Electra
EMPOWERING YOUR FUTURE

ANNUAL REPORT 2021

For the year ended 31 March 2021

Table of Contents

Performing

Page

6

Caring

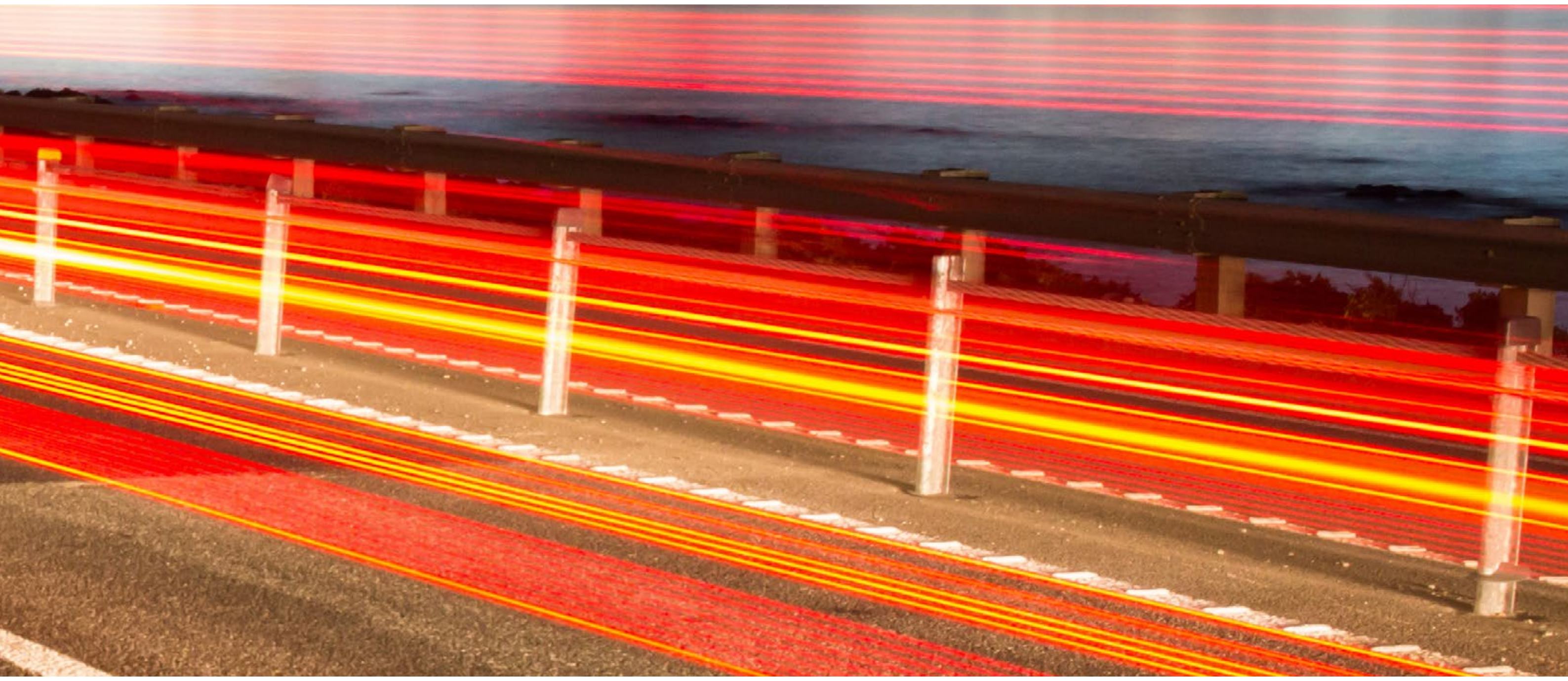
Page

20

Delivering

Page

26



Growing

Page

40

Corporate Governance

Page

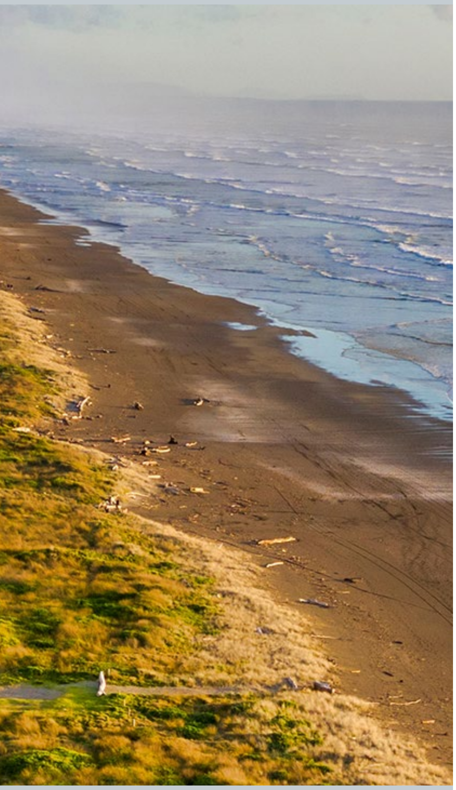
49

Financial Statements

Page

53

We live our values, everyday



01
Safety

Safety guides everything we do

- Safety is never compromised
- We all demonstrate leadership and commitment to safety every day

02
Respect

We treat our customers and colleagues as they would want to be treated

- We behave respectfully towards our customers, colleagues and stakeholders regardless of role and level of responsibility
- We act in a way that respects the different experiences and perspectives of others
- We act in ways that encourage others to respect us

03
Professional

Our people have the knowledge, skills and ethics to perform their role at a consistently high standard

- We plan our work and work to our plan
- We know our jobs and we are good at what we do
- We represent Electra in a positive, professional manner
- We keep our customers and stakeholders informed
- We are actively engaged in personal and professional development

04
Accountable

We account for and accept responsibility for our activities

- We are each accountable for our work, our conduct and our decisions
- Every team member contributes to our success
- We are efficient and safe with our use of time and resources

05
Integrity

We always do the right thing in all circumstances, no matter what the consequences will be

- We are honest and straight-forward with each other
- We develop and maintain effective relationships with customers, colleagues and stakeholders
- We work together as a team

Performing

EMPOWERING YOUR FUTURE

The Electra Group

Established in 1922 as an electricity network business based in the Horowhenua region, today the Electra Group owns, operates, and invests in a portfolio of infrastructure and technology-driven businesses with a nationwide footprint.

The Group works together to deliver a range of products and services that contribute to the Group's overall financial performance and the value we provide to our owners - the consumers connected to the Electra network. We are also committed to supporting regional growth and the wellbeing of the communities we serve.

The Electra Group is made up of the following businesses and investments:

ELECTRA LIMITED
an electricity network company, based in Levin with a branch in Paraparaumu, employing 116 people.

QUAIL RIDGE COUNTRY CLUB
an investment (49.9%) in an established and well-run retirement village in Kerikeri in the Far North.

ELECTRA SERVICES LIMITED
trading as SECURELY®, employing 54 people and based in Levin, the company is a medical alarm and security monitoring business as well as a call centre business.

HOROWHENUA DEVELOPMENTS LIMITED
an investment (25%) in a large-scale commercial property development company, based in Levin.

CONNECT 8
an investment (50%) in New Zealand's premier construction contractor for the water, power and telecommunications sectors.

ELECTRA GENERATION LIMITED
the Auckland-based assets of this business were sold in 2020 – the company continues to collect revenue relating to past periods. It is expected to close down in 2022 once this process is complete.

Powering Our Region’s Growth

OUR REGION

Electra is the electricity network owner and operator in the Kāpiti and Horowhenua regions on the west coast of the lower North Island, New Zealand. Our consumers stretch from Foxton and Tokomaru in the north to Paekakariki in the south. We are one of 29 network companies in New Zealand, and the 9th largest network in terms of total connections.

21,699

poles

2,330km

in circuits

45,757

electricity consumers

10

Substations

ONE OF NEW ZEALAND'S FASTEST GROWING REGIONS
Major infrastructure projects such as the Kāpiti Expressway and Transmission Gully roading projects continue to stimulate regional growth and create economic opportunities. Having lagged Kāpiti for a number of years, the Horowhenua region is beginning to emerge as a strong performer with most economic indicators outperforming the national average in the year ended 31 December 2020[1].

103,200
the forecast population of the Kāpiti and Horowhenua region by 2048[1] (currently estimated to be 91,000)

2,470
new residential building consents issued in our region over the last five years (2016-2020), with 482 issued in 2020.

404
new connections to the network this year.

1. Infometrics Economic Monitor, December 2020

Supporting the local economy

100%
consumer owned

170
staff employed across the Electra Group including wholly owned subsidiaries

$15.5M
annually spent directly supporting local people and businesses

$45.4M
in total group revenue

$210.8M
in sales discounts (incl. GST) issued to electricity consumers over the last 28 years

Keeping pricing competitive

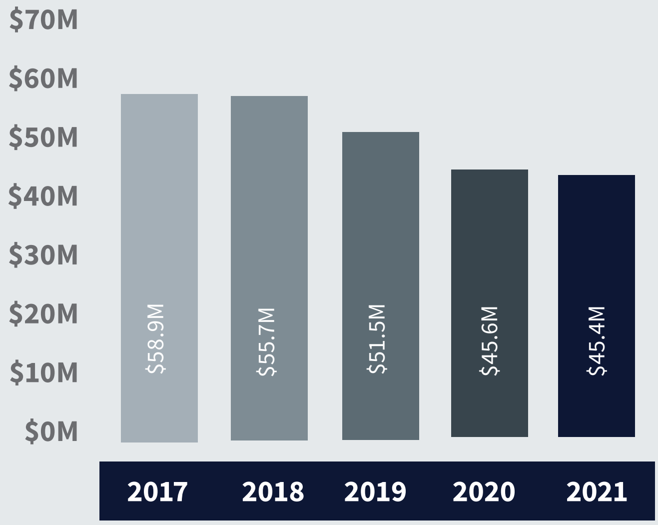
$5.8M
in sales discounts (incl. GST) issued to our consumers in 2021

18
electricity retailers operating on our network ensure strong electricity price competition

Fairer Pricing
Special 'time of use' and 'low user' network charges designed to create fairer pricing for our consumers.

We are regulated by:
New Zealand's electricity market (NZEM) is regulated by the Electricity Industry Participation Code administered by the Electricity Authority (EA), an independent Crown Entity. Suppliers of electricity lines services are subject to regulatory provisions under the Commerce Act 1986. As a 'consumer-owned' network company we are exempt from the default/customised price-quality regulation under Part 4 of the Commerce Act 1986.

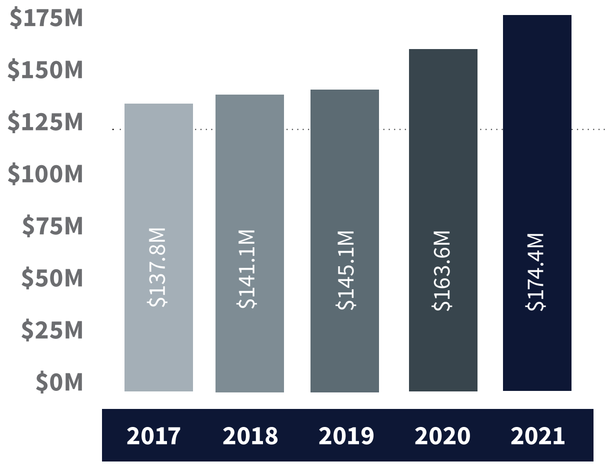
Financial performance



Total Group Revenue

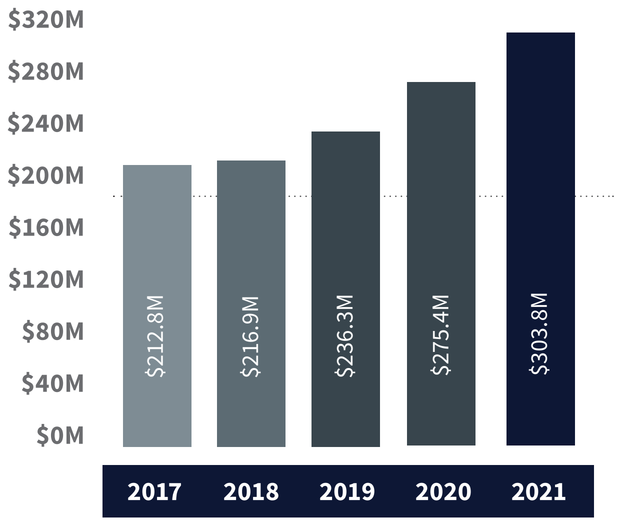
The total revenue generated from sales, interest earned and other revenue generating activities from companies held in the Group. Variation between years include annual growth and revenue from investments and divestments.

Total Shareholders Funds



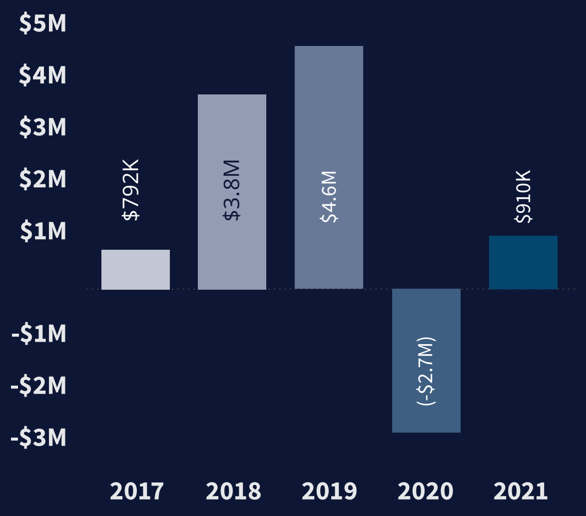
This is the amount that our owners have invested in the company. It's made up of the original share capital and revaluation reserves built up over the years and retained earnings (profits that have been reinvested).

Total Assets



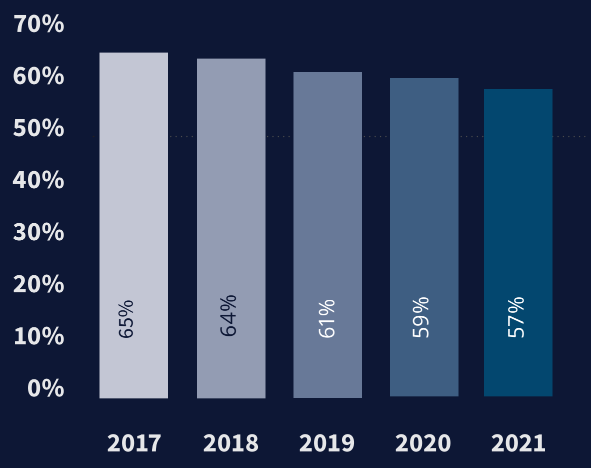
The Statement of Financial Position value of assets held in the Group.

Net Profit After Tax



The profit we are left with after the sales discount is paid and the costs of running the business are deducted.

Shareholders Funds to Total Assets

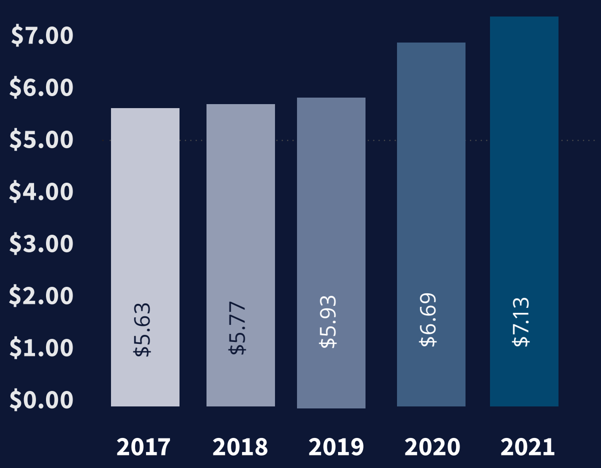


The ratio that shows the portion of the company's assets financed via shareholders' equity.

Sales Discount Issued To Consumers (incl GST)

The sales discount paid to each individual consumer connected to the network is based on a fixed amount plus a percentage of the network charges paid. Sales discount in 2021 is lower due to Network pricing reductions made in April 2020.

Net Asset Backing Per Share



This is the net asset value of each share held recorded at the end of each financial year. Increasing values record growth of net assets.

Chair Report

It is my pleasure to present the Annual Report for the Electra Group for the year ended 31 March 2021.

RISING TO THE COVID-19 CHALLENGE

I think it's fair to say that the arrival of Covid-19 in early 2020 created a situation not experienced by most of us before. As an essential business, our critical role in keeping the lights on and our communities safe and connected became more challenging, particularly during the Level 3 and 4 lockdowns. As always, our team rose quickly to the challenge. We focused on protecting our people and their families by changing work practices and places and by providing them with what they needed to carry out their important roles safely in the new and uncertain environment.

I want to acknowledge the dedication and commitment of all our people and thank them and their families for their efforts to ensure our communities could safely continue to live, work, learn and play.

DELIVERING A POSITIVE PERFORMANCE

Creating value for our consumers and owners is central to our everyday activity. Our decision to reduce line charges from 1 April 2020 allowed lower prices to be available for 95% of consumers via their retailers throughout the year. With this reduction, and the annual discount paid in February 2021, we were able to return a total of $8.8m (incl. GST) to our consumer-owners for the year. This sits alongside yet another 'best in class' performance over the last year from our core network business, despite the challenges faced.

