of amalgamation were as follows:

	31 March 2013
	$000
Non-current assets	3,334
Current assets	2,930
Total assets	6,264
Non-current liabilities	(369)
Current liabilities	(1,723)
Total liabilities	(2,092)
Net assets on amalgamation	4,172

A profit of $252,695 was earned on the amalgamation of Linework and Stones Limited. No tax charge or credit arose on the transaction.

14.3 Disposal of a Subsidiary

On 31 December 2012, Electra Limited disposed of its 100% interest in Sky Communications Pty Limited for $74,000 in cash.

The loss for the period from the discontinued operations is analysed as follows:

	31 March 2013
	$000
Profit for the period	472
Loss on disposal	(623)
	(151)

The results for the relevant periods were as follows:

	31 March 2013
	$000
Revenue	6,016
Operating costs	(5,430)
Finance costs	(114)
Profit before tax	472
Income tax expense	-
Profit after tax	472

The net assets of Sky Communications Pty Limited were as follows:

	31 March 2013
	$000
Net assets disposed of	697
Attributable goodwill	-
	697
Loss on disposal	(623)
Total consideration	74
Satisfied by cash, and net cash inflow arising on disposal	74

A loss of $622,758 was recorded on the disposal of Sky Communications Pty Limited. No tax charge or credit arose on the transaction.

15. GOODWILL AND INTANGIBLE ASSETS

GROUP	Software	Goodwill	Other	Total
	$000	$000	$000	$000
Gross carrying amount				
Balance as at 1 April 2011	5,356	13,105	169	18,630
Additions	231	-	7	238
Disposals	(216)	-	(1)	(217)
Balance as at 31 March 2012	**5,371**	**13,105**	**175**	**18,651**
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**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2011	(3,522)	(893)	(24)	(4,439)
Amortisation expenses	(158)	-	(8)	(166)
Disposals	209	-	1	210
Impairment losses (charged to profit)	-	(1,177)	-	(1,177)
Balance as at 31 March 2012	**(3,471)**	**(2,070)**	**(31)**	**(5,572)**
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)**
Carrying amounts				
At 31 March 2012	1,900	11,035	144	13,079
At 31 March 2013	**1,830**	**10,279**	**135**	**12,244**

PARENT	Software	Goodwill	Other	Total
	$000	$000	$000	$000
Gross carrying amount				
Balance as at 1 April 2011	4,361	1,412	169	5,942
Additions	35	-	7	42
Disposals	-	-	(1)	(1)
Balance as at 31 March 2012	**4,396**	**1,412**	**175**	**5,983**
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**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2011	(2,914)	-	(24)	(2,938)
Amortisation expenses	(61)	-	(8)	(69)
Disposals	-	-	1	1
Impairment losses (charged to profit)	-	(1,177)	-	(1,177)
Balance as at 31 March 2012	**(2,975)**	**(1,177)**	**(31)**	**(4,183)**
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)**
Carrying amounts				
At 31 March 2012	1,421	235	144	1,800
At 31 March 2013	**1,385**	**-**	**135**	**1,520**

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	
	2013 $000	2012 $000	2013 $000	2012 $000
DataCol NZ Limited	-	-	-	-
Linework and Stones Limited	**235**	1,177	**235**	1,177
Oxford Finance Corporation Limited	-	-	-	-
Sky Communications Limited	**521**	-	-	-
	756	1,177	**235**	1,177

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% (2012: 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% (2012: 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 at that date.

Oxford Finance Corporation Limited/Oxford Finance 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 11.83% (2012: 11.83%) per annum.

Due to the close associated nature of Oxford Finance Corporation Limited and Oxford Finance Limited they are treated as one for the purpose of allocating goodwill.

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% (2012: 10.8%) per annum.

Sky Communications Limited has performed impairment testing on its goodwill which has resulted in an impairment of $521,000 in the current year.

16. TRADE AND OTHER PAYABLES

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Trade payables	**4,484**	5,442	**2,246**	1,069
Other payables	**348**	393	**129**	289
Intercompany payables	**-**	-	**-**	1,650
Accruals	**4,976**	3,067	**4,655**	2,653
Accrued employee entitlements	**927**	1,744	**451**	190
	10,735	10,646	**7,481**	5,851

17. DEBT FINANCING (EXCLUDING SECURED DEBENTURE FUNDING)

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Bank and other borrowings	**81,034**	74,710	**36,434**	45,260
Intercompany borrowings	**-**	-	**4,010**	2,635
Total debt funding	**81,034**	74,710	**40,444**	47,895
Less current borrowings	**(31,384)**	(25,880)	**(17,494)**	(24,765)
Non-current borrowings	**49,650**	48,830	**22,950**	23,130
Repayable as follows:				
Within one year	**31,384**	25,880	**17,494**	24,765
Within two years	**27,930**	13,900	**8,230**	7,900
Beyond two years	**21,720**	34,930	**14,720**	15,230
	81,034	74,710	**40,444**	47,895

All bank borrowings are secured by a 'General Securities Agreement' over the assets of the Group excluding Oxford Finance Corporation Limited.

