Annual **Report**

For the year ended 31 March 2022

Electra

EMPOWERING YOUR FUTURE

We live our values, everyday

01
Safety

Safety guides everything we do

02
Respect

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

03
Professional

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

04
Accountable

We account for and accept responsibility for our activities

05
Integrity

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

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Performing

Empowering your Future

The Electra Group

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:

SUBSIDIARIES

ELECTRA LIMITED

An electricity network company, based in Levin with a branch in Paraparaumu, employing 106 people.

ELECTRA SERVICES LIMITED

Trading as SECURELY®, employing 52 people and based in Levin, the company is a medical alarm and security monitoring business as well as a call centre business.

NON-TRADING SUBSIDIARIES

ELECTRA FINANCE

This subsidiary managed one residual loan from Oxford Finance Corporation Limited which has now been cleared. It is expected to close down in FY 2023.

ELECTRA GENERATION

The Auckland-based assets of this business were sold in 2020 and the subsidiary continues to collect revenue relating to past periods. It is expected to close down in 2022 once this process is complete.

MINORITY INTEREST INVESTMENTS

PULSE ENERGY ALLIANCE LIMITED PARTNERSHIP – SHAREHOLDING 4.02%

Minority shareholding in an Energy retailing company.

LINAX LIMITED – SHAREHOLDING 6.8%

A small investment in a locally-based sustainable footwear company.

QUAIL RIDGE COUNTRY CLUB SHAREHOLDING 49.9%

An established and well-run retirement village in Kerikeri in the Far North and its associated construction company, Kerikeri Falls Investments Limited.

HOROWHENUA DEVELOPMENTS LIMITED SHAREHOLDING 25%

In a large-scale commercial property development company, based in Levin.

Powering Our Regions Growth

21,711
poles

2,350km
in circuits

45,948
electricity consumers

10
Substations

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

2,744
new residential building consents issued in our region over the last five years (2017-2021), with 720 issued in 2021.

365
new connections to the network this year.

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 Paekākāriki in the south. We are one of 29 network companies in New Zealand, and the 9th largest network in terms of total connections.

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 2021[1].

Supporting the local economy

100%
consumer owned

158
staff employed across the Electra Group including wholly owned subsidiaries

$16M
annually spent directly supporting local people and businesses

$50.9M
in total group revenue

$216.6M
in price discounts (incl. GST) issued to electricity consumers over the last 29 years

Keeping pricing competitive

$5.8M
in price discounts (incl. GST) issued to our consumers in 2022

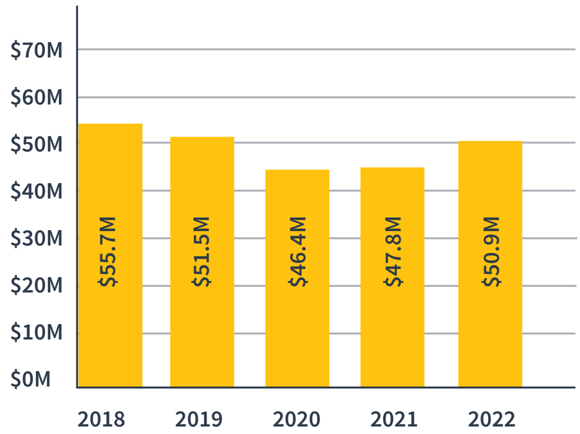
18
electricity retailers operating on our network ensure strong electricity price competition

Pricing Options
various pricing options to suit your usage

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.

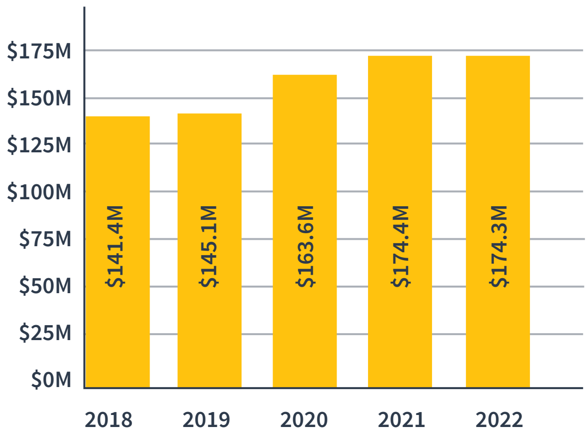
1. Infometrics Economic Monitor, December 2021