The overall financial performance of the Electra Group saw us close the 31 March 2021 year with an after-tax profit of $910k.

The Group's asset valuations continue to rise, our balance sheet remains strong and significant opportunities exist to deliver greater value for the business and the customers and communities we serve.

We continued to develop our customer products and service offerings, strengthened our health and safety culture, delivered further network improvements, and achieved excellent standards in network reliability throughout the year. Despite the significant disruptions to our business from the pandemic we are proud to have delivered 98% of planned work identified in our Asset Management Plan.

Electricity demand grew across the network, fuelled largely by residential consumption as people worked from home in the Covid-19 environment. Continued regional growth added a further 404 new connections to the network.

The Electra Group's portfolio of wholly owned subsidiaries and strategic investments produced encouraging results this year, underpinned by significant projects already underway and the progression of future development and expansion plans.

Acquisitions during the year included a 25% share in Horowhenua Developments Limited and 49.9% of the ownership interest in the Kerikeri retirement village, Quail Ridge Country Club, and its associated construction company. Both investments will benefit from the growth in, and the demand for, good commercial and aged care property.

The assets and business of our subsidiary, Electra Generation Limited were sold in late 2020.

WORKING TOGETHER

I am privileged to work closely with a team of Directors, Trustees and Senior Leaders committed to the success of Electra.

On behalf of the Board, I thank Electra's Chief Executive Neil Simmonds and his Senior Leadership Team for their considerable efforts this year, especially in what was a unique and challenging year for the business. Their strong leadership, particularly during the initial months of the Covid-19 pandemic, ensured the business continued to deliver its essential service to the community in the most efficient and professional manner.

I want to acknowledge the dedication and commitment of all our people and thank them and their families for their efforts to ensure our communities could safely continue to live, work, learn and play.

Just as importantly, the commitment and contribution of staff from across the Electra Group has been a major factor in the progress and success we have achieved this year.

Around the Board table we welcomed two new Directors in 2020; Jon Nichols and Murray Gribben have added further experience, perspectives and skills to an already highly performing team. I thank Steve Armstrong, Scott Houston, Chris Dyhrberg and Mike Underhill for their invaluable oversight and guidance to the governance and strategic direction of the Electra Group.

I also want to recognise the positive and co-operative working relationship we share with the Electra Trustees who play an important role in contributing to the Group's overall success.

It is also important that we continue to interact with and support our community. Alongside our everyday business interactions, we are committed to being part of our community via the sponsorship of the business network events, promotion of community organisations, attending the AP & I Show and Levin Christmas Parade, supporting the Warmer Homes and EnergyMate Programmes and providing useful information to consumers on pricing and savings that can be made.

And we continue to work collaboratively with key community, regional and industry partners to ensure our region is well supported and positioned for future growth opportunities.

LOOKING AHEAD

As a critical infrastructure provider and large local employer, we understand that our activity and growth is a significant contributor to the regional economy.

Our priority is to deliver a safe and reliable electricity supply to everyone connected to our network, with the flexibility and capacity to meet both current and future demand and needs. Regional growth projections are favourable and present great opportunities for everyone.

We recognise our role in achieving the Government's 2030 renewable electricity and 2050 decarbonisation goals and continue to develop our understanding and planning around how we can play our part in achieving these goals. This includes working collaboratively with other EDBs and industry members to ensure our infrastructure can meet the future needs of our communities for electrified transport, industrial heat processing and distributed energy resources like solar and wind generation.

We are ready for the challenge.

Shelly Mitchell-Jenkins
Chair

Chief Executive Report

Whāia te iti Kahurangi, ki te tuohu koe me he maunga teitei.
Pursue that which is precious and do not be deterred by anything less than a lofty mountain.

THE YEAR IN REVEW

Over the last year Electra maintained its strong financial position despite difficult trading conditions, underlining the value of the Group strategy of holding and developing quality assets, subsidiary businesses and strategic investments to enable long term value growth for our consumer owners.

Price reductions that were passed through to electricity retailers from 1 April 2020, coupled with significant ongoing network investment impacted cashflow.

We have seen another positive performance from the core network business with improved reliability and increased electricity demand. However, revenue was negatively impacted by the price reductions that were passed through to electricity retailers from 1 April 2020, coupled with significant ongoing network investment.

As a result, the Group reported a profit of $910k for the year and announced a reduced sales discount of $5.8M (incl. GST) would be paid to our line's customers.

The reductions in our network pricing (5% on average) reflected changes imposed on regulated lines' companies and Transpower by the industry regulator who expected the reductions to be directly passed through to consumers. Delivering these reductions in April 2020 meant consumers were able to enjoy lower energy bills throughout the year and receive a smaller sales discount at the beginning of 2021.

However, there are concerns that many consumers did not see the reductions, with the lower prices offset by electricity retailers through a combination of rising wholesale and retail energy costs. In addition, some consumers were further disadvantaged due to being on incorrect pricing plans – something we attempted to address through our 'Money for Jam' promotional campaign.

With low hydro lake storage levels throughout 2020 and early 2021 due to the La Nina weather pattern and a shortage of natural gas supply, considerable upward pressure was placed on the wholesale electricity market over the last year.

While high electricity spot prices in the wholesale market historically benefitted Electra Generation with its small gas engine generation facility in Papakura, the gas shortage during gas field maintenance work meant we were unable to leverage this market opportunity during some of 2020. With the long-term supply of natural gas uncertain, the decision was made to sell the land and assets of Electra Generation. We were pleased to sell the site for $4.5m, a good premium above its book value.

Of course, the emergence of Covid-19 had a significant impact on the operation of our business as we had to immediately adapt to delivering an essential service in the middle of a lockdown. The health and wellbeing of our staff, their families and the public were at the heart of our decision making. Practices and processes were reviewed and changed to ensure we could continue to 'keep the lights on' for everyone connected to our network. Technology was a massive enabler for our business, combined with the skills and hard work of all our staff. I am proud of what we were able to achieve together.

Keeping the public and our people safe is our greatest priority. Our continuous improvement process helps us to achieve our zero-harm target. This is a 'whole team' effort and I want to thank all our people for accepting shared responsibility and working together to ensure we can all go home safe and well each day.

Our people are our greatest asset and technology is a critical enabler for the Group, both in terms of performance optimisation and cost minimisation. We will continue to invest in both.

At the management level the Senior Leadership Team continues to enjoy an open and collaborative working relationship with the Board and the Electra Trustees. We look forward to continuing these positive relationships over the coming year.

Sadly, we lost a popular and valued member of the Senior Leadership Team with the passing of Llanwyn Smith following a short illness. As Head of Growth and Acquisition, Llanwyn brought considerable skill and experience to the Group and introduced robust processes to the identification, assessment and acquisition of new business investment opportunities. He was highly respected and liked on both sides of the negotiating table and is greatly missed.

LOOKING AHEAD

Despite the challenges that Covid-19 has presented to the New Zealand economy and society in general, the fundamentals driving our business remain unchanged but our role becomes even more critical in the future due to the challenges and opportunities presented by sustained regional growth, transport electrification and the decarbonisation of the New Zealand economy.

In 2020 we launched a critical strategic IT project to futureproof our core network systems and infrastructure and support our strategy to "deliver a high quality, low-cost network". Once implemented, the new Enterprise Asset Management System will natively integrate with our financial system to streamline delivery and provide a centralised source of accurate and timely data for the effective management and performance of our long-life network assets.

We are committed to delivering a high-quality network service to our region with more than $131 million to be invested in our network over the next 10 years using a combination of traditional infrastructure assets and smart technology.

Our pricing, products and services will be constantly reviewed and adapted to reflect the changing needs of energy users, particularly as demand grows for disruptive technologies such as electric vehicles (EVs), solar photovoltaics and battery storage.

Electra Services Limited (trading as SECURELY®) continues to develop and promote the Essence technology platform across New Zealand and there is a growing awareness of how it can significantly improve the lives and independence of the country's senior population. Over the last year the business has repositioned itself in the Business to Business market, working with retirement and lifestyle communities and other community service groups to deliver its monitored medical solutions to their members.

Our investment in Connect 8 has provided positive returns for the Group. This is set to continue with significant projects secured throughout the country and strong revenues confirmed for the next few years.

We added another significant investment to the Group's portfolio with a 25% stake taken in Horowhenua Developments Ltd, the company responsible for successfully bringing the 13.4 hectare Horowhenua Business Park to market. This development will provide considerable long-term commercial and employment opportunities for Levin. Our experience as an infrastructure provider is seen as a benefit to the business.

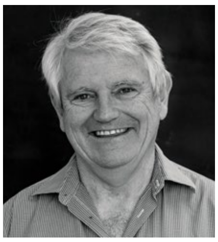
Our second new strategic investment, a 49.9% stake in Quail Ridge Country Club, is also progressing well with ongoing property development amid strong demand for homes at the estate. The implementation of SECURELY®'s market leading monitoring and response services to Quail Ridge residents provides further opportunities for the Group.

A REGION OF OPPORTUNITIES

Our region performed well in 2020 despite the economic pressures caused by Covid-19, particularly in the June quarter. Locally, several key economic indicators (including business growth) lead national averages and there is a growing interest in the region, particularly in northern areas.

Population growth rates in our region are predicted to continue to outpace the rest of New Zealand for the next decade, with Horowhenua identified as a growth region by Greater Wellington Regional Council. The completion of major roading projects south of Levin later this year will see 760,000 people living within an hour's drive of Horowhenua and Kāpiti, further fuelling interest in the region.

In such an environment we are confident that our Group is well positioned to achieve its ambitious growth targets and deliver additional ongoing value to our owners. I eagerly look forward to the huge opportunities that decarbonisation presents. We are ready and willing!



Neil Simmonds
Chief Executive, Electra Limited

Directors

BBS, FCA, CMInstD

Appointed 2014

Shelly is a Fellow Chartered Accountant and a Chartered Member of the NZ Institute of Directors. Working as a Director of Horowhenua- Kapiti based chartered accountancy practice Colbert Cooper for more than 20 years she has supported a wide range of businesses. Her career has included serving in governance roles in business, community organisations and for Chartered Accountants Australia and New Zealand (CAANZ).

BCom, LLB, MInstD

Appointed 2014

Chris holds degrees in law and commerce from Otago University and is a Member of the Institute of Directors in New Zealand. He is currently the Chief Customer Officer at Palmerston North City Council.

BE(elect), MCom(hons), FEngNZ, MInstD

Appointed 2018

Mike has extensive energy sector experience, both in governance roles and also as chief executive of EnergyDirect, TransAlta, WEL Networks and EECA.

Appointed 2019

Scott was the founder and CEO of GreenButton, an award winning global cloud computing software company. GreenButton was acquired by Microsoft in May 2014 and Scott now works with other Hi-Tech companies that are expanding offshore.

BCA, CA, MBA

Appointed in 2019

Steve works as a management consultant and independent director. His executive career spans 30 years of financial management across various sectors including oil and gas, electricity, financial services, agriculture & property.

FCA, CMInstD

Appointed 2020

Jon is an experienced director and business consultant who has been involved in a number of strategic growth, regulatory and performance-based initiatives for infrastructure-related businesses in New Zealand and the Pacific Islands.

BA(Hons), MBA, CFInstD

Appointed in 2020

Murray works as a consultant and independent director. His career has been in the investment markets both in New Zealand and overseas and spans private equity, property and infrastructure.

Further information on the Directors can be found at:
https://www.electra.co.nz/our-company/directors

Electra Group Senior Leadership Team

Standing (l to r): Jo-Anne Hazlehurst, David Toon, Mark Smith, Dylan Andrews
Seated (l to r): Jenny Beale, Neil Simmonds

Neil Simmonds JP, MBA, BE, FEngNZ
CE – Electra Group
David Toon BCA, BA, LLM, Sloan MSC, CA, ICSA, MInstD
CFO/CIO - Electra Group
Jo-Anne Hazlehurst
GM - People and Culture
Dylan Andrews MBA, MBS AMP, MIITP
GM - Lines Business
Mark Smith BBS
GM – Electra Services
Jenny Beale LLB, MInstD
General Counsel - Electra Group

Powered by Our People Working Together

Our people drive the success of our business. Their performance enables us to deliver our commitments to our customers, stakeholders and the communities in which we operate, and their vigilance means we all get to go home at the end of each workday.
We are proud of the high level of skill and capability of our people and are committed to developing and equipping them with the skills and technology they need to perform their roles to the highest standards in quality, safety and customer service.

ADAPTING TO UNPRECEDENTED TIMES

The last year will be remembered as one of the most unusual in our 99-year history with the emergence of Covid-19 creating significant challenges for our business, forcing us to adapt our operations to safely deliver our essential service to the people and businesses of Horowhenua and Kāpiti.
The speed at which we were able to make the required operational changes was a testament to excellent collaboration and leadership at all levels.

Working from home, Microsoft Teams calls, and 'bubble' working were all features of the lockdown period. Not only were we able to deliver a seamless and continuous operation, we achieved greater efficiency in a number of areas by identifying ways we could work smarter. More importantly our people, their families and the public were all kept safe and protected from the virus.

HEALTH, SAFETY AND WELLBEING

The wellbeing of our people has become an increasingly important focus for our business with health insurance, health checks, flu vaccinations, mole checks and employee support amongst the benefits we provide. We endeavour to expand on these offerings over the next year.

Safety continues to be the Electra Group's number one risk and is embedded in our organisation through our Values, individual key performance indicators, performance reviews and meeting discussions. The safety of our people, contractors and members of the public is paramount. Our aim is to experience zero harm every day of the year.

Improved business operations including safety in design, attention to risk assessment on uncontrolled work sites, increased reporting and the sharing of learning's from incidents, and cross-business problem solving have continued to support an improving safety culture maturity.
Our Public Safety Management System (PSMS) has successfully completed an audit which maintains our certification for the next three years. We are working towards gaining accreditation to ISO45001.
Improved contractor management induction and education has also been a focus over the last year. We also conduct business interruption exercises regularly to test our systems and procedures performance under unplanned scenarios.

Despite all the improvements and progress we have made to our health and safety culture, the nature of our business means that accidents can still happen. Over the course of the year two of our people were hurt from low level falls from decks of trucks, both requiring extended time off work. We have also dealt with several 'asset hits' (car vs pole) by members of the public.

We continue to improve safety every day through sound leadership and celebrating team members who demonstrate our safety values.
Our employee survey, focusing on our performance across the many aspects of our business, confirmed that we are heading in the right direction.

100%

FIELD CREW COMPETENCY

In 2020 we celebrated 100% competency with our field crew on their EWRB assessments

170

Total Electra Group staff including wholly owned subsidiaries

8

NEW ZEALAND QUALIFICATIONS ACHIEVED

During the year 8 of our team completed their national qualifications, including: National Certificate in Electricity Supply - Electricity Supply Electrician Strand (L4) = 1

New Zealand Certificate in Electricity Supply (Line Mechanic Distribution) (L4) = 3

New Zealand Certificate in Electricity Supply (Network Control) (L4) = 1

New Zealand Certificate in Electricity Supply (Utility Arboriculture) (L3) - Insulated Tool Work = 1

New Zealand Certificate in Contact Centres (L3) = 1

Chartered Accountancy = 1

1,088

TRAINING HOURS COMPLETED

In the year to 31 March 2021 our staff completed 1,088 hours of training.

34%

of Electra Staff are Female.

(57 Employees)

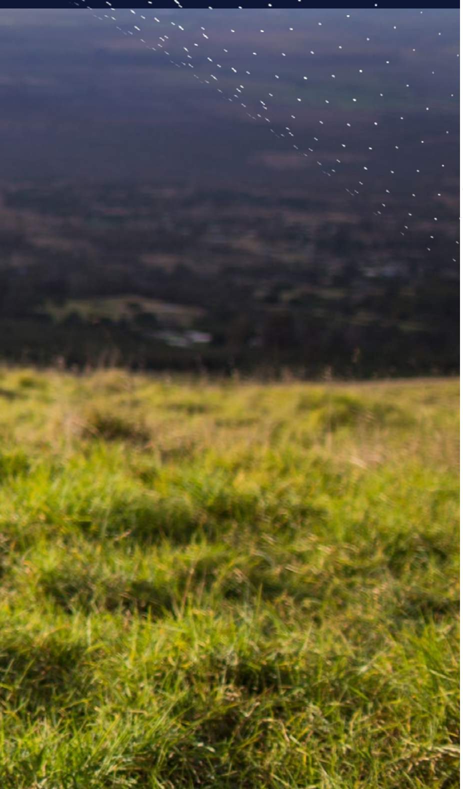
66%

of Electra Staff are Male.

(113 Employees)

Caring

EMPOWERING YOUR FUTURE



Working with Our Region

100% Consumer Owned

Electra is wholly owned by its 45,757 consumers, stretching from Paekakariki in the south to Foxton and Tokomaru in the north. Shares in the company are held on behalf of all consumers by a Trust whose six Trustees are elected under a Trust Deed to represent the owners' interests and protect their asset.