Interest rates

Interest rates payable on the Parent Company bank facilities range from 4.87 – 7.99% pa. (2012: 4.85 – 8.84% pa.).

18. 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	
	2013 %	2012 %	2013 $000	2012 $000	2013 $000	2012 $000
Interest rate swaps	**5.00**	4.82	**7,400**	13,800	**269**	383

19. SECURED DEBENTURE STOCK

	Oxford Finance Corporation	
	2013 $000	2012 $000
Group borrowings		
Current debenture stock	-	13,597
Non-current debenture stock	-	3,212
Total secured debenture stock	-	16,809

Secured debenture stock - security

All debenture stock is secured by a charge in favour of the Trustee over all the undertakings and assets of Oxford Finance Corporation Limited. The stock ranks equally with all previously issued debenture stock, including that of Electra Finance Limited and all other debenture stock, which may hereafter be issued under the Trust Deed.

	Oxford Finance Corporation			
	2013		2012	
Group contractual Maturity	$000	Average Rate %	$000	Average Rate %
On call	-	-	33	-
Within six months	-	-	7,065	7.15
Within one year	-	-	6,499	7.34
Within two years	-	-	2,982	7.68
Between two and three years	-	-	163	7.70
Between three and four years	-	-	67	7.50
Over four years	-	-	-	-
Total	-	-	16,809	7.32

20. SHARE CAPITAL

	GROUP		PARENT	
000 of shares	2013	2012	2013	2012
Opening balance	**24,465**	24,465	**24,465**	24,465
Closing balance	**24,465**	24,465	**24,465**	24,465

	GROUP		PARENT	
$000	2012	2011	2012	2011
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.

21. RESERVES

	GROUP		PARENT	
Asset Revaluation Reserve	2013 $000	2012 $000	2013 $000	2012 $000
Opening balance at beginning of financial year	**52,117**	52,030	**52,117**	52,030
Revaluation increments/(decrements)	**(424)**	121	**(424)**	121
Deferred tax liability arising on revaluation	**119**	(34)	**119**	(34)
Closing balance at end of financial year	**51,812**	52,117	**51,812**	52,117

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.

22. DIVIDENDS

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Dividends paid	**275**	298	**275**	298

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Cents per share	**1.12**	1.22	**1.12**	1.22

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

23. COMMITMENTS

Capital Commitments

At balance date, there was $1,691,838 unaccrued expenditure contracted for and approved by the Company and Group (2012: $2,028,000).

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Distribution network	**1,692**	2,011	**1,692**	2,011
Intangible assets	**-**	17	**-**	17
	1,692	2,028	**1,692**	2,028

Distribution 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 2013 Oxford Finance Limited had financial commitments of $480,000. This figure represents pre-approved floorplan facilities undrawn of $480,000 (31 March 2012: $422,000).

24. CONTINGENT LIABILITIES

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Guarantee of bank facilities for a subsidiary to a limit of	**unlimited**	unlimited	**unlimited**	unlimited
Guarantee of OFC's debentures to a limit of	**-**	16,809	**-**	16,809

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.

25. CASH AND CASH EQUIVALENTS

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Non-finance business				
Cash at bank	**3,069**	2,446	**2,543**	1,232
Finance business				
Cash at bank	**1,015**	1,499	**-**	-
Total cash and cash equivalents	**4,084**	3,945	**2,543**	1,232

26. RECONCILIATION of net profit/(loss) after tax with cash inflow from operating activities

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Reported profit/(loss) after taxation	**2,691**	(2,544)	**1,427**	1,806
Add/(less) non-cash items:				
Goodwill write off	**756**	1,177	**235**	1,177
Depreciation and amortisation	**8,673**	8,720	**7,694**	7,430
Doubtful debt provision movement	**1,203**	(385)	**21**	20
Deferred tax movement	**436**	(1,470)	**(62)**	(1,003)
Bad debts written off	**359**	2,096	**27**	39
Increase in unearned fees	**159**	447	**-**	-
Capitalised interest adjustment	**(506)**	(545)	**-**	-
Impairment of investment	**-**	-	**1,163**	-
Loss on sale of investment	**217**	-	**396**	-
Capital (gain)/loss on sale of fixed assets	**(495)**	442	**(484)**	396
Movements in working capital:				
(Decrease)/increase in accounts payable and other provisions	**(2,598)**	3,354	**474**	2,910
Decrease/(increase) in receivables	**2,021**	91	**(3,383)**	(689)
(Increase)/decrease in inventory	**(5)**	(96)	**(103)**	-
Net cash inflow from operating activities	**12,911**	11,287	**6,955**	12,086

27. 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 14.