Financial Performance



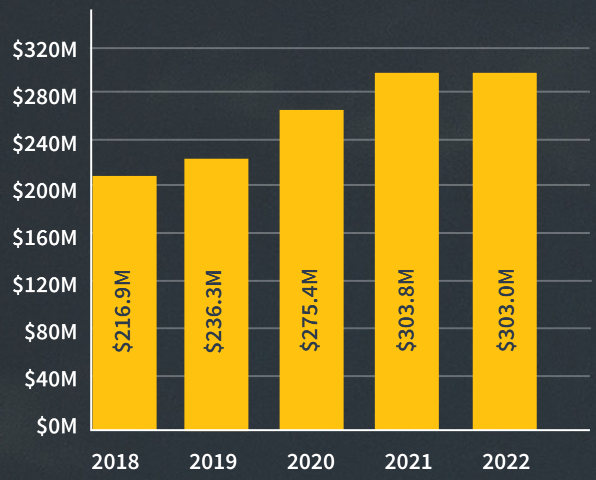
TOTAL GROUP REVENUE

Includes operating revenue from the Group's parent and subsidiaries. It also includes revenue from operations that were discontinued within the same year. Year on year variation is caused by both revenue growth and disposal of revenue streams or subsidiaries.



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).

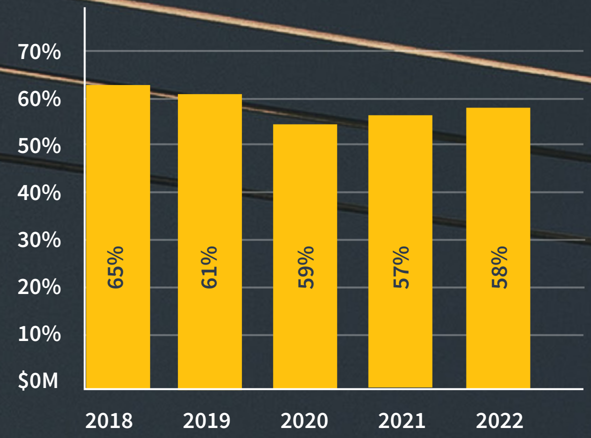


TOTAL ASSETS

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

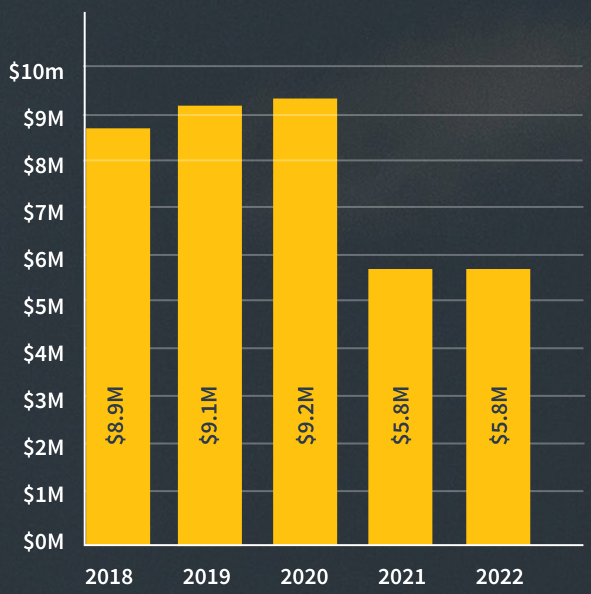
NET PROFIT AFTER TAX

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



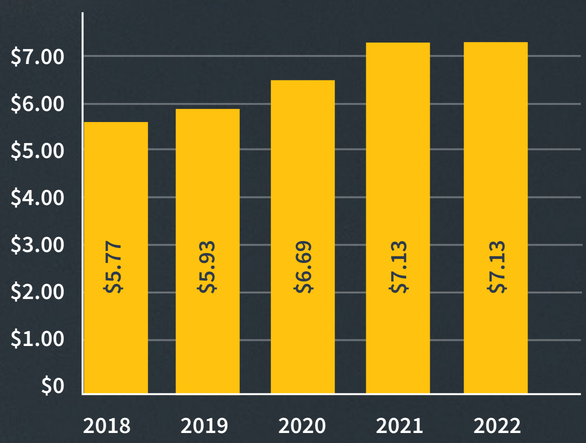
SHAREHOLDERS FUNDS TO TOTAL ASSETS

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



PRICE DISCOUNTS ISSUED TO CUSTOMERS (INCL GST)

The price discount paid to each individual consumer connected to the network is based on a fixed amount plus a percentage of the network charges paid. Price 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

On behalf of the Board, it is my pleasure to present the Annual Report for the Electra Group for the year ended 31 March 2022.