Anyone who is connected to the Electra network (i.e. a residential or business owner who has a dedicated ICP number as shown on their power account) is eligible to stand for election to the Trust.

Under the Trust Deed, Trustees are individually elected for three years. Every two years, the three longest serving Trustees in office must either retire or stand for re-election, thus providing a biennial opportunity for change in representation.

Amongst its many roles, the Electra Trust is responsible for appointing the Directors of Electra Limited, commissioning ownership reviews (from time to time), maintaining open communication with owners, and working with the Board and Senior Leadership Team to ensure any surplus funds generated by Electra Limited are returned to the owners in the form of an annual sales discount.

Your Electra Trustees

Back (standing):
Neil Mackay, BCA of Paraparaumu
Janet Holborow, M Mus of Paekakariki
Sharon Crosbie, CNZM OBE of Manakau (Chair)
John Yeoman, BBS, ACA FCG of Paraparaumu

Front (seated):
Lindsay Burnell, QSM of Ohau
Ray Latham of Paraparaumu

“

The Trust congratulates Electra

for continuing to operate its core electricity network business to the highest standards of excellence, particularly in a year when the business faced significant operational challenges due to the arrival of Covid-19. It is highly satisfying to note the network remains one of the very best performers in New Zealand.

We look forward to continuing to work closely and collaboratively with the Board and Senior Leadership Team over the year ahead.”

Sharon Crosbie, CNZM OBE, Chair, Electra Trust

Supporting Community Wellbeing

At Electra we are committed to stimulating regional growth by working with our community and partners to promote activities that will generate business and employment opportunities in Kāpiti and Horowhenua.

Business network events

In 2020 we continued to provide local businesses with networking opportunities and access to top quality business and related speakers through our sponsorship of ten Kāpiti Electra Business Breakfasts (two of which were held over Zoom during Lockdown) and ten Levin "Business After 5" events.

Warmer homes

Warmer Kiwi Homes is a Government programme administered through the EECA. The scheme helps low-income households to make their homes warmer, drier and healthier by installing insulation and ground moisture barriers. We have worked in partnership with EECA since December 2018 to assist homes in our region and over the last year 41 homes in our region have benefitted from this scheme.

Information campaigns

Over the last year we have launched several multi-media campaigns to better communicate key information to the consumers on our network, including advice around controlled electric hot water, price reductions, how to save energy and the annual sales discount.

Levin Christmas parade

On 28 November 2020 we participated in the Levin Santa Parade, with one of our trucks joining a convoy of floats celebrating Christmas and bringing joy to local families.

Promoting community groups

Alongside our support for local business, we provide local community organisations an opportunity to promote themselves and the positive work they do in the community through free advertising space in a "Caring for our Community" page in the Kāpiti and Horowhenua weekly newspapers.

EnergyMate

EnergyMate is a free in-home energy coaching service, helping families at highest risk of energy hardship to reduce electricity costs and live in a warmer home. The scheme is a partnership between the Electricity Retailers Association of New Zealand (ERANZ) and leading electricity retailers, lines companies, community organisations and the Government. We are proud to have partnered with Levin Budget Service to deliver this valuable service to local families. During home visits families are advised on the best electricity plan for them, cost-effective heating options, simple energy efficiency tips, and how they can get additional support such as insulation or budgeting.

AP&I Show

Having identified that most households were unaware of the price reductions we introduced from 1 April 2020, we secured exhibition space at the Levin AP&I Show on 23-24 January 2021. Partnering with Powerswitch, we provided information about our price reductions and new pricing plans, and helped people work out if they could save money by switching plans or electricity retailers.

Celebrating Business Excellence

At Electra we are proud to be the principal sponsor of the Business & Innovation Awards, a role we've held since the Award's inception in 1993. Today, the Awards are New Zealand's longest running business awards programme. Acknowledging excellent businesses in Kāpiti and Horowhenua that are helping to drive economic and job growth in the region continues to be an honour for Electra.

"Delivering a high quality business awards programme takes significant effort, funding and collaboration across a wide range of partners - many of whom freely volunteer a large amount of their time. In 2020 we successfully delivered a hugely updated awards programme in an environment where Covid-19 forced us to find new and innovative ways to promote the programme and identify, judge and celebrate entrants and winners. We simply wouldn't have been able to do this without the massive ongoing support of Electra - we really appreciate their commitment to recognising and celebrating excellent local businesses and look forward to continuing this relationship in 2021 and beyond." Brendan Duffy, BKH Chair

At the end of 2019, the Board of Business Kāpiti Horowhenua reviewed the Electra Kāpiti Horowhenua Business Awards and identified several areas where the Awards could be refreshed and improved.

As a result, the Awards were renamed the Electra Business & Innovation Awards and became a celebration of innovation, sustainability and best business practice across all industries and sectors within the Kāpiti and Horowhenua regions.

The Award categories were changed to reflect this new industry-based approach, the entry process was streamlined and moved to an online platform, and judging protocols were changed to better align them with the more modern online entry and judging process.

Promotional activities moved to digital platforms and a new sponsorship partnership with NZME ensured much greater media reach than ever before for the Awards.

While the changes were designed to make the Awards more attractive and accessible to a wider group of local businesses, they also improved the programme's resilience to a significant external event; like a pandemic.

So, when the country went into Level 3 and then Level 4 lockdown in March 2020, the new platforms and processes were in place to cope with the new environment of isolation, 'bubbles' and working from home.

The Lockdown also proved to be a benefit to the Awards with many businesses having more time than usual to consider their entry and then apply online – the new platform even allowed staff to collaborate and share information remotely. The result was a near record number of applicants evaluated – an outstanding outcome given the restrictions placed on New Zealanders from Covid-19.

On Friday, 9 October 2020, a full house gathered at the Horowhenua Events Centre in Levin to celebrate the region's best and brightest businesses and business people. Organisers ensured all guidelines and protocols were followed to ensure a safe and successful event was delivered.

ELECTRA BUSINESS OF THE YEAR 2020: New World Foxton
Innovation - During Covid-19: My Ride Levin
Small Business: Waikanae Beach Four Square
New/Emerging: The Baked Dane
Hospitality, Entertainment and Tourism Award: Shepherdess
Food Production and Processing: The Baked Dane
Construction and Trades: Steel-It Framing Ltd
Professional and Business Services, or Technology: Beachside Dental Surgery
Retail: New World Foxton
Not for Profit, Community and Public Services Award: Horowhenua College & Waiopehu College
2020 Hall of Fame Laureates: John Clarke, Stuart Pescini, Kura Marie Teira Taylor

The Baked Dane

Initially started as a hobby business in 2016 while on maternity leave, demand for Lisa Brink's Scandinavian-inspired baked creations grew so quickly she quit her fulltime job and launched The Baked Dane just 18 months later.

Fast forward three more years and The Baked Dane is now an award-winning business, having won both the New/Emerging and Food Production and Processing Awards at the 2020 Electra Business & Innovation Awards.

In announcing their decision, the Judges highlighted several aspects that impressed them, including a focus on optimising productivity and efficiency to allow the business to only operate during school hours, and creativity and commitment to reducing waste by using restored 2nd-hand machinery and equipment and recycling cardboard boxes from local retailers.

They also noted the innovative way the business identifies and meets customer needs. For example, during the Covid-19 lockdown a new-found love for home baking saw The Baked Dane launch its own sourdough bread starter

New World Foxton

Having begun his career with Foodstuffs in 1987 as a trolley boy at Pak'nSave New Plymouth, Jason Davy fulfilled a 30-year dream when he became the owner of New World Foxton in April 2016.

Jason's broad experience in the grocery trade over those 30 years, including five years as the store manager of Pak'nSave Kāpiti, had given him a lot of valuable insights about how to run a successful supermarket.

The winner of Foodstuffs' Emerging Leader Award in 2010, his management style is extremely people-centric with a focus on growing and developing his staff, delighting his customers and supporting the wider community.

Since his arrival in Foxton, Jason and his team have worked hard to implement the systems and processes employed at other leading supermarkets across the country, but always with the needs of the customer at the heart of every decision.
For instance, the implementation of the SAP enterprise system in the business wasn't just about improving EBITDA, it also allowed the supermarket to integrate its accounting and business management systems with its Customer Relationship Management system to improve customer loyalty and retention.

As an essential business during the Covid-19 lockdown, the business worked hard to identify and meet the different needs of its community. They made deliveries to vulnerable members of the community, set up an outside marquee for customers queuing to enter the store, increased the options for the meal solutions area, and ran promotions to encourage the community to shop locally, including at other stores.

This hard work and commitment to the community resulted in New World Foxton beating competitors from across the country to win a NZ Food Award for "Outstanding Service - NZ Food Heroes Award" in 2020.

It was no surprise then, that when the business entered 2020 Electra Business & Innovation Awards it took out the Retail Award and was then named the overall 2020 Business of the Year.

In announcing New World Foxton's victory, the Judges noted just how impressed they were with the supermarket's operation, stating: "New World Foxton have demonstrated genuine care about employees as people and invested in them in a highly personal way, to the benefit of the employees, their families, and the wider community. The business also continues to impress with its customer-centric focus delivering innovative ideas that are a real win/win - a win for the community, and a win for the business experiencing a better financial performance again this year, despite the Covid-19 crisis."

For Jason it's been a huge team effort. "I really want to thank the team for all their efforts, not just during the Covid-19 lockdown but the whole time I have been in Foxton. The team have been amazing, and I am grateful for the experiences I have had here."

kit, giving families an opportunity to learn to bake bread together.

Applying 'closed loop recycling' to the business, unsold loaves of bread are used to produce hugely popular Garlic Rye Chips, while a new product line has seen toffee, dark chocolate and sea salt added to a savoury cracker to create a Dessert Cracker.

Looking ahead, Lisa says the business will continue to improve resource efficiency and optimise production processes to meet rapidly growing demand. Being based in a rural area just outside Levin creates challenges to growth due to local electricity supply limitations. The business is considering options to allow them to remain at their current location and future-proof production capacity, including working with the network team at Electra to find a solution that can meet the company's ongoing energy needs.

Delivering

EMPOWERING YOUR FUTURE

Delivering a Key Regional Infrastructure Asset

Our priority as a key regional infrastructure provider is to deliver a modern and reliable electricity network that can respond to the needs of all its users and support long term growth throughout the Kāpiti-Horowhenua region.

The last year has further highlighted the importance our network plays in supporting local communities, ensuring people remained connected and able to continue to live and work safely during the Covid-19 lockdown, and then focus on getting back to growth as we emerged from the initial restrictions placed on us by the pandemic.

Maximum demand (104MW) on our network was up, due largely to the impact of Covid-19 as more people stayed home and worked remotely, particularly in the Kāpiti region where a large Wellington-based commuter workforce remained in our region instead.

Throughout the pandemic the health, safety and wellbeing of our people, their families and the public drove our decision making. We ensured all our staff had access to the right personal protective equipment (PPE). Processes and practices were extensively modified to reduce the risk of exposure to the Covid-19 virus.

The strength of our IT preparedness was demonstrated with staff able to successfully work from home and field staff able to login and complete jobs remotely.

We worked closely with councils and other essential services to ensure we could continue to keep the lights on and our communities safe.

On 1 April 2020 we reduced our line charges, delivering lower distribution prices for 95% of the customers connected to our network and directly affecting company revenue by $3m per annum.

Lower electricity pricing is good for consumers but the significant impact it has on our revenue means the level of sales discount we can deliver to our owners – the homes, businesses and organisations connected to our network – is also significantly reduced.

The savings, passed through to electricity retailers at the beginning of the year, combined with a lower annual sales discount ($5.8M incl. GST) delivered to consumer electricity accounts in February 2021 meant we were able to return a total of $8.8M (incl. GST) to consumers on our network over the year.

While our lower charges applied to every electricity retailer operating on our network, not every retailer made reductions to consumers. Increases in wholesale electricity prices during the year also offset (and often exceeded) the impact of our price reductions, meaning many customers ultimately paid more for their electricity over the course of the year.

Our Network

TOTAL CONSUMERS
45,757

TOTAL ELECTRICITY DELIVERED
421 GWh

NEW CONNECTIONS
404

AVERAGE SALES PER CUSTOMER
9,201 kWh

NETWORK AREA
1,628 KM^2

MAXIMUM DEMAND
104 MW

TRANSMISSION & DISTRIBUTION
2,330 KM

CAPACITY UTILISATION
31%

TRANSFORMER CAPACITY
338,850 kVA

LOSS RATIO
7.27%

AVERAGE OPERATING COST
$5,730/KM

LOAD FACTOR
50%


Foxton Beach
Foxton
Tokomaru
Waitarere Beach
Shannon
Hokio Beach
Mangahao
Kuku Beach
Levin
Ohau Beach
Waikawa Beach
Manakau
Otaki Beach
Otaki
Te Horo Beach
Te Horo
Peka Peka
Waikanae Beach
Waikanae
Paraparaumu Beach
Otaihanga
Reikorangi
Paraparaumu
Raumati
Substations
Hydro Stations
Planned Substations
Grid Exits
Electra Office/Depot

Building Network Intelligence Through Technology

Since 2018 we have been deploying smart devices across our entire network.

The Industrial Internet of Things (IIoT) communication technology allows us to remotely and economically gather network status data to continually improve network reliability, customer service and asset investment decisions. As part of our commitment to security, annual external audits are undertaken to ensure our systems and devices remain secure.

We have been implementing a Low Speed, Long Range Wide Area Network, called LoRaWAN, over the past three years. This network is the framework upon which our Internet of Things (IoT) devices and sensors communicate.

Connecting and Empowering Our People with Industry Leading Technology

Investing in network intelligence technology is critical to our strategy of delivering a high quality, low-cost network. Having access to accurate and timely data is a vital part of this strategy.

In 2020 we launched a significant strategic IT project to implement a fully integrated financial and Enterprise Asset Management System across the network business. Verosoft's Asset Guardian (TAG) system, a Microsoft product, will seamlessly integrate with our Microsoft Finance management and works management system.

This solution will deliver real time, high quality data to drive better decision making, enhance efficiency, plan and perform preventive maintenance and maximise investments in our physical assets. It will also provide a solid platform to expand our data sets to support network delivery and further investment in network intelligence technology.

$260,000

invested in sensors covering IIoT, including Voltage Presence, Fault Path Indication, Power Quality Measurement and Maximum Demand.

$125,000

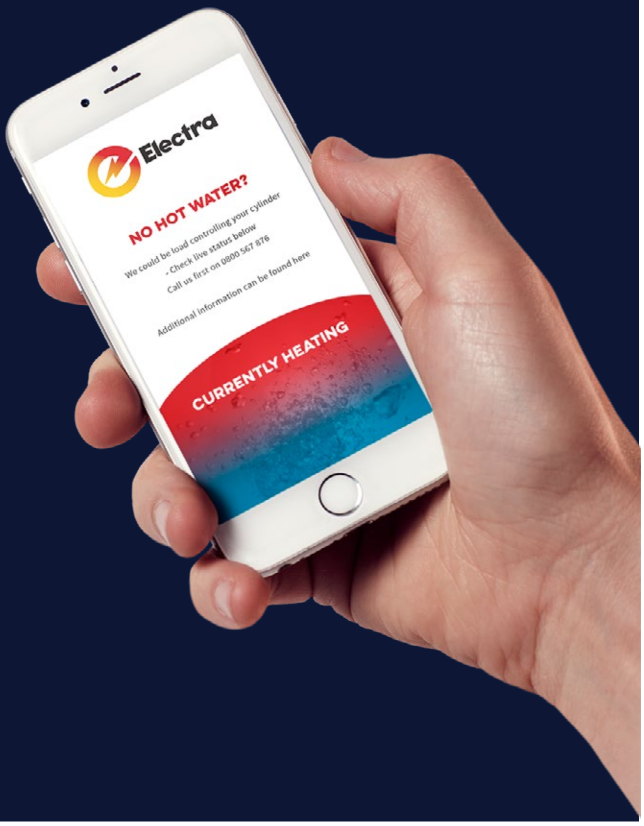
Invested in the development of additional capabilities and growth of the LoRaWAN IIoT network.

Drones

are a valuable tool for inspecting our 33kV and 11kV networks, using infrared thermography to identify sections where a network failure may be about to occur.

Hot Water Control

has been improved leading to enhanced decision making and providing accurate and timely customer communications. A customer notification has been added to the Electra website for customers to check if electric heated hot water is under active control. A detailed hot water control dashboard is also available to our contact centre team to assist with calls from customers. This has reduced expensive callouts to plumbers and electricians.