Electra Related Party Transactions

	PARENT	
	2013 $000	2012 $000
Revenue		
Sales to DataCol NZ Limited	**23**	-
Sales to Linework and Stones Limited	**-**	42
Interest from Linework and Stones Limited	**2**	16
Interest from Sky Communications Limited	**237**	218
Interest from Sky Communications Pty Limited	**79**	62
Management/Director fees from Oxford Finance Corporation Limited	**16**	16
Management fees from Oxford Finance Limited	**247**	270
Management fees from Sky Communications Limited	**206**	-
Expenses		
Interest expense to Oxford Finance Corporation Limited	**11**	-
Purchases from DataCol NZ Limited	**-**	2
Purchases from Linework and Stones Limited	**1,978**	10,870
Purchases from Sky Communications Limited	**52**	-
Receivables		
Loan to Sky Communications Limited	**3,489**	6,551
Loan to Sky Communications Pty Limited	**-**	1,836
Loan to Linework and Stones Limited	**-**	250
From DataCol NZ Limited	**-**	24
From Sky Communications Limited	**30**	109
From Sky Communications Pty Limited	**-**	76
From Linework and Stones Limited	**-**	44
From Oxford Finance Limited	**54**	32
Dividend from DataCol NZ Limited	**216**	-
Dividend from Oxford Finance Limited	**394**	-
Payables		
Loan from Oxford Finance Limited	**4,010**	2,635
To Linework and Stones Limited	**-**	1,650
Loan repaid to Oxford Finance Corporation Limited	**1,373**	-

Mr M Taylor, General Manager of Sky Communications Limited, is a director and shareholder of the Broadtech Group Limited which is associated with BOP Properties Limited. BOP Properties Limited leased premises to Sky Communications Limited - 2013 $Nil (2012: $195k). The Broadtech Group Limited provided Information Technology services and support to and received fault repair services from Sky Communications Limited - 2013 $Nil (2012: $34k). All transactions were undertaken in the normal course of business on an arm's-length commercial basis.

Broadcast Services Limited is 100% owned by the Broadtech Group Limited. The transactions involve the purchase of IT hardware and services by Sky Communications Limited. Broadcast Services Limited also employ Sky Communications Limited to fix faults. All transactions were undertaken in the normal course of business on an arm's-length commercial basis.

Johnson Dick & Associates Limited is 100% owned by the Broadtech Group Limited. The transactions involve the purchase of IT hardware and services by Sky Communications Limited. All transactions were undertaken in the normal course of business on an arm's-length commercial basis.

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 (2012: $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 and interest paid by Oxford Finance Corporation Limited on debentures. 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.

28. KEY MANAGEMENT PERSONNEL

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

	GROUP		PARENT	
	2013 $000	2012 $000	2013 $000	2012 $000
Short-term employee benefits	**1,875**	1,864	**1,425**	1,367
Defined contribution plans	**35**	33	**33**	30
	1,910	1,897	**1,458**	1,397

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 2013 $769 was owing to Directors and key management personnel (31 March 2012: $71,833). As at 31 March 2013 there was $731 owing from Directors and key management personnel (31 March 2012: $41,059).

29. SUBSEQUENT EVENTS

There have been no material events since balance date to 14 June 2013 that require disclosure in these financial statements.

30. REQUIRED DISCLOSURES

The Group reported the following performance measures in its 2012/13 Statement of Corporate Intent:

	Actual	Target
Capital ratio – shareholders' funds to total assets	**51%**	50%
Operating surplus[1]	**$5.04m**	$4.01m
Operating cost per consumer	**$203**	$204
Network reliability		
- Average interruption duration	**58.0**	83.0
- Average frequency index	**0.93**	1.66

[1] The increase in operating surplus is due to the improved performance of the contracting subsidiaries.

INDEPENDENT AUDITORS REPORT

Deloitte.