“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.”

On behalf of the Board, it is my pleasure to present the Annual Report for the Electra Group for the year ended 31 March 2022.

In 2021/22 we continued our Mission to enhance the Horowhenua and Kāpiti Coast communities and their regional development through the provision of 21st Century infrastructure and new technologies, and our Purpose in 'Empowering your Future'.

Providing outstanding service and creating value for our consumers and owners is what drives our business.

I am pleased that the business has delivered on all five of its strategic pillars during the year.

Continued focus on high standards of customer service saw outstanding results in our annual Customer Survey. Challenged by some weather events and affected by the Transpower national event in August 2021 and several vehicle incidents on the network, we remain leaders amongst our peers in our reliability.

A strong focus on embracing change and looking to the future led the business to undertake a series of excellent projects to ready the network for the predicted future growth in our region from the completion of Transmission Gully and the Government's decarbonisation and electrification commitments. Operational excellence is at the heart of the business improvement programmes across the organisation, mitigating risks and improving knowledge to make better business decisions. Mahi Tahi (Enterprise Management System), Huringa Pungao (Energy Transformation Project) and enhanced cyber security are but three.

Once again COVID-19 loomed large over the activities of the Group. Lockdowns and protection framework settings impacted all parts of the business at all levels of activity. Work practices continued to evolve to ensure we kept both our own people and the people we interact with safe, while at the same time ensuring we met our obligations as a critical service provider in keeping the power on, maintaining our network, and responding to medical, personal and business alarm calls. Our investment and subsidiary businesses faced operating challenges that impacted the ability to sell, build and travel.

Our whole team have shown resilience, determination, commitment and flexibility over the two years since COVID-19 became part of our everyday lives. While making considerable changes to where and how they work, they have continued to make a significant contribution to the exciting projects that look to the future of Electra and will set the foundation and pathway forward.

Despite the various pressures coming to bear on the New Zealand economy over the last twelve months, and on the back of a strong result in the line business, the Electra Group produced a positive financial result, an after tax profit of $110,000 and was able to once again deliver $5.1m in price discounts to our owners – every electricity consumer connected to our network.

'Electra's success like all businesses relies on its people;' their skills and knowledge and more so their attitude and application to the purpose of the organisation. I want to thank everyone, in all parts of our business for their dedication and commitment, especially in these unusual times - our success is impossible without their incredible effort. Our teams in the field, in the offices and monitoring room (and at home), in the leadership team, at the Board table, and our Trustees; I thank you all.

We look forward to celebrating our centenary this year. What we have achieved over the last 100 years, and how well positioned we are to take the Group into the next 100 years, is thanks to the skill and dedication of everyone who has gone before us. It is a privilege to be the current guardians of Electra, to make our own contribution to the rich history of the organisation and to leave the business in even better shape for those who will come after us. We look forward to the challenges and changes that are ahead as we navigate into the next 100 years.

Shelly Mitchell-Jenkins
Chair

Chief Executive Report

He aha te kai ō te rangatira? He Kōrero, he kōrero, he kōrero.

What is the food of the leader? It is knowledge, It is communication.

It's a privilege to lead the Electra Group as we celebrate our centenary later this year. I want to acknowledge and recognise the foresight and courage of the original HEPB board members who met 100 years ago to form the company. With many challenges and opportunities ahead over the next century, the people of Kāpiti and Horowhenua have been well served by the company that has always focused on delivering reliable and cost-effective power to them.

The Electra Group has produced another solid result for the year ended 31 March 2022 despite the challenges impacting our industry.

The core network business once again delivered a positive performance, driven by a focus on lowering operational costs and increased electricity demand across the network. Continued regional growth added a further 365 new connections to the network.

Our portfolio of investments improved their positions year-on-year despite the tough challenge COVID-19 presented on sales, particularly in the key over 65 market. The Group continues to implement a strategy of holding and developing quality assets, subsidiary businesses and strategic investments to enable long term value growth for our consumer owners, namely:

- Quail Ridge Country Club is now firmly established and beginning to build a balance sheet of real value
- Horowhenua Development Limited successfully brought the 13.4 hectare Horowhenua Business Park to market, generating significant profits for the Electra Group and our partner, The Horowhenua Company, and creating a taonga for the Horowhenua region
- Electra Services Limited experienced strong sales growth, particularly in the medical alarm market. We are investing in the future, returns from which are potentially very high, but outcomes are uncertain.