Completed Network Projects FY2021

Category	Project Description	Region	Total Investment
Growth	Install a new feeder from Shannon substation to offload an existing feeder	Shannon	$340,000
Renewal	Stafford Street - Upgrade 1km of 11kV overhead line	Shannon	$150,000
Renewal	Reconfigure 4 pole structures outside Foxton substation	Foxton	$500,000
Legislative	Seismic strengthening of Paraparaumu West Substation	Paraparaumu	$250,000
Quality	Protection upgrade-Valley Road GXP & CB942	Valley Road	$330,000
Quality	Comms Upgrade -Waikanae to Valley Rd GXP	Valley Road	$170,000
Renewal	Seddon Street- Upgrade 1km of 11kV overhead line	Waikanae	$330,000
Renewal	Mc Arthur Street- Upgrade 800 m of LV overhead line	Levin	$180,000
Renewal	Kuku Beach Road- Upgrade 2km of 11kV overhead line	Levin	$278,800
Renewal	Bartholomew Road- Upgrade 1.2 km of 11kV overhead line	Levin	$390,000

Improving Customer Experience

We have continued to improve customer experience through tools to communicate network status, more flexible pricing options, a drive for low prices, technical advice, and assistance with lines owned by customers.

This year we made significant progress in how we communicate with the people and businesses connected to our network, ensuring our key messages are reaching the right people at the right time. To help us do this, we consulted with customers to learn what their needs were, particularly around planned and unplanned outages as well as large network projects.

We also provided more consumer information and advice around our pricing and sales discount, and other energy-related topics such as controlled hot water, how to save energy and the Utilities Disputes scheme.

96%

satisfaction - our customer service was once again rated highly by our customers*

*Annual independent customer satisfaction survey

Money for Jam

is a media campaign launched in November to educate customers about our price changes and how they could check they were on the best pricing plan for their situation.

Customer Focus

was significantly improved through the creation of a dedicated customer team including our very first Customer Relationship Manager.

Proactive Communications

are being developed to keep our customers better informed, particularly around outages. Work is underway to notify customers of network maintenance via txt messaging and the mobile app, and we have increased the frequency of Facebook posts.

Vulnerable Customers

are a high-risk group that need additional support. During the year we worked with the Electricity Authority, Commerce Commission, MBIE and electricity retailers in the creation of the Consumer Care Guidelines. The Guidelines will be followed by Retailers and Distributors to ensure that safeguards are in place for vulnerable customer's access to electricity. Electra was one of only four Distributors to participate in the process, as customers are key to our decision making.

Better Community Engagement

Our annual customer survey showed that just 9% of residential customers were aware of our price reductions and new pricing plans that came into effect from 1 April 2020. With many customers potentially sitting on significant unrealised savings we partnered with Powerswitch and set up an information booth at the AP&I Show in Levin in January 2021. The new pricing plans were promoted and customers were shown how to work out the best plan for their needs. We also promoted the Utilities Disputes scheme.

Delivering High Reliability at Low Cost

Research confirms the two factors customers value most are high reliability and low costs.

A comprehensive analysis[1] of the costs and performance of New Zealand's electricity network businesses allows us to compare how well we are delivering for our customers.

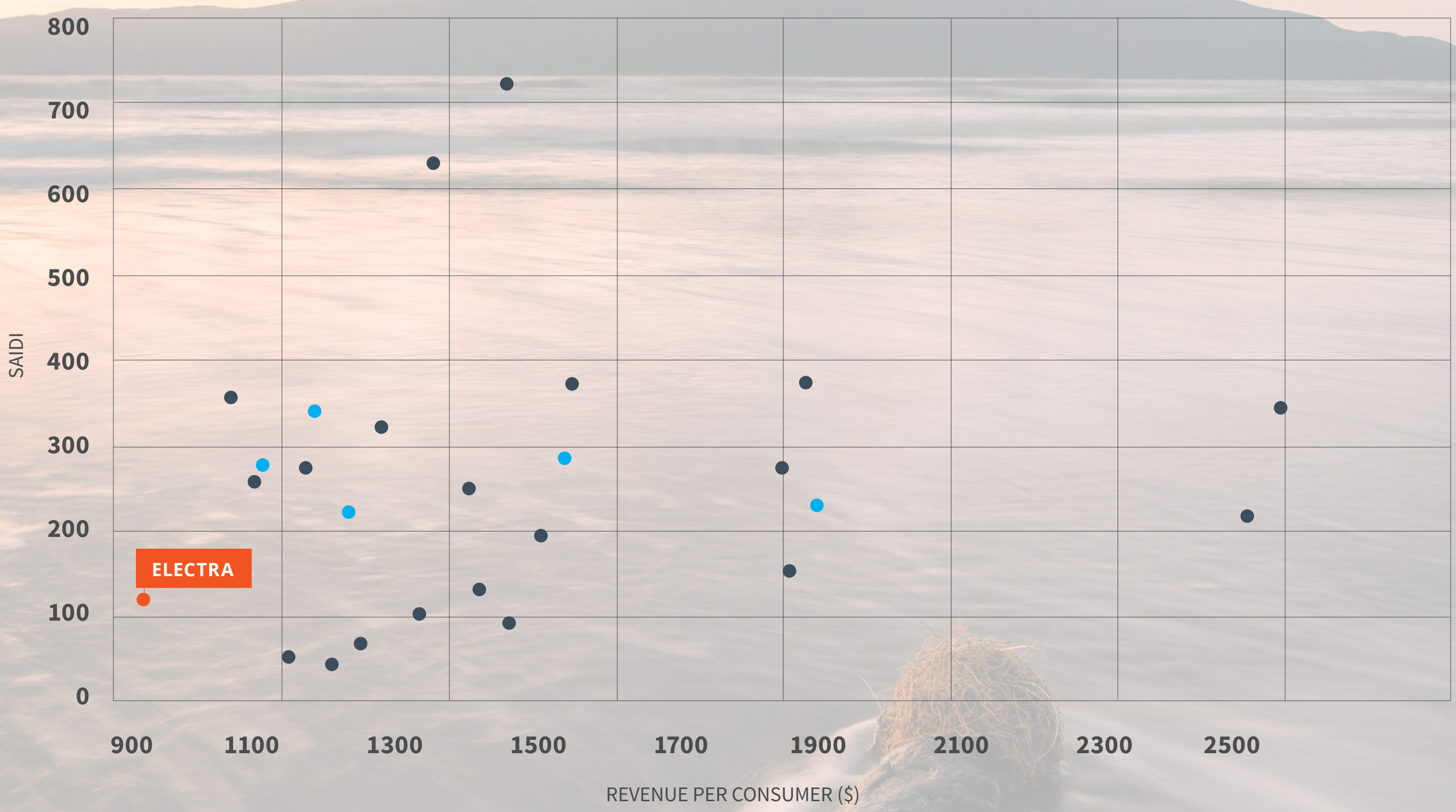
Specifically, we track how we are performing relative to a peer group of seven other electricity network businesses that share similar network characteristics and customer numbers to Electra.

This analysis confirms that we continue to deliver excellent reliability and value for money to electricity customers connected to our network. We are amongst the industry's best performers overall and deliver the highest reliability and lowest cost per customer across our peer group.

Our asset strategy and works programmes will continue to focus on maintaining this high reliability-low cost position within our peer group.

The chart below shows Electra to be in the best quartile when revenue and reliability is plotted. Total revenue is the revenue per connection.

Price vs Quality Averaged From 2013 to 2020



1. Sources: Commerce Commission Information Disclosure data for financial years 2013-2019, data extracted from Information Disclosure schedules from the relevant EDB's website.

peer group electricity network business

95%

satisfaction – the reliability of our electricity supply was rated very highly by many of our customers*

** Annual independent customer satisfaction survey*

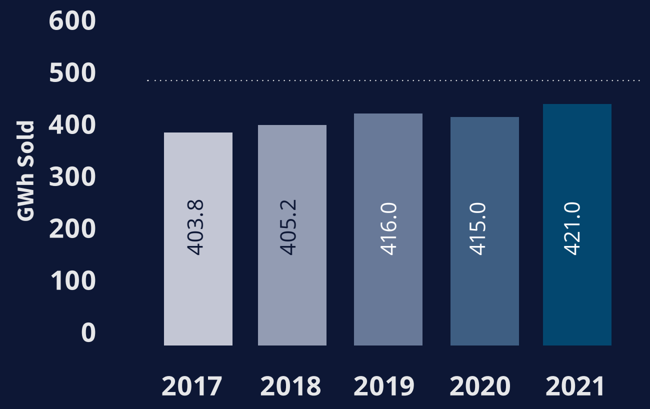
During the year we implemented several opportunities to improve the reliability and security of the distribution network, including enhancements to the Tokomaru automation scheme, upgrades to protection relays across our zone substations and the deployment of phase loss and fault passage indicators to support faster fault location and restoration.

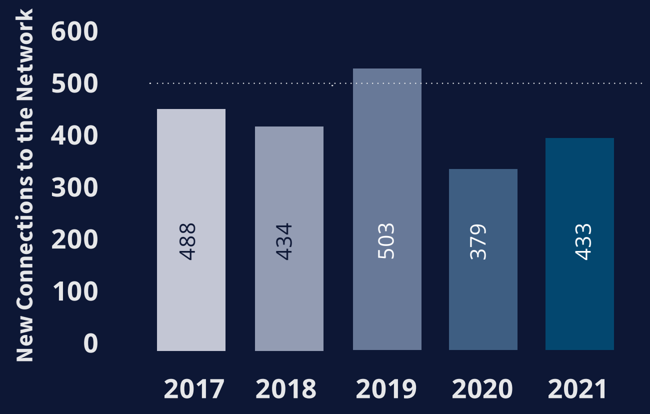
Trees remain the largest cause of power outages, particularly during storm events, and we continued to invest in vegetation management across the region. The benefit of this was demonstrated in September when the network performed extremely well during a major weather event with north westerly winds reaching gale force over this period. 2021 will see an increased marketing and information campaign advising customers of their responsibilities and hazards around privately owned trees and their proximity to electricity lines.

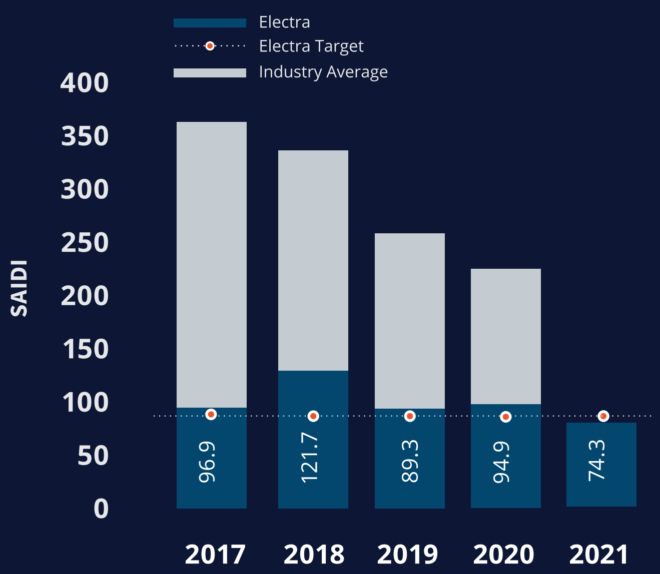
74 minutes – the average outage duration per consumer this year (SAIDI) – outperforming our target (83 minutes) and the industry average (209 minutes). The result once again places us within the industry top quartile for this reliability measure.

Outage lifecycle management was a key focus during 2020 with the creation of a Control Room Team Leader to lead improvements in this area, and cross-discipline weekly analysis of all outages implemented to share ideas and identify trends in equipment operation and network tuning.

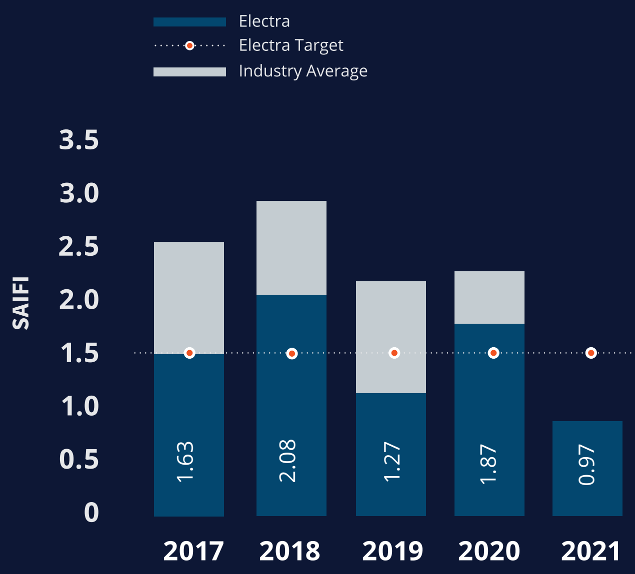
Our Network Performance



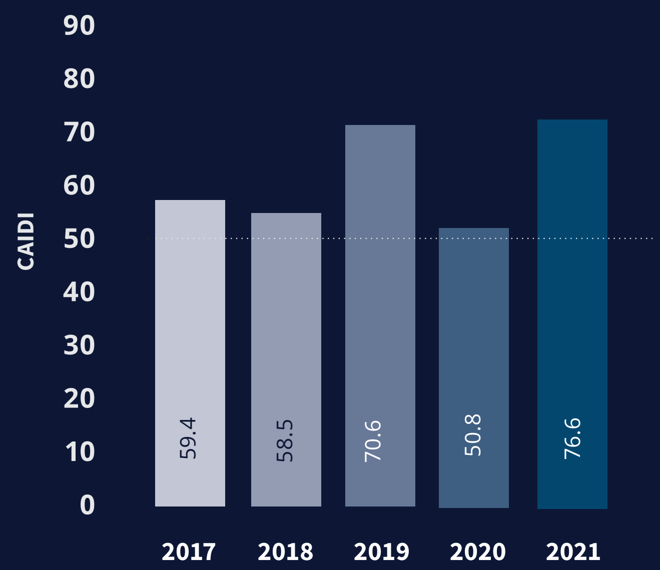




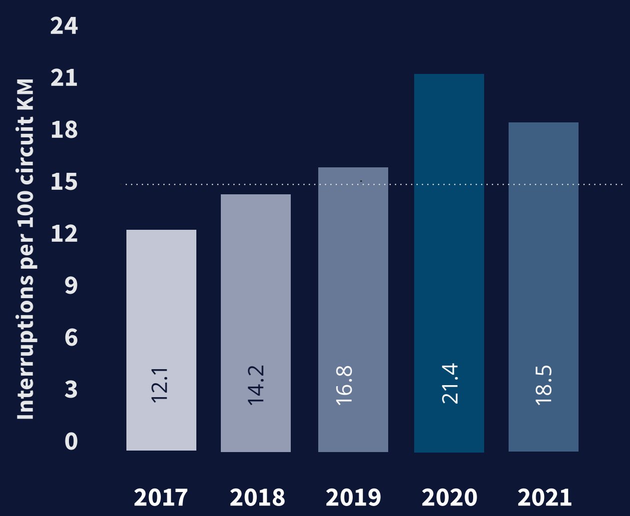
System Average Interruption Duration Index ("SAIDI"). The average outage duration (in minutes) per consumer per year. The lower the number, the better the reliability performance (industry averages and Electra targets are shown for comparison).



System Average Interruption Frequency Index ("SAIFI"). The average number of interruptions that a consumer would experience over the course of a year. The lower the number, the better the reliability performance (industry averages and Electra targets are shown for comparison).



Consumer Average Interruption Duration Index ('CAIDI'). CAIDI = SAIDI / SAIFI.



Protecting the vulnerable

Elm Court in Levin is a small retirement complex providing 30 homes for the elderly. In August 2020 we planned to carry out a transformer and pole replacement in the street Elm Court is located. With 38 elderly residents, many of whom rely on a continuous electricity supply for medical equipment, our in-house Generator Team worked with the Body Corporate to install a temporary generator on-site while our field crews worked on the network.

Focused on Sustainability, Climate Change and Renewables

We integrate environmental sustainability into our network planning and delivery activities with a view to achieving three outcomes:

- Minimising the impact on the environment
- Improving our resilience to changing environmental conditions, and
- Facilitating the adoption of new energy technologies or renewables that support the decarbonising of our regional and the wider New Zealand economies.

Throughout the year further work was undertaken to replace lines that met ‘end of life’ criteria and create alternative supply routes to provide greater flexibility in transferring load during network outage situations. We also continued to undertake seismic strengthening across our network, particularly at the zone substation level.

Our support of renewable energy sources and the adoption of electric vehicles (EVs) across our network was underlined by the addition of an EV van to our fleet and the continued trial of an 8kWh photovoltaic (PV) battery system at our Head Office. Electra is a member of the Wellington Regional EV Working Group (WREVWG). This group comprised our local and regional councils alongside major central government agencies such as NZTA, EECA, other EDBs and electricity retailers working together to promote and advocate for Electric Vehicles in the Wellington region.

IS0 55000

in 2020 we commenced a multi-year programme to implement ISO 55000 (focusing on the management of assets using sustainable practices across the full procurement cycle, including proactive asset disposal) within our business.

11

EV fast charging stations are now operating throughout our region with two new stations added in Shannon in August.

Team effort

a staff-led initiative has identified and prioritised improvements to sustainability practices throughout our business including improvements to waste management practices, the introduction of recycling bins and a full audit of our energy consumption.

Protecting New Zealand‘s wildlife

The Peka Peka to Otaki section of the Kāpiti Expressway project threatened the natural habitat of a rare species of native snail. As part of our network realignment to support the new expressway we worked closely with Department of Conservation staff to relocate the snails to a new habitat nearby, ensuring no harm was done to the snails and the correct procedures were followed in handling and relocating them.