INDEPENDENT AUDITOR'S REPORT

**TO THE READERS OF
ELECTRA LIMITED AND GROUP'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

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 of the Company and group on her behalf.

We have audited the financial statements of the Company and Group on pages 22 to 80, that comprise the statement of financial position as at 31 March 2013, 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.

Opinion on the financial statements

In our opinion,

- the financial statements of the Company and group on pages 22 to 80:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of the Company and group's:
    - financial position as at 31 March 2013; and
    - financial performance and cash flows for the year ended on that date.

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 14 June 2013. This is the date at which our opinion is expressed.

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 are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. 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. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements 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 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.

AUDITORS REPORT

Deloitte.

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
- the overall presentation of the financial statements.

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

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 that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the Company and group's financial position, financial performance and cash flows.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements 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, 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.

Other than the audit and the provision of taxation compliance services, 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 2013 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 14 June 2013 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.

	2013	**2012**
Energy performance measures		
Capital expenditure cost per kilometre	**$2,742**	$2,543
Capital expenditure cost per electricity customer	**$166**	$154
Energy delivery efficiency performance measures		
Load factor	**54.28%**	48.99%
Loss ratio	**7.56%**	7.33%
Capacity utilisation	**33.46%**	29.96%
Statistics		
System length (km)	**2,589**	2,583
Transformer capacity (kVA)	**310,474**	310,474
Maximum demand (MW)	**92.8**	103.6
Total electricity supplied from system (kWh)	**409,015,907**	413,205,843
Total customers	**42,810**	42,595
SAIDI (system average interruption duration index)	**58.0**	131.9
SAIFI (system average interruption frequency index)	**0.93**	2.29
CAIDI (customer average interruption duration index)	**62.6**	57.6
Number of faults per 100 kilometres	**6.2**	6.4

STATUTORY INFORMATION

Directors and remuneration

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

	Electra Limited	Oxford Finance Corporation Limited
P F McKelvey	$68,810	-
M H Devlin	$40,238	-
P A T Hamid	$35,238	$24,000
R G Longuet	$40,238	-
N F Mackay	$35,238	$16,000
D G McCorkindale	-	$16,000
S A Mitchell-Jenkins	-	$16,000
I A Wilson	$40,238	-
J L Yeoman	-	$16,000
	$260,000	**$88,000**

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 2013	Year Ended 31 March 2012
Continuing Employees		
$100,000 - $110,000	**8**	9
$110,001 - $120,000	**5**	5
$120,001 - $130,000	**1**	2
$130,001 - $140,000	**3**	1
$140,001 - $150,000	**-**	1
$150,001 - $160,000	**1**	2
$160,001 - $170,000	**1**	1
$170,001 - $180,000	**-**	1
$200,001 - $210,000	**1**	1
$220,001 - $230,000	**1**	-
$230,001 - $240,000	**-**	1
$240,001 - $250,000	**1**	1
$250,001 - $260,000	**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 $Nil (2012: $1,854).

DIRECTORY

DIRECTORS

P F McKelvey (Chair), CNZM, MBE, TTC (Physical Education)
M H Devlin, ONZM, ED, BA, M.Com, MAIIE, GRAD.DBS, M Inst D
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

OXFORD FINANCE CORPORATION LIMITED

DIRECTORS - RESIGNED 1 MARCH 2013

D G McCorkindale, MSc, BCA(Hons), CA, M Inst D, (Independent)
S A Mitchell-Jenkins, BBS, CA, (Independent)
J L Yeoman, BBS, ACA, FCIS, ANZIM, (Executive)

EXECUTIVES

J L Yeoman (CEO – Electra Group), BBS, ACA, FCIS, ANZIM
S P Gregan (COO – Electra Group), BCA, CA
I R Fenwick (CFO – Electra Group), BCom, DipGrad, CA
J R McKirdy (Business Services Manager – Electra Group)
B G Franks (CEO – DataCol NZ), Dip Bus Management
R N Leggett (GM – Group), BA
M J Taylor (GM – Sky Communications)
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
A Chapman, MNZM, JP
L R Burnell, QSM
J M Keall
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 the Company's Registered Office, Cnr Exeter and Bristol Streets, Levin on Friday 26 July 2013 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. Miss Patricia McKelvey and Mr Piers Hamid retire by rotation at the annual general meeting of the Company. Miss Patricia McKelvey and Mr Piers Hamid being eligible, offer themselves 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

14 June 2013

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.


ELECTRA
GODDESS OF TH
SEA STORM CLOU
YOUR ELECTRICI
NETWORK COMPA
Electra