In December we divested our 50% stake in Connect 8 following a positive and successful partnership with Spark where we were able to add and gain considerable value from the relationship. However, the strategic direction of both the Electra Group and Connect 8 was beginning to diverge and we were no longer the best shareholders for their business. The proceeds from our divestment in Connect 8 will be used to fund new investment opportunities with a Kāpiti Horowhenua focus.

The Group performance is deeply satisfying considering the challenges we have faced over the last year.

The pandemic obviously continued to place operational pressure on our business, but our team rallied together to mitigate much of the impact. I really appreciate and am proud of their efforts and commitment to our business and the communities we serve. We have a great team and it's a pleasure to watch them grow professionally and personally.

As an essential service and key infrastructure provider, we have focused on minimising the risk of COVID-19 within our business and the communities we operate in. At the same time, we have worked hard to maintain our broader health and safety standards as it would have been easy to become complacent. Companies considered industry leaders in health and safety have experienced multiple major incidents, which has been a serious reminder for our business that we need to be always vigilant. We have made further progress in this area this year, particularly in terms of risk identification and reporting, but we still have more we can do.

The biggest issue we have faced this year has been overcoming perceptions from the government and its agencies that our industry isn't ready for decarbonisation and that lines companies somehow needed to be "fixed" through government intervention.

This simply isn't true. Electra, both individually and as a member of the Electricity Networks Association, has worked tirelessly to change these perceptions using facts and data to demonstrate that our industry is ready for electrification and decarbonisation, avoiding additional regulation that would have been devastating from a shareholder and operational point of view.

We are fully committed to 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. Significant progress has been made this year with the completion of our decarbonisation reports that set out our path for the next 10-15 years. We now know the extent of the work required, what we need to do to overcome it, and what our priorities are. The Electra Board have been excellent in understanding and supporting our direction.

As always, 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. We have committed to investing more than $138 million in our network over the next 10 years.

We are focused on delivering a "high quality, low-cost" network and I am extremely proud that, amongst our peers, we are in the top quartile for reliability while our customers enjoy the smallest average power bills in the country.

Managing costs in the current economic climate isn't easy, especially with the price of metals such as steel, copper and aluminium at record highs. We have continued to focus on lowering our average operational costs throughout the year and have reduced fieldwork costs through a combination of training, empowered teams and better systems and processes.

However, despite our efforts we have faced major cost increases over the course of the year and, while we have absorbed as much of this as we can, we have unfortunately had to pass some on to the consumer.

Regionally, we have developed positive partnerships with both district councils, the Independent Economic Development Kotahitanga Board (Kāpiti), Business Kāpiti Horowhenua and The Horowhenua Company and have created some exciting regional projects together. We look forward to continuing to build on these partnerships as we identify opportunities to deliver economic and employment opportunities to our region.