Planning Ahead: Asset Management Plan (2021 - 2031)

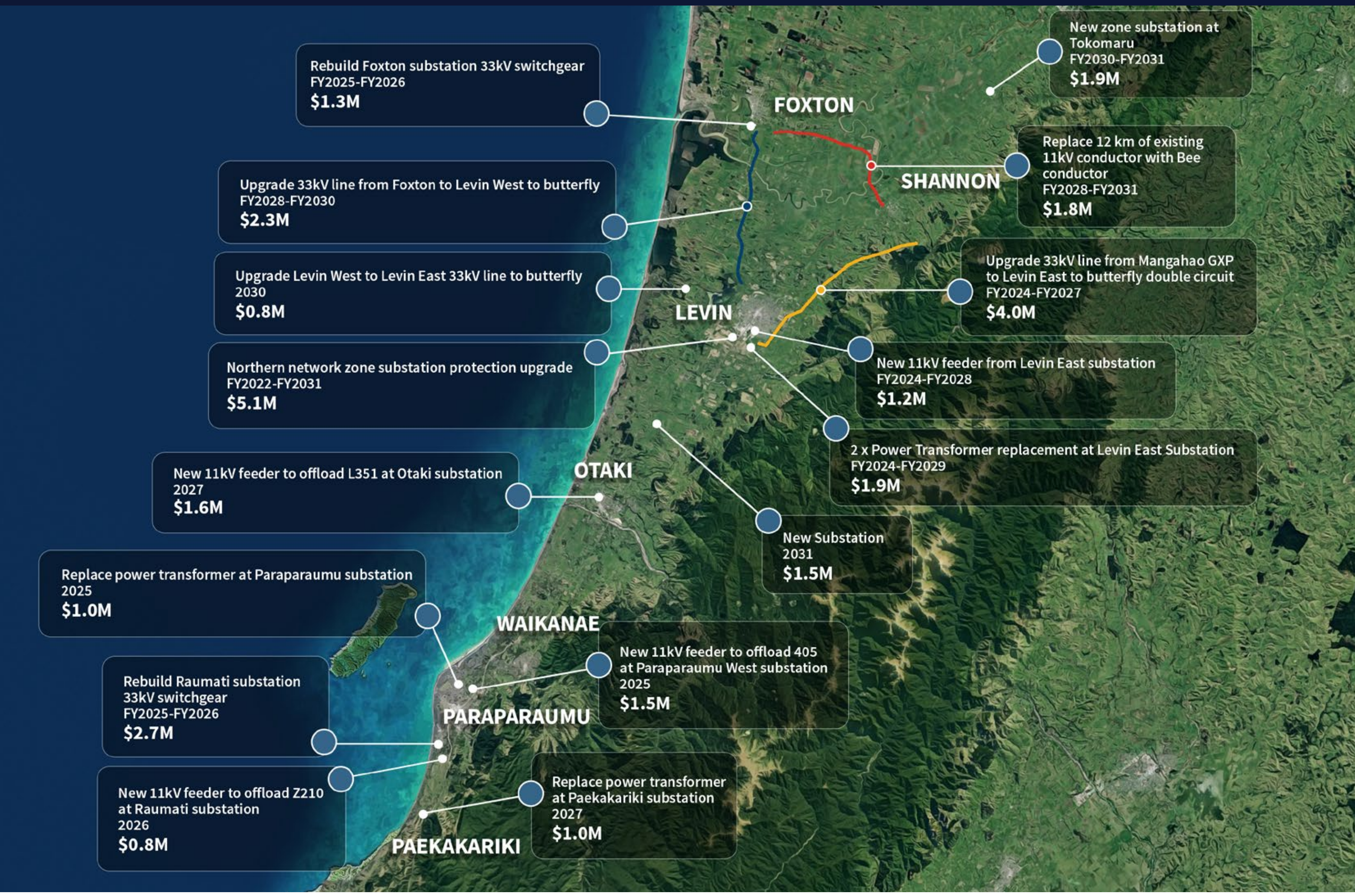
Our Asset Management Plan (AMP) 2021 sets out our asset management strategies and investment plans for the next 10 years, and clearly establishes the linkages between the AMP and the Electra Group's wider corporate strategies.
It is structured to meet regulatory compliance of the Electricity Distribution Information Disclosure Determination 2012.
Electra's asset management strategies, tactical programmes and work plans have always been aligned to the wider strategic direction. We endeavour to make that alignment more visible by setting out the linkages between the group strategy and the asset management activities. This is also consistent with the line-of-sight principle of ISO 55000.

The key initiatives are:

- Commence multi-year project to align business to ISO 55000 practices for improved asset management maturity
- Implement an Enterprise Asset Management system
- Improve performance, manage risk and control costs, with a view to reducing SAIDI and OPEX
- Develop strategy to guide the company response to the challenges and opportunities of the electrification of transport sector
- Develop strategy for transition to a transactive network while maintaining watching brief on DERMS and participation in industry working groups
- Enhancing evidence-based investment decisions with risk and criticality dimensions to quantify and prioritise investments, and
- Enhancing and supporting sustainability, climate change and renewables initiatives.

The significant programmes for the 2021-2031 planning period include the following projects:

Key Network Projects 2021 - 2031



Forecast Expenditure

Capital costs are expected to average $13.1M per year over the next 10 years while operational costs are expected to average $4.8M per year over the same period. We have the flexibility to adjust this investment if growth accelerates beyond our expectations.

Capital expenditure is projected to be split across the following activities over the next 10 years:
- Network growth (11%)
- Reliability or supply quality (23%)
- Renewal and replacement work (59%), and
- Legislative, safety and environmental requirements (7%).

Planned Network Projects FY 2022

For the 2022 financial year, our nine largest projects in terms of level of investment are listed below.

No	Category	Work Description	Region	Total
1	Quality	Substation protection and communication work	Northern network (Mangahao, Shannon, Foxton, Levin West and Levin East)	$650,000
2	Legislative	Seismic strengthening of zone substation buildings	Levin West and Otaki Zone Substations	$600,000
3	Quality	Install pole mounted sectionalisers on specified feeders to reduce number of customers affected by faults	Various locations	$400,000
4	Renewal	Replace 16mm2 overhead 11kV conductor with Gopher conductor	Mangahao Rd, Shannon	$290,000
5	Quality	Install Low Voltage (LV) - power quality monitors	Various locations	$250,000
6	Renewal	Replace existing Gopher overhead 11kV conductor with Gopher conductor	Takapu Road, Otaki	$247,000
7	Renewal	Replace 1.5km of Rango overhead 11kV conductor with Bee conductor	Waitohu Valley Road, Otaki	$235,000
8	Renewal	Replace 35mm2 overhead 11kV conductor with Bee conductor	SH57, Shannon	$205,000
9	Quality	Install additional permanent fault indicators to allow quicker location of faults	Various locations	$200,000

Price Changes from 1 April 2021

Our pricing methodology allows us to build, operate and maintain a safe and reliable electricity network and serve our customers throughout the region. It complies with regulatory requirements and promotes cost reflective distribution price options and transparency to customers. Our pricing principles are reflected in the investment of suitable infrastructure and asset management reflected in the Asset Management Plan (AMP).

Electra's prices are focused at the mass market (small and medium customer group) in a region where the customer base is dominated by small loads. Domestic and small commercial users represent approximately 98% of connections and over 80% of consumption. On average customers in the Electra region still receive the smallest bills in the country. However, due to increasing materials costs and Transpower transmission charges, price increases are required. For a typical household the price increase is less than a coffee a month or an increase of about 2.5% to most customer bills.

Coupled with the announcement of a price increase, Electra ran a further campaign encouraging customers to seek out an optimum electricity plan. This was also coupled with a simple to follow online guide on how to save energy – through simple changes at home. Savings of over $200 have been realised by Electra's domestic customers by talking with their retailer and using the Powerswitch price comparison site.

Growing

EMPOWERING YOUR FUTURE

Delivering Growth Beyond the Network

For almost 100 years we have focused on delivering a safe and reliable electricity supply to everyone connected to our network, and ensuring it has the flexibility and capacity to meet both current and future demand and needs.

In 2017 the Board and Senior Leadership Team reviewed the company's strategic direction and created an ambitious 10-year strategy (2017-27) to generate substantial growth for the Electra Group.

Part of this strategy has been to invest in companies that complement the Group's core (electricity network) business and provide opportunities to add value and expanded services that enhance the benefit we can deliver to the Group.

This means identifying opportunities that position the Group for future growth, increase our revenue streams and, ultimately, the level of value we can provide to both our owners and the communities in which we operate.

Despite the challenges Covid-19 presented us with, we have advanced many of our key business objectives over the year.

We continue to invest heavily in our network, embracing technology to ensure we can respond and deliver to our region's changing and growing needs. We made significant progress in improving the customer experience through our pricing and communication initiatives. We achieved a high level of network reliability at low cost. And we adopted more sustainable practices across the business as we position the network for the challenges presented from both climate change and emerging and disruptive technologies.

We achieved all of this while continuing to strengthen our strong health and safety culture focused on achieving our zero 'lost time injury' (LTI) target.

Electra Services Limited (Trading as SECURELY®)

Established in 2017, Electra Services Limited (ESL) brings together modern call centre capability with security monitoring, automation services and independent living support services.

It is one of the few 24/7 combined monitoring and call centres operating nationally and handles the fault calls on behalf of Electra. In addition to providing Electra with this core service, our investment in ESL has created additional jobs within the region to deliver an essential service for the aging population and vulnerable within our community and nationally, with customers from the Far North to Invercargill.

The business operates its main call centre capability in Levin, with a second customer care team in Tauranga, to ensure business continuity in the event of a natural disaster or other significant event such as a serious outage.

The company's sales, field services and monitoring services trade under the SECURELY® brand – a brand with a reputation for delivering market leading products and services that challenge the traditional medical and security alarms sector.

Offering a market leading and highly disruptive technology platform (Essence), SECURELY® customers receive far greater capability at a similar cost to traditional (legacy) systems particularly in the medical space where it is enabling people to maintain their independence and remain in their homes much longer.

Mobile solutions and smart technology (including voice activated commands) are enabling us to deliver a 24/7 end-to-end service for our customers and their families, many of whom reside in other areas of the country. As well as detecting the usual changes in heat, sound, and motion and sending alerts to the customer (and their family), we use algorithms and Artificial Intelligence to track and monitor daily movements and predict possible health issues based on the insights.

COVID-19 PROVIDES OPPORTUNITIES

The last year gave the business a new opportunity to demonstrate its strengths and the value it delivers.

During the Covid-19 lockdown ESL's use of leading-edge technology and Cloud-based solutions meant we were able to work remotely without any disruption to service.

Year-on-year call numbers were 13% higher due to growth in the range of services along with instituting outbound welfare calls to vulnerable clients during the lockdown period, particularly over the June quarter.

The ability to allow the elderly and medically impaired to continue to live safely in their homes for longer was also highlighted as families worried about the ongoing health and wellbeing of elderly relatives, leading to increased enquiries for our SECURELY® independence services in the months following the lockdown.

Delivering Greater Quality of Life Through Independent Living

At 47 years old, Hamilton lady Richelle Boyd was facing life in a retirement village after a Grand Mal seizure nearly claimed her life and she was told it wasn't safe for her to continue to live alone.

In October 2020 we provided Richelle with a SECURELY® medical alarm and a fall detector pendant, giving her the 24/7 monitoring she needed to remain independent at home.

Four weeks later we received a tearful phone call from Richelle telling us her pendant had saved her life. She had suffered another seizure and had begun choking - the jerking of the seizures automatically activated the pendant which alerted our monitoring centre. As they were unable to speak with Richelle, an ambulance service was dispatched, which was able to access the property through a key held in a lockbox at her house.

Richelle woke up in hospital eight hours later, disorientated, learning that she had come within minutes of dying. Richelle's story was shared on Facebook, generating an unprecedented response for us with the post verging on becoming viral.

Growth Through B2B and Strategic Partnerships

Aged care and the provision of services that allow the elderly to continue to live safely in their homes for longer has appeal for individuals, families and social agencies alike.

Opportunities exist to deliver a broad range of security and independence solutions to meet the needs of existing and new customers both individually, as specific clusters (e.g. retirement facilities), or through strategic partnerships (e.g. local government, public sector agencies, etc).

For example, the Electra Group's investment in Quail Ridge Country Club has created opportunities for SECURELY®. Our medical alarms, monitoring and independence products and services are an ideal fit for the residents of this retirement village. To date medical alarm solutions have been installed in 80 units within the facility with the potential to add a further 50 units as development at the village proceeds. The success at Quail Ridge provides an excellent case study for other retirement village operators to consider for their own residents.

We continue to work with the Pharmacy Guild and community pharmacies throughout the country, with more than 100 pharmacies providing referrals for our independent living products and services. A new partnership with Presbyterian Support (Enliven) is also starting to install medical alarm services in villages and independent living residents.

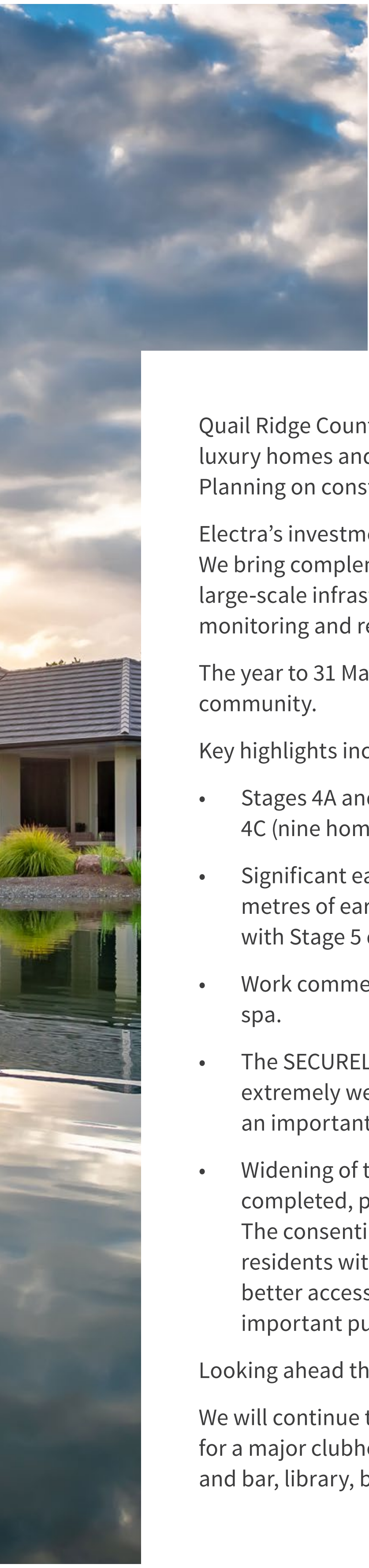
Beyond this, our monitored security systems provide opportunities for the business to work with network companies to provide greater network intelligence to assist with the early identification and restoration of faults. We are currently trialling this within the Electra network, mapping nearly 3,500 monitored alarms against network feeders, allowing the network to proactively identify patterns or clustering of outage points resulting in the faster restoration of faults.

A Rotorua based GP, Dr Clem, installed our SECURELY® PRO system in his mother's house after she had a stroke.

Before they installed the system, Dr Clem's mother required fulltime care with family members taking turns to look after her, at the expense of time with their own families. But now, the PRO system means she can remain in her home while family members are able to remotely monitor her health and wellbeing.

"Being able to discreetly monitor mum's activities via the PRO app and see she is moving around has changed the family dynamic from exhausted caregivers to loving children."

Dr Clem says he really appreciates getting the 'awake and well' text message every morning confirming that his mother has gotten out of bed and activated the sensors.



Quail Ridge Country Club

In 2020 we added a further investment to the Group's portfolio, taking a 49.9% stake in Quail Ridge Country Club and its associated building company, Kerikeri Falls Investment Company.

Quail Ridge Country Club is a high-quality retirement village in Kerikeri. The village currently comprises 85 luxury homes and 141 residents with plans in place to grow it to 199 homes and villas over the next few years. Planning on construction of a full-service aged care facility is also underway.

Electra's investment is allowing the company to continue its development plans over the next few years. We bring complementary skills and experience to the board table in the development and management of large-scale infrastructure assets with long term investment horizons, and the use of technology to deliver monitoring and response services for aged care residents.

The year to 31 March 2021 has seen excellent progress made both within the village and the wider Kerikeri community.

Key highlights included:

- Stages 4A and 4B were fully completed, adding 16 homes to the village, while work commenced on Stage 4C (nine homes in total) with two homes completed and three more currently underway.
- Significant earthworks were undertaken as they progressed their plans for Stage 5, moving 30,000 cubic metres of earth to raise the level of the development by 3 metres. Construction is due to begin in July 2021 with Stage 5 due to be fully completed by December 2022.
- Work commenced on the Pool complex that will include a 15-metre pool, gymnasium, two saunas and a spa.
- The SECURELY® medical alarm system has now been rolled out across the entire village and is working extremely well. Having a voice activated call system and smoke detectors linked directly to a call centre is an important advantage of the SECURELY® system.
- Widening of the Rainbow Falls Road is underway and a one-kilometre footpath has already been completed, providing better access to the village and neighbouring attractions such as the Rainbow Falls. The consenting process has also begun to build a pedestrian bridge across the Kerikeri River, providing residents with better access to the Kerikeri township and local golf course, and local Kerikeri residents better access to Rainbow Falls and nearby walking tracks. Once completed the new bridge will be an important public amenity for the entire Kerikeri community.