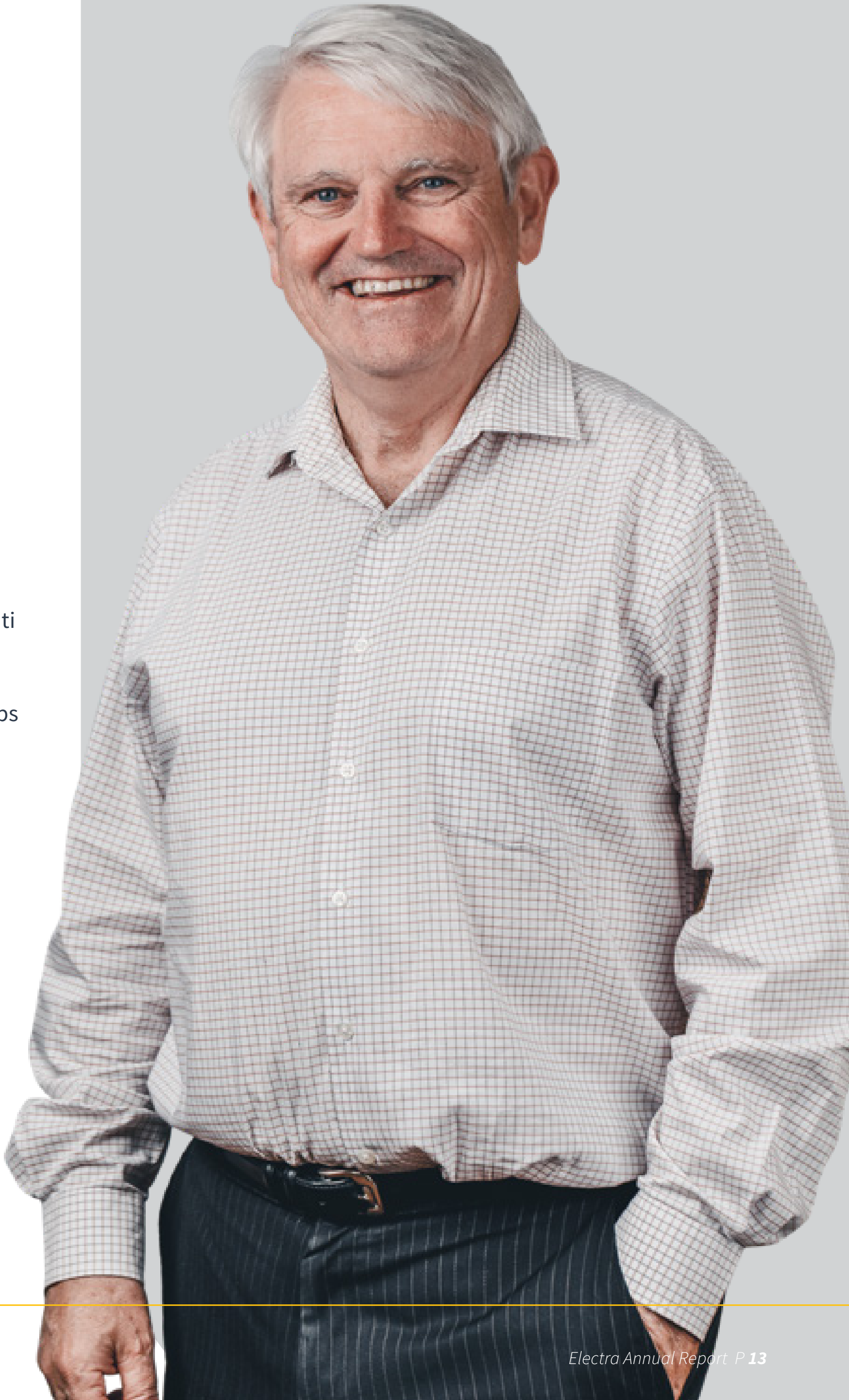
At the management level the Senior Leadership Team continues to enjoy an open and collaborative working relationship with the Board and the Electra Trustees. Thank you for the trust you have placed in our team, we look forward to continuing our work with you over the coming year.

Finally, I want to acknowledge the celebration of our centenary later this year. Our business is one that requires a long-term focus. Many of the assets we build will serve our communities for 40-70 years, so we need to plan our activities both with the current and future needs of our region in mind, finding a balance between investing for today but leaving the foundations in place for future growth.

The people who came before us have created a solid base for us to build on. We have accepted the challenge of doing the same for those who follow. The opportunities ahead of us mean the throughput on our network will likely double, so ensuring we can meet this demand growth will be vital.

Our business is strong and well positioned for the next 100 years. We are ready for the opportunities ahead.

Neil Simmonds
Chief Executive



Directors

Chair

Shelly Mitchell-Jenkins

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- Kāpiti 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).

Chris Dyhrberg

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 Acting Chief Executive at Palmerston North City Council and is also a trustee on the Kāpiti College Board of Trustees.

Mike Underhill

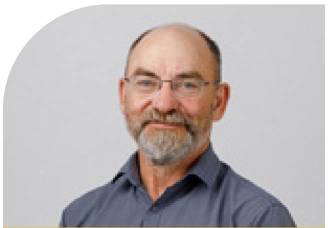
BE(elect), MCom(hons), FEngNZ, MInstD
Appointed 2018

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

Scott Houston

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.



Steve Armstrong

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.

Jon Nichols

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.

Murray Gribben

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

Neil Simmonds JP, MBA, BE, FEngNZ
CE

David Toon BCA, BA, LLM, Sloan MSC, CA, ICSA, MInstD
CFO/CIO