Looking ahead the business is in good shape with strong demand for homes within the new stages.

We will continue to progress existing developments over the coming year as well as moving ahead with plans for a major clubhouse facility on-site. At a total floor area of 1,650m2, the facility will feature a restaurant, café and bar, library, billiards room, activities room, 30-seat cinema and a wellness centre.

Connect 8

Connect 8 is one of New Zealand's leading experts in infrastructure contracting services for mobile networks, fibre and power utilities.

The company creates and delivers innovative end-to-end turnkey solutions for leading telco and infrastructure businesses throughout the country, ranging from design and build solutions through to ongoing operational maintenance and support programmes.

In 2018 Electra sold its subsidiary Sky Communications Limited to Connect 8 (a wholly owned Spark subsidiary at the time) and took a joint equal share in the much larger Connect 8 business.

Like most New Zealand businesses, Connect 8's year to 31 March 2021 was significantly affected by the arrival of Covid-19. However, as an essential service provider to the utilities sector the impact, while challenging, was largely positive.

The rapid shift to Level 3 and then Level 4 lockdown meant the business had to respond immediately to the changing work (and social) environment. Adopting a world class health & safety approach, the company transitioned to a new operational model within a fortnight.

Head office staff (50 people located in Mt Wellington) were set up to work from home (a practice that staff have continued to benefit from post-lockdown). Around 100 field staff were allocated to a number of work 'bubbles' (3-4 people per team) for the duration of the lockdown and trained to work safely on site and in public. Vehicles were identified as essential service providers and PPE and other safety equipment were provided to team members.

Existing projects were given priority by the government as connectivity became even more important to a population confined to their homes. In particular:

- The Rural Connectivity Group (RCG), which is bringing 4G mobile and wireless broadband coverage to rural NZ households, have engaged Connect 8 to deliver end-to-end turnkey solutions starting from site design, civil build, TI (Tech Installation), integrations through to drive testing. During lockdown Connect 8 worked quickly to activate several recently completed sites then, over the rest of the year, completed a further 70 greenfield sites.
- A nationally significant infrastructure project to replace over 200km of earthquake-damaged road and rail near Kaikoura included the laying of 53km of fibre optic cable along the new road – a critical revenue project for the company. Connect 8 staff (who had to remain in the region throughout the lockdown) worked together with staff from Spark, NZTA and North Canterbury Transport Infrastructure Recovery (NCTIR) to ensure the project continued uninterrupted throughout lockdown.

The company also progressed several other key projects during the year, including:

- The establishment of a branch office in Christchurch to better service the growing South Island market, particularly the mobile sector.
- The expansion of Drive Testing Services, that check the strength of mobile coverage in moving vehicles, securing contracts to test 4G coverage for RCG and 5G coverage for Spark and Nokia.
- A T1 RAN upgrade of 112 mobile sites on the 2degrees network around Auckland, in partnership with Huawei. The business also completed a series of 4G upgrades on the Spark network.

Looking ahead the business is in excellent shape and well positioned to generate strong revenues for several years ahead. The company has identified three new areas of significant revenue growth over the coming year:

- Delivering In-Building Coverage ('IBC') solutions to large buildings and venues where mobile volumes are high and/or signal strength are obstructed by concrete and steel construction. This is typically resolved using multi-operator digital distributed antenna systems ('DAS') to keep people connected wherever they might be, including in areas where there are blind spots or where communication signals are weak. The company recently completed DAS installations at the Voco and Pacifica Hotels in Auckland and upgraded Eden Park's DAS in time for the Six60 concert. Further opportunities exist at other stadia, shopping mall refurbishments, hotel developments and the Auckland Rail Link project.
- The commencement of the large-scale roll-out of 5G across the country (following some initial test projects in 2020). The business is engaging directly with Spark, Nokia and Samsung with respect to the Spark 5G network, and also with 2degrees and Ericsson on the 2degrees 5G network.
- KiwiRail's electrification of the rail network between Papakura and Pukekohe is due to start later this year, with fibre being installed along the entire length of the track requiring significant drilling, trench, pit and ducting work.

Horowhenua Developments Limited

Part of the Electra Group's growth strategy is to identify investment opportunities in complementary businesses where we can contribute our skills and experience in developing and managing large infrastructure assets with long term investment horizons.

This strategy has seen us take large stakes in Connect 8 (50%) in 2018 and Quail Ridge Country Club (49.9%) and its associated building company, Kerikeri Falls Investment Limited in 2020.

In 2020 the Group's investment portfolio was further enhanced with a 25% stake taken in Horowhenua Developments Limited (HDL).

HDL purchased a block of non-core and underperforming vacant industrial land on Roe Street, Levin from Horowhenua District Council in 2019.

In 2020 the property was consented, sub-divided and had infrastructure installed before being brought to market as the Horowhenua Business Park. Every lot was sold in under 18 months and construction is underway on several large-scale projects that will deliver long term benefits to the District.

The development has created substantial economic and social opportunities for our region with local tradespeople employed for the development and build phases, as well as permanent employment for local people once the various businesses commence operations.

The profits generated from The Business Park will be used to identify further opportunities to help grow the Horowhenua economy.

Our investment in HDL makes sound business sense. As well as direct financial returns to the Group, the success of the venture will invariably contribute to growth in the region and increased demand on our network.

Future Growth

The New Zealand economy entered 2021 in remarkably good shape having avoided much of the expected social and economic fallout from the Covid-19 pandemic.

This was largely due to the country's response to the pandemic by the 'team of five million' along with massive fiscal and monetary stimulus and a negligible impact on public health.

This approach resulted in a faster bounce-back in the economy than was anticipated, with stronger employment numbers, increased consumer spending post-lockdown and a booming housing and construction market.

With most households in a strong financial position, consumer spending is expected to continue throughout the year, especially as New Zealanders divert funds earmarked for overseas travel back into the local economy instead. This will in turn lift business confidence and their optimism about future activity levels.

Infometrics expects GDP growth to accelerate to 4.6% p.a. in the second half of 2021 as the economy recovers from the effects of the pandemic. Although some parts of the economy will continue to struggle with international travel remaining constrained and overseas economies suffering the ongoing economic impact from Covid-19.

Locally, several key economic indicators (including business growth) lead the national averages and there is a growing interest in the region, particularly in northern areas. The combination of affordability, location and the government's roading investment throughout the greater Wellington region is making the Kāpiti and Horowhenua regions an attractive place to live, work and play.

The Electra region is predicted to grow by 1.8% per year, over the next 10 years – well above the 1.2% per year expected nationally. Against this backdrop regional annual electricity demand is forecast to increase at 1.2% in the northern part of our region (Mangahao GXP) and 1.6% in the southern districts (Valley Road Paraparaumu GXP).

In addition to this organic growth, the government-led decarbonisation initiatives will drive a higher demand for electricity as they encourage electrification of transport and process heat. We welcome this growth potential and are looking to work with the Government to meet the targets.

The underlying performance of our core network business remains strong, and we will continue to invest in smart technologies that enable better decision making, communication and management of assets.

The Government's Electricity Pricing Review objectives including phased removal of low fixed charge tariffs (LFCs) has been well signalled, allowing Electra to ensure these changes have been planned for within future pricing and tariff changes.

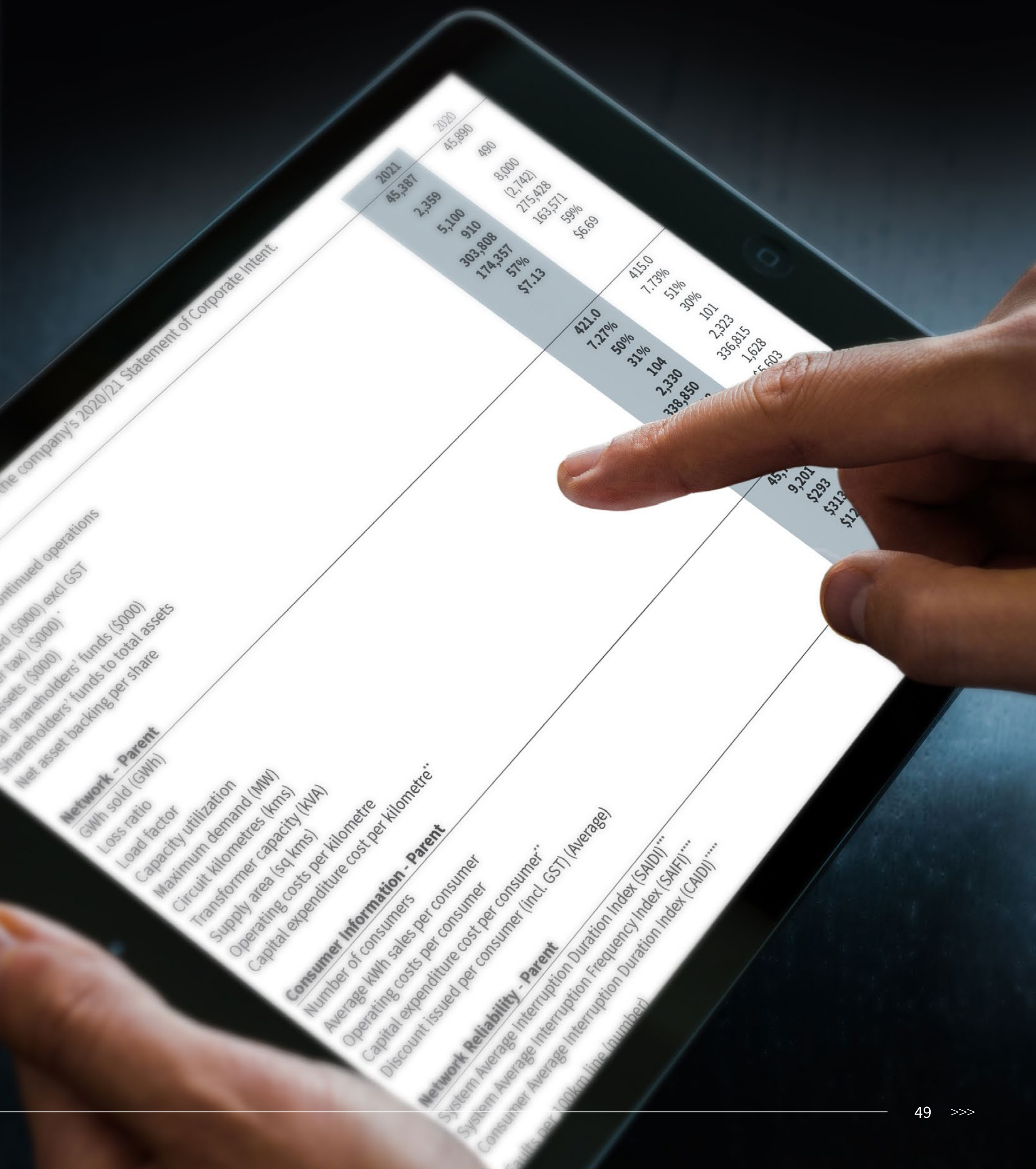
We continue to implement our growth strategy across the Group, seeking acquisition and investment opportunities that complement our core capabilities, while delivering organic growth from our existing businesses.

As a critical infrastructure provider and a large local employer, our activity and growth is a significant contributor to the regional economy. We enjoy positive and profitable relationships with the councils and businesses throughout our region and will seek ongoing opportunities to collaborate with them to support and attract local business growth and development.

In such an environment we are confident that our Group is well positioned to achieve its ambitious growth targets and deliver additional ongoing value to our owners.

As always, our first priority is to focus on delivering a safe and reliable electricity supply to everyone connected to our network, with the flexibility and capacity to meet both current and future demand and needs, while maximising the level of sales discount we can return to the consumers connected to the Electra network.

Corporate Governance



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 2021.

Principal activities

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

Group results and distributions	Note	2021 $000	2020 $000
Continuing operations			
Operating revenue		**45,387**	45,890
Other expenses		**(48,537)**	(48,956)
Share of profit in Joint Ventures and Associate		**1,574**	93
Movement in investments held at fair value		**845**	-
Profit / (Loss) before tax		**(731)**	(2,973)
Income tax benefit / (expense)		**1,346**	1,132
Net profit / (loss) after tax for the year from continuing operations		**615**	(1,841)
Discontinued operations			
Profit / (loss) for the year from discontinued operations	3, 25	**295**	(901)
Profit for the year after tax		**910**	(2,742)
Other movements through retained earnings		**49**	41
Dividend		**(300)**	(330)
Retained earnings brought forward		**74,974**	78,005
Retained earnings carried forward		**75,633**	74,974

Directors' interests

Directors have declared interests in transactions with Electra Limited and the Group during the year as set out in note 21 of these financial statements.

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

Directors

In accordance with the Constitution of the Company Mike Underhill retires by rotation at the annual general meeting, held on 30th July 2021, of the company. Mr Underhill being eligible, offers himself for re-election.

Director's membership of the sub committees are as follows:

Commitee	Directors	Position
Risk & Audit Committee	M C Underhill	Chair
	S A Mitchell-Jenkins	Member
	S R Armstrong	Member
	J E Nichols	Member
Health, Safety & Wellbeing	C C Dyhrberg	Chair
	M C Underhill	Member
	S A Mitchell-Jenkins	Member
Investment Committee	S R Armstrong	Chair
	S A Houston	Member
	M I D Gribben	Member
	S A Mitchell-Jenkins	Member
Chief Executive Review / Remuneration	S A Mitchell-Jenkins	Member
	C C Dyhrberg	Member

Messrs Jon Edmond Nichols and Murray Ian David Gribben were appointed as Directors to the Electra Limited Board at the company annual general meeting held on 31st of July 2020.

The following table shows the changes on Directors' interest register in this financial year:

Directors	Interested Entity	Nature of Interest	Interested Entity	Nature of Interest
J E Nichols	Palmerston North Airport Ltd	Director	Hawkes Bay Airport Ltd	Director
	Eastland Network Ltd	Director	Hawkes Bay Airport Construction Ltd	Director
	Eastland Port Ltd	Director	Nichols Consulting Ltd	Director & Shareholder
	Eastland Group Ltd	Director	Napier Port Ltd	Shareholder
	Gisborne Airport Ltd	Director	Meridian Energy Ltd	Shareholder
	Maungaharuru-Tangitu Trust - Audit & Risk	Independent Chair	Hastings District Council - Risk & Assurance	Independent Chair
S A Mitchell-Jenkins	Abacus Association Inc	Director		
M C Underhill	Wellington Water Ltd	Director	Herbert Gardens Ltd	Director & Shareholder
S A Houston	Arcanum AI Holdings Ltd	Director & Shareholder	Ishare Ltd	Shareholder
	Cloud 10 Ltd	Director & Shareholder	Santorini Trust	Trustee
	GNZ Ltd	Shareholder	Houston Control Trust	Trustee
	Power Business Services	Shareholder		
M I D Gribben	Ruapehu Alpine Lifts Limited	Director	Willis Bond Capital Partners No2 Ltd	Shareholder
	Halo Investments Management Limited	Director	Willis Bond Capital Partners No3 Ltd	Shareholder
	Chitogel Ltd	Shareholder	Karaka Trust	Trustee
	Catalina Bay Investments Ltd	Shareholder	Waipuna Trust	Trustee

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

Auditor
Silvio Bruinsma of Deloitte Limited was appointed as Auditor on behalf of the Auditor-General in accordance with Section 45 of the Energy Companies Act 1992

For and on behalf of the Board

Shelly Mitchell-Jenkins
Chair
17 June 2021

Michael Underhill
Director
17 June 2021

PERFORMANCE HIGHLIGHTS

The following performance measures are disclosed in accordance with the Commerce Commission Disclosure Regulations for Electricity Distribution Companies and the Company's 2020/21 Statement of Corporate Intent.

Financial	**2021**	2020	2019
Total revenue ($000)	**45,387**	45,890	50,937
Revenue from discontinued operations	**2,359**	490	541
Discount issued ($000)	**5,100**	8,000	7,900
Profit (after tax) ($000)	**910**	(2,742)	4,558
Total assets ($000)	**303,808**	275,428	236,357
Total shareholders' funds ($000)	**174,357**	163,571	145,109
Shareholders' funds to total assets	**57%**	59%	61%
Net asset backing per share	**$7.13**	$6.69	$5.93
Network – Parent			
GWh sold	**421.0**	415.0	416.0
Loss ratio*	**7.27%**	7.73%	6.90%
Load factor**	**50%**	51%	50%
Capacity utilization***	**31%**	30%	31%
Maximum demand (MW)	**104**	101	102
Circuit kilometres (kms)	**2,330**	2,323	2,289
Transformer capacity (kVA)	**338,850**	336,815	335,505
Supply area (sq kms)	**1,628**	1,628	1,628
Operating costs per kilometre	**$5,730**	$5,603	$5,305
Capital expenditure cost per kilometre****	**$6,119**	$10,914	$5,065
Consumer Information - Parent			
Number of consumers	**45,757**	45,366	44,987
Average kWh sales per consumer	**9,201**	9,150	9,249
Operating costs per consumer	**$293**	$288	$271
Capital expenditure cost per consumer	**$313**	$561	$259
Discount issued per consumer (incl. GST) (Average)	**$128**	$203	$202
Network Reliability - Parent			
System Average Interruption Duration Index (SAIDI)*****	**74.3**	94.9	89.0
System Average Interruption Frequency Index (SAIFI)******	**0.97**	1.87	1.26
Consumer Average Interruption Duration Index (CAIDI)*******	**76.6**	50.8	70.6
Faults per 100km line (number)	**18.5**	21.4	16.8
Personnel - Group: No. of employees			
- Electra Limited	**116**	113	111
- Electra Generation Limited	**-**	1	1
- Electra Services Limited	**54**	61	67

* *Loss ratio refers to distribution losses between transmission connection points and end use meters.*

** *Load factor is an expression of how much energy was used in a time period, versus how much energy could have been used.*

*** *Capacity utilisation is the extent the capacity of the network is being used as a proportion of maximum capacity.*

**** *Capital expenditure per kilometre disclosed for 2020 is significantly higher due to a one of reclassification of the networks RAB.*

***** *The total number of minutes of interruption the average customer experiences.*

****** *How often the average customer experiences an interruption.*

******* *The average time required to restore service for a single outage.*

Financial Statements

Index

for the Audited Financial Statements

The Group Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2021

Continuing operations	Note	2021 $000	2020 $000
Revenue			
Revenue	1	**44,600**	45,566
Interest income		**283**	43
Other income		**504**	281
Total operating revenue and income		**45,387**	45,890
Expenses			
Interest expense		**(2,287)**	(1,977)
Other expenses	2	**(46,250)**	(46,979)
Total operating expenses		**(48,537)**	(48,956)
Share of profit from joint ventures and associate	19	**1,574**	93
Movement in investments held at fair value	18	**845**	-
Profit before tax from continuing operations		**(731)**	(2,973)
Income tax benefit / (expense)	4	**1,346**	1,132
Profit / (loss) for the year from continuing operations		**615**	(1,841)
Discontinued operations			
Gain on disposal of operations	3, 25	**594**	-
Earnings for the year from discontinued operations	3	**(299)**	(901)
Profit for the year		**910**	(2,742)
Other comprehensive income			
Gain on asset revaluation	5	**14,190**	30,023
(Loss) on disposal of revalued assets		**(58)**	(132)
Income tax benefit / (expense) relating to components of other comprehensive income	4	**(3,956)**	(8,357)
Other comprehensive (loss) for the year net of tax		**10,176**	21,534
Total comprehensive profit / (loss) for the year net of tax		**11,086**	18,792

** Discontinued operations have been separated out. Refer to notes 3 and 25 for further detail.*

The notes on pages 59 to 82 form part of these financial statements.

The Group Consolidated Statement of Changes in Equity for the Year Ended 31 March 2021

	Note	**Issued Capital**	**Asset Revaluation Reserve**	**Retained Earnings**	**Attributable to beneficiaries**	**Total**
		$000	$000	$000	$000	$000
Balance at 1 April 2019		18,000	49,104	78,005	145,109	145,109
Loss for the year		-	-	(2,742)	(2,742)	(2,742)
Revaluation of assets movement	5	-	30,023	-	30,023	30,023
Disposal of revalued assets		-	(132)	-	(132)	(132)
Tax benefit / (expense) relating to revalued assets	4	-	(8,357)	-	(8,357)	(8,357)
Total comprehensive profit / (loss) for the year		-	21,534	(2,742)	18,792	18,792
Transfer to retained earnings		-	(41)	41	-	-
Dividends paid	12	-	-	(330)	(330)	(330)
Balance at 31 March 2020		**18,000**	**70,597**	**74,974**	**163,571**	**163,571**
Balance at 1 April 2020		**18,000**	**70,597**	**74,974**	**163,571**	**163,571**
Profit for the year		-	-	910	910	**910**
Revaluation of assets movement	5	-	14,190	-	14,190	**14,190**
Disposal of revalued assets		-	(58)	-	(158)	**(58)**
Tax benefit / (expense) relating to revalued assets	4	-	(3,956)	-	(3,956)	**(3,956)**
Total comprehensive profit / (loss) for the year		**-**	**10,176**	**910**	**11,086**	**11,086**
Transfer to retained earnings		-	**(49)**	**49**	-	-
Dividends paid	12	-	-	**(300)**	**(300)**	**(300)**
Balance at 31 March 2021		**18,000**	**80,724**	**75,633**	**174,357**	**174,357**

The notes on pages 59 to 82 form part of these financial statements.

The Group Consolidated Statement of Financial Position as at 31 March 2021

	Note	2021	2020
ASSETS		**$000**	$000
Non-current assets			
Property, plant and equipment	5	**255,258**	242,542
Goodwill and intangible assets	6	**7,542**	8,704
Finance receivables	8	**-**	733
Right of use assets	14	**3,999**	4,008
Investments at fair value	18	**2,566**	1,721
Investment in Joint Ventures and Associate	19	**13,713**	11,387
Total non-current assets		**283,078**	269,095
Current assets			
Cash and cash equivalents		**5,068**	1,145
Receivables and prepayments	7	**9,057**	4,354
Finance receivables	8	**5,599**	-
Inventories and work in progress	9	**1,006**	834
Total current assets		**20,730**	6,333
Total assets		**303,808**	275,428
LIABILITIES			
Non-current liabilities			
Debt finance	17	**75,731**	42,718
Lease liability	14	**3,864**	3,864
Deferred tax liability	4	**41,664**	39,720
Total non-current liabilities		**121,259**	86,302
Current liabilities			
Debt finance	17	**2,379**	18,342
Trade and other payables	10	**5,460**	6,954
Lease liability	14	**353**	259
Total current liabilities		**8,192**	25,555
Total liabilities		**129,451**	111,857
Net assets		**174,357**	163,571
EQUITY			
Share capital	11	**18,000**	18,000
Reserves		**80,724**	70,597
Retained earnings		**75,633**	74,974
Total equity		**174,357**	163,571

The Board of Electra Limited authorised these financial statements for issue on 17 June 2021.

For and on behalf of the Board

Shelly Mitchell-Jenkins
Chair

Michael Underhill
Director

The notes on pages 59 to 82 form part of these financial statements.

The Group Consolidated Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 $000	2020 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		**46,296**	46,578
Other interest received		**47**	10
		46,343	46,588
Cash was applied to:			
Payments to suppliers and employees		**(34,951)**	(34,447)
Interest paid	14	**(2,142)**	(1,934)
Tax paid		**(74)**	(121)
		(37,167)	(36,502)
Net cash flows from operating activities	16	**9,176**	10,086
Cash flows from investing activities			
Cash was provided from:			
Sale of property, plant and equipment		**4,665**	147
Finance receivables		**(4,630)**	1,700
		35	1,847
Cash was applied to:			
Purchase of property, plant and equipment and intangible assets		**(16,529)**	(19,622)
Capitalised interest on construction of property, plant and equipment	5	**(39)**	(82)
Purchase of investments	18	**-**	(221)
Purchase of joint ventures and associate	19	**(4,920)**	-
		(21,488)	(19,925)
Net cash flows to investing activities		**(21,453)**	(18,078)
Cash flows from financing activities			
Cash was provided from:			
Loans raised*		**176,067**	69,271
		176,067	69,271
Cash was applied to:			
Repayment of loans *		**(159,286)**	(60,981)
Payment of dividends	12	**(300)**	(330)
Principal reduction in lease liability	14	**(282)**	(228)
		(159,868)	(61,539)
Net cash flows from financing activities		**16,199**	7,732
Net increase / (decrease) in cash and cash equivalents held		**3,922**	(260)
Add opening cash and cash equivalents brought forward		**1,145**	1,405
Ending cash and cash equivalents carried forward		**5,068**	1,145

The notes on pages 59 to 82 form part of these financial statements.

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

Notes to the consolidated financial statements for the year ended 31 March 2021

Statement of Accounting Policies

Reporting Entity

Electra Limited (the 'Company' or 'Parent') is a for-profit entity 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 of Electra Limited (Parent) and its fully owned subsidiaries, associates and joint ventures. The ultimate parent of the Group is the Electra Trust.

Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Energy Companies Act 1992. The financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and with International Financial Reporting Standards (IFRS).

Basis of Measurement

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

Separate accounting policies are outlined below and in the notes.

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

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

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

Critical Accounting Estimates and Judgements

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

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

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

Area of Estimate or Judgement

Estimation of electricity distribution revenue	Note 1	Revenue
Revaluation and impairment review	Note 5	Property, plant and equipment
Impairment of goodwill	Note 6	Goodwill and intangible assets
Provision for doubtful debts	Note 7 + 8	Trade & Finance receivables
Determination of lease terms	Note 14	Leases

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

Significant Accounting Policies

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

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

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

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

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

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

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

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

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

Changes in Accounting Policy
There were no changes in accounting policy for this financial year.

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

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

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

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

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

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

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

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

1 REVENUE

Revenue comprises the fair value for the sale of goods and services, excluding GST.
Specific accounting policies are as follows:

Distribution and recoverable costs revenue

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

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

Discount to customers

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

Contracting revenue

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

Transfer of assets from customers

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

Alarm monitoring

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

Other revenue primarily comprises of:

Alarm sales

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

Alarm technical services

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

Revenue

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

Discontinued operations have been separated out. Discontinued operations are a result of diesel and gas generation assets sold during the current year (refer to notes 3 and 25).

2 OTHER EXPENSES

	2021 $000	2020 $000
Transmission charges	**9,275**	10,433
Remuneration of auditors	**235**	203
Bad debts	**(2)**	31
Change in provision for doubtful debts	**(5)**	(449)
Depreciation and amortisation expenses	**14,688**	12,836
Employee benefits expense	**11,041**	11,104
Inventory expense	**2,028**	2,823
Contractors	**1,492**	1,639
Vehicle expenses	**731**	779
Other expenses	**6,767**	7,580
	46,250	46,979

Remuneration of auditors

	2021 $000	2020 $000
Audit of the financial statements	**155**	150
Audit related services	**80**	53
	235	203

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

Discontinued operations have been separated out. Discontinued operations are a result of diesel and gas generation assets sold during the current year (refer to notes 3 and 25).

3 DISCONTINUED OPERATIONS

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

Analysis of the profit for the year from discontinued operations

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

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

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

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

4 TAX

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

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

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

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

Income Tax	**2021**	2020
	$000	$000
Profit / (loss) before tax from continuing operations	**(731)**	(2,973)
Tax expense / (benefit) @ 28%	**(205)**	(832)
Tax effect of:		
Permanent difference expense / (benefit)	**(611)**	290
Deferred tax expense / (benefit) on acquisition of assets	**104**	-
Effect expense / (benefit) of excluding loss offsets from discontinued operations	**(343)**	-
Prior year adjustments		
Taxable allocation of partnership income expense / (benefit)	**(391)**	291
Other tax adjustments expense / (benefit)	**100**	(881)
Tax expense / (benefit) from continuing operations	**(1,346)**	(1,132)
Tax expense comprised of:		
Current tax expense / (benefit)	**1,616**	(233)
Deferred tax expense / (benefit)*	**(2,962)**	(899)
Total tax expense / (benefit) from continuing operations	**(1,346)**	(1,132)

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

Deferred Tax

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

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

5 PROPERTY, PLANT AND EQUIPMENT

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

All other land and buildings, property, plant and equipment assets are accounted for at cost less accumulated depreciation and impairment. The cost includes expenditure that is directly attributable to the acquisition of the item. The cost of assets constructed by the Group consists of the cost of materials 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 Consolidated Statement of Comprehensive Income to the extent of the decrease previously charged. A reduction in carrying amount arising on the revaluation of land and buildings and the electricity distribution network is charged as an expense in the Consolidated Statement of Comprehensive Income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

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

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

Depreciation is calculated for buildings and electricity distribution assets 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

	Distribution plant & equipment (incl. land & buildings) at valuation	Other land & buildings at cost	Other plant & equipment at cost	Motor vehicles at cost	Alarms held to be leased at cost	Other capital work in progress at cost	Total
Cost	$000	$000	$000	$000	$000	$000	$000
Balance as at 1 April 2019	227,004	3,994	8,519	7,356	2,395	4,579	253,847
Additions	272	109	806	112	695	17,518	19,512
Disposals	(713)	-	(67)	(581)	-	-	(1,361)
Transfer to / (from) capital work in progress	17,084	-	-	939	-	(18,023)	-
Revaluation	(14,527)	-	-	-	-	-	(14,527)
Balance as at 31 March 2020	**229,120**	**4,103**	**9,258**	**7,826**	**3,090**	**4,074**	**257,471**
Balance as at 1 April 2020	229,120	4,103	9,258	7,826	3,090	4,074	257,471
Additions	222	29	654	366	645	13,298	15,214
Disposals	(195)	(1,677)	(3,882)	(670)	(2)	-	(6,426)
Transfer to / (from) capital work in progress	13,720	-	-	-	-	(13,720)	-
Revaluation	1,824	-	-	-	-	-	1,824
Balance as at 31 March 2021	**244,691**	**2,455**	**6,030**	**7,522**	**3,733**	**3,652**	**268,083**

Depreciation and impairment losses	Distribution plant & equipment (incl. land & buildings) at valuation	Other land & buildings at cost	Other plant & equipment at cost	Motor vehicles at cost	Alarms held to be leased at cost	Other capital work in progress at cost	Total
	$000	$000	$000	$000	$000	$000	$000
Balance as at 1 April 2019	(40,645)	(525)	(4,723)	(3,026)	(232)	-	(49,151)
Depreciation charge	(8,868)	(83)	(960)	(596)	(401)	-	(10,908)
Write back on disposals	157	-	17	405	-	-	579
Revaluation	44,550	-	-	-		-	44,550
Balance as at 31 March 2020	**(4,806)**	**(608)**	**(5,666)**	**(3,217)**	**(633)**	**-**	**(14,930)**
Balance as at 1 April 2020	(4,806)	(608)	(5,666)	(3,217)	(633)	-	(14,930)
Depreciation charge	(10,684)	(87)	(695)	(560)	(506)	-	(12,532)
Write back on disposals	16	13	1,725	479	-	-	2,233
Revaluation	12,403	-	-	-	-	-	12,403
Balance as at 31 March 2021	**(3,071)**	**(682)**	**(4,636)**	**(3,298)**	**(1,139)**	**-**	**(12,825)**
Carrying amounts							
Balance as at 31 March 2020	224,314	3,495	3,593	4,609	2,457	4,074	242,542
Balance as at 31 March 2021	**241,620**	**1,773**	**1,395**	**4,224**	**2,595**	**3,652**	**255,258**

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

E

Revaluation and impairment review

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

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

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

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

P

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

	2021	2020
	$000	$000
Capitalised borrowing costs	**39**	82
Average interest rate	**3.0%**	3.0%

6 GOODWILL AND INTANGIBLE ASSETS

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

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

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

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

Gross carrying amount	Software	Goodwill	Easements	Customer lists	Total
	$000	$000	$000	$000	$000
Balance as at 1 April 2019	6,312	10,927	255	7,137	24,631
Additions	1,024	132	-	169	1,325
Disposals	-	(1,021)	-	-	(1,021)
Balance as at 31 March 2020	**7,336**	**10,038**	**255**	**7,306**	**24,935**
Balance as at 1 April 2020	7,336	10,038	255	7,306	24,936
Additions	835	-	-	200	1,035
Disposals	(1)	-	-	-	(1)
Balance as at 31 March 2021	**8,170**	**10,038**	**255**	**7,506**	**25,970**
Accumulated amortisation and impairment losses					
Balance as at 1 April 2019	(3,803)	(9,130)	(90)	(1,400)	(14,423)
Amortisation expenses	(677)	-	(8)	(1,132)	(1,817)
Disposals	9	-	-	-	9
Balance as at 31 March 2020	**(4,471)**	**(9,130)**	**(98)**	**(2,532)**	**(16,231)**
Balance as at 1 April 2020	(4,471)	(9,130)	(98)	(2,532)	(16,231)
Amortisation expenses	(679)	-	(58)	(1,201)	(1,938)
Disposals	1	(259)	-	-	(258)
Balance as at 31 March 2021	**(5,149)**	**(9,389)**	**(157)**	**(3,733)**	**(18,427)**
Carrying amounts					
As at 31 March 2020	2,865	908	157	4,775	8,704
As at 31 March 2021	**3,021**	**649**	**98**	**3,773**	**7,542**

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

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

Electra Services Limited

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

7 RECEIVABLES AND PREPAYMENTS

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

	2021	2020
	$000	$000
Trade receivables	**4,403**	3,993
Other receivables and accruals*	**4,453**	180
Prepayments	**402**	406
	9,258	4,579
Less allowance for credit losses	**(201)**	(225)
	9,057	4,354

The Group's exposure to credit risk and impairment losses related to trade receivables are disclosed in note 17, Financial Risk Management.
** Other receivables and accruals include a washup adjustment due from Quail Ridge Country Club Limited detailed in note 19.*

8 FINANCE RECEIVABLES

P

Finance receivables

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

Finance receivables include:
Impaired assets:

- 'Non-accrual loans' being loans where the Group does not expect to be able to collect all the amounts owing in terms of the contract and therefore a credit loss is required under NZ IFRS 9 (but is not a restructured asset).

- 'Assets acquired through security enforcement' being assets acquired in full or partial satisfaction of outstanding loans.

E

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

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

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

P

Bad debts and expected credit loss

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

Specific provisions: these are raised when there is objective evidence (identified on a counterparty by counterparty basis) that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using the original effective interest rate. The 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.

The Group has considered the credit quality of all its borrowers in relation to finance receivables outstanding at balance date. Management has assessed that the future financial prospects and associated security over its lending is adequate and therefore any credit losses are not expected to be material and no adjustments have been made.

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

9 INVENTORIES AND WORK IN PROGRESS

P

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

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

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

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

10 TRADE AND OTHER PAYABLES

P

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

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

E

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

	2021 $000	2020 $000
Trade payables	**2,500**	4,260
Other payables	**1,430**	754
Accruals	**367**	525
Liabilities in respect of employee entitlements	**1,163**	1,415
	5,460	6,954

Judgement has been exercised in calculating estimates for retiring gratuities.

11 SHARE CAPITAL

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

	2021	2020
	000	000
Number of shares		
Balance at beginning of year	**24,465**	24,465
Shares issued during the year	**-**	-
Balance at end of year	**24,465**	24,465
Fully paid ordinary shares	**$000**	$000
Balance at beginning of year	**18,000**	18,000
Shares issued during the year	**-**	-
Balance at end of year	**18,000**	18,000

12 DIVIDENDS

	2021	2020
	$000	$000
Dividends paid	**300**	330
Cents per share	**1.23**	1.35

Dividends were paid during the year to the Electra Trust for the year ended 31 March 2020.
A fully imputed net dividend of $300,000 payable to the Electra Trust was declared on 7 May 2021 in respect of the financial year end of 31 March 2021.

13 COMMITMENTS

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

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

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

14 LEASES

P

Operating Leases

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

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

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

E

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

Right of use assets	Land buildings & improvement $000	Vehicles $000	Other plant & equipment $000	Total $000
Opening net book value 1 April 2019	**-**	**-**	**-**	**-**
Movements on transition	4,091	-	17	4,108
Additions / Remeasurements	45	191	7	243
Depreciation for the period	(299)	(33)	(10)	(342)
Carrying amount 31 March 2020	**3,836**	**158**	**14**	**4,009**
Additions/Remeasurements	97	263	16	376
Disposals	-	-	-	-
Depreciation for the period	(310)	(65)	(10)	(385)
Balance as at 31 March 2021	**3,623**	**356**	**20**	**3,999**
Cost	4,233	454	40	4,727
Accumulated Depreciation	(610)	(99)	(20)	(728)
Balance as at 31 March 2021	**3,623**	**356**	**20**	**3,999**

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

Lease expense included in profit and loss	
Short term leases (less than 12 months)	57
Interest on leases include in interest expense	281
Total cash outflow in relation to leases	620

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

15 CONTINGENT LIABILITIES

The Group undertakes contracting works in their ordinary course of business, some of which may be subject to customer disputes. There is no indication that any liability with regard to disputes will crystallise in the foreseeable future

16 STATEMENT OF CASH FLOWS

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

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

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

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

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

	2021	2020
	$000	$000
Reported profit / (loss) after tax	**910**	(2,742)
Adjustments for non cash items:		
Depreciation and amortisation	**14,859**	13,069
Doubtful debt provision movement	**(5)**	(49)
Bad debts written off and bad debts provision	**(2)**	31
Gain on sale of business operations	**(845)**	-
Non-cash revenue from assets transferred to the Group	**282**	(997)
IRFS - 16 Interest (Lease)	**(510)**	
Loss on sale of Property, Plant & Equipment	**223**	488
Tax expense recognised in profit or loss (including from discontinued operations)	**(1,462)**	(1,224)
Share of profit in Joint Ventures	**(1,574)**	(93)
Movements in working capital:		
(Increase) / decrease in accounts payable and other provisions	**(1,634)**	1,592
Increase / (decrease) in in trade receivables	**(584)**	833
(Increase) / decrease in finance receivables	**(236)**	1,267
(Increase) / decrease in inventory and work in progress	**(172)**	(268)
Income taxes paid	**(74)**	(121)
Net cash inflow from operating activities	**9,176**	11,786

17 FINANCIAL RISK MANAGEMENT

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

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

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

Credit risk

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

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

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

The status of trade receivables as at reporting date is as follows:	**Gross 2021 $000**	**Impairment 2021 $000**	Gross 2020 $000	Impairment 2020 $000
Not past due	**3,349**	**-**	3,385	-
Past due 0 - 30 days	**224**	**-**	47	-
Past due 31 - 60 days	**95**	**-**	47	(9)
Past due more than 60 days	**735**	**(201)**	513	(216)
Total trade receivables	**4,403**	**(201)**	3,992	(225)

No interest is charged on trade receivables outstanding

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

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

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

Concentrations of credit risk

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

Foreign currency risk

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

Interest rate risk

Liabilities

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

Fair values

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

Borrowings

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

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

Interest rate risk profile of financial assets and liabilities

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

Financial instrument carrying values by category

As at 31 March 2021

	Int Rate %	Total $000	0-12 mths $000	1-2 years $000	>2 years $000
Financial assets measured at amortised cost					
Cash and cash equivalents		5,068	5,068	-	-
Trade and other receivables		8,655	8,655	-	-
Finance receivables		5,599	5,599	-	-
Total financial assets measured at amortised cost		**19,322**	**19,322**	**-**	**-**
Financial assets measured at FVTPL					
Investments		2,566	-	-	2,566
Total financial assets measured at FVTPL		**2,566**	**-**	**-**	**2,566**
Financial liabilities					
Trade and other payables		5,460	5,460	-	-
Debt finance	1.49 - 3.58	78,110	2,379	-	75,731
Total financial liabilities at amortised cost		**83,570**	**7,839**	**-**	**75,731**

Movement in interest rates	1% Increase	1% Decrease
Impact on profit and loss from a 1% increase/decrease in interest rates	**(696)**	**696**

As at 31 March 2020

	Int Rate %	Total $000	0-12 mths $000	1-2 years $000	>2 years $000
Financial assets					
Cash and cash equivalents		1,145	1,145	-	-
Trade and other receivables		3,947	3,947	-	-
Finance receivables		733	-	733	-
Total financial assets at amortised cost		**5,825**	**5,092**	**733**	**-**
Financial assets measured at FVTPL					
Investments		2,566	-	-	2,566
Total financial assets measured at FVTPL		**2,566**	**-**	**-**	**2,566**
Financial liabilities					
Trade and other payables		6,954	6,954	-	-
Debt finance	2.54 - 4.50	61,060	18,342	24,703	18,015
Total financial liabilities at amortised cost		**68,014**	**25,296**	**24,703**	**18,015**

Liquidity risk

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

Borrowings

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

The Pricoa notes - Fixed Interest

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

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

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

Contractual maturity analysis
Financial instrument maturity values by category

As at 31 March 2021	Int Rate %	Total $000	On call $000	0-12 months $000	1-2 years $000	>2 years $000
Financial assets						
Cash and cash equivalents		5,068	5,068	-	-	-
Trade and other receivables		8,655	-	8,655	-	-
Investment		2,566	-	-	-	2,566
Finance receivables		5,599	-	5,599	-	-
Total financial assets		**21,888**	**5,068**	**14,254**	**-**	**2,566**
Financial liabilities						
Trade and other payables		5,460	-	5,460	-	-
Debt finance	1.49 - 3.58	78,110	-	2,379	-	75,731
Other financial liabilities		-	-	-	-	-
Total financial liabilities		**83,570**	**-**	**7,839**	**-**	**75,731**
As at 31 March 2020						
Financial assets						
Cash and cash equivalents		1,145	1,145	-	-	-
Trade and other receivables		3,947	-	3,947	-	-
Investment		2,566	-	-	-	2,566
Finance receivables		733	-	-	733	-
Total financial assets		**8,391**	**1,145**	**3,947**	**733**	**2,566**
Financial liabilities						
Trade and other payables		6,954	-	6,954	-	-
Debt finance	2.54 - 4.50	61,060	-	18,342	24,703	18,015
Other financial liabilities		-	-	-	-	-
Total financial liabilities		**68,014**	**-**	**25,296**	**24,703**	**18,015**

Capital Management

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

The Group is subject to capital requirements and covenants:

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

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

Fair values

Fair value hierarchy

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

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

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

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

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

18 INVESTMENTS

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

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

19 INVESTMENT IN JOINT VENTURES AND ASSOCIATE

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

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

Connect 8 Limited

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

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

	2021 $000	2020 $000
Opening carrying value of investment in Connect 8	**11,387**	11,294
Initial investment in joint venture	**-**	-
Share of profits from joint venture	**886**	93
Other adjustments	**(41)**	-
Carrying value of investment in Connect 8	**12,232**	11,387
Balance Sheet Information for Connect 8:		
Current assets	**16,283**	10,342
Non-current assets	**11,040**	11,114
Total assets	**27,323**	21,456
Current liabilities	**(9,025)**	(5,510)
Non-current liabilities	**-**	-
Total liabilities	**(9,025)**	(5,510)
Equity	**18,298**	15,946
Equity accounted earnings comprise		
Revenues - 100%	**28,828**	34,705
Profits from continuing operations - 100%	**1,773**	186
Profits from continuing operations - Group's share	**886**	93

Quail Ridge Country Club Limited

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

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

	2021 $000	2020 $000
Opening carrying value of investment in Quail Ridge Country Club Limited	**-**	-
Initial investment in joint venture (net of provision for wash up)	**391**	-
Share of profits from joint venture	**(348)**	-
Carrying value of investment in Quail Ridge Country Club Limited	**43**	-
Balance Sheet Information for Quail Ridge Country Club Limited:		
Current assets	**63**	-
Non-current assets	**87,219**	-
Total assets	**87,282**	-
Current liabilities	**(24,630)**	-
Non-current liabilities	**(64,111)**	-
Total liabilities	**(88,741)**	-
Equity	**(1,459)**	-
Equity accounted earnings comprise		
Revenues - 100%	**2,498**	-
Profits from continuing operations - 100%	**(698)**	-
Profits from continuing operations - Group's share	**(348)**	-

Kerikeri Falls Investments Limited

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

	2021 $000	2020 $000
Opening carrying value of investment in Kerikeri Falls Investment Limited	-	-
Initial investment in joint venture	-	-
Share of profits from joint venture	619	-
Carrying value of investment in Kerikeri Falls Investments Limited	619	-
Balance Sheet Information for Kerikeri Falls Investments Limited:		
Current assets	5,017	-
Non-current assets	1,609	-
Total assets	6,626	-
Current liabilities	(8,454)	-
Non-current liabilities	(306)	-
Total liabilities	(8,760)	-
Equity	(2,134)	-
Equity accounted earnings comprise		
Revenues - 100%	10,955	-
Profits from continuing operations - 100%	1,240	-
Profits from continuing operations - Group's share	619	-

Horowhenua Developments Limited

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

	2021 $000	2020 $000
Opening carrying value of investment in Horowhenua Developments Limited	-	-
Initial investment in Associate	402	-
Share of profits from Associate	417	-
Carrying value of investment in Horowhenua Developments Limited	819	-
Balance Sheet Information for Horowhenua Developments Limited:		
Current assets	4,591	-
Non-current assets	-	-
Total assets	4,591	-
Current liabilities	(2,925)	-
Non-current liabilities	-	-
Total liabilities	(2,925)	-
Equity	1,666	-
Equity accounted earnings comprise		
Revenues - 100%	4,693	-
Profits from continuing operations - 100%	1,669	-
Profits from continuing operations - Group's share	417	-

20 INTERESTS HELD BY GROUP

Subsidiaries

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

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

Investments

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

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

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

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

21 TRANSACTIONS WITH RELATED PARTIES

Quail Ridge Country Club Limited

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

Kerikeri Falls Investments Limited

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

Horowhenua Developments Limited

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

Connect 8

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

Other related parties

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

22 KEY MANAGEMENT PERSONNEL

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

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

23 SUBSEQUENT EVENTS

Dividend

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

24 OPERATIONAL TARGETS

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

1) Asset Targets

Service Standards

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

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

Capital Ratio

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

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

Network Reliability

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

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

2) Profit Targets

The majority of the Group's profit targets were met during the year.

	Actual	Target
Group Net Profit after Tax	$0.9m	($0.8m)
Subsidiaries & Investments Net (Loss) after Tax	($1.96m)	($1.2m)
Group Return on Equity (post discount & tax)	0.5%	(0.62%)
Group Return on Equity (pre discount & tax)	3.45%	3.17%

3) Revenue Targets

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

	Actual	Target
Sales Discount	$5.1m	$5.1m
Number of Consumers	45,757	>45,250

4) People Targets

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

	Actual	Target
Lost Time Injuries (LTIs)	2	0

25 DISPOSAL OF OPERATIONS

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

Consideration received

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

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ELECTRA LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2021

The Auditor-General is the auditor of Electra Limited Group (the Group). The Auditor-General has appointed me, Silvio Bruinsma, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and the performance information of the Group on his behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 55 to 82, that comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on page 81.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 31 March 2021; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards; and
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2021.

Our audit was completed on 17 June 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Deloitte.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is also responsible on behalf of the Group for preparing performance information that is fairly presented.

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

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Deloitte.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements and performance information. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 54 and pages 86 and 87 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the Group.

Silvio Bruinsma

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

Statutory Information

Directors and remuneration

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

	Electra Limited
S A Mitchell-Jenkins	$82,400
S R Armstrong	$41,200
C C Dyhrberg	$41,200
S A Houston	$41,200
M C Underhill	$41,200
J E Nichols	$25,805
M I D Gribben	$25,805
	$298,810

Entries recorded in the interests register

The following entries were recorded in the interests register of the Company and its subsidiaries during the year:

a. Directors' interests in transactions

Directors have declared interests in transactions with the Company during the year as set out in note 21 of these financial statements.

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

b. Share dealings of Directors

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.

Employees' remuneration

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

Continuing employees	**Year ended 31-Mar-21**	Year ended 31-Mar-20
$100,000 - $110,000	15	8
$110,001 - $120,000	8	7
$120,001 - $130,000	9	8
$130,001 - $140,000	7	5
$140,001 - $150,000	4	4
$150,001 - $160,000	4	-
$160,001 - $170,000	-	2
$170,001 - $180,000	1	2
$180,001 - $190,000	2	1
$190,001 - $200,000	-	-
$200,001 - $210,000	1	-
$210,001 - $220,000	-	2
$220,001 - $230,000	1	-
$230,001 - $240,000	1	-
$240,001 - $250,000	-	3
$250,001 - $260,000	1	1
$280,001 - $290,000	1	-
$330,001 - $340,000	1	-
$340,001 - $350,000	-	-
$490,001 - $500,000	-	1
$500,001 - $510,000	-	-
$510,001 - $520,000	1	-

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

Donations

During the year the Group made donations of Nil (2020: Nil).

Directors

Electra Limited

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

Executive

N P Simmonds (CE – Electra Group), JP, MBA, BE, FEngNZ
D W Toon (CFO/CIO - Electra Group) BCA, BA, LLM, Sloan MSC, CA, ICSA, MInstD
J R Hazlehurst (GM - People and Culture)
D M Andrews (GM Lines Business), MBA, MBS AMP, MIITP
M K F Smith (GM – Electra Services), BBS
J A Beale (General Counsel - Electra Group), LLB, MInstD

Electra Trust Trustees

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

Registered office
Electra Limited
Cnr Exeter & Bristol Sts
Levin

Postal Address
PO Box 244 Levin
Telephone 0800 353 2872
Fax 06 367 6120

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

Solicitors
C S Law, Levin
Quigg Partners, Wellington

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

Notice of annual meeting

Notice is hereby given that the Annual Meeting of Shareholders of Electra Limited will be held at the Company’s Registered Office, 25 Bristol Street, Levin on Friday 30 July 2021 at 2pm.

Ordinary business

1. To receive and consider the Directors’ Report, the Financial Statements and the Auditor’s Report.
2. To consider the Directors’ recommendations as to dividends.
3. To elect Directors.
4. To fix remuneration of the Directors for the ensuing year.
5. To record the re-appointment of the Auditor-General (or appointee) as Auditor of the Company and to authorise the Directors to fix their remuneration for the ensuing year.

By order of the Board
17 June 2021

Any member 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 Sts, PO Box 244, Levin 5540.

Electra
EMPOWERING YOUR FUTURE

Registered office
Electra Limited
Cnr Exeter & Bristol Sts,
LEVIN

Postal address
P O Box 244, LEVIN
Telephone 0800 353 2872
Fax 06 367 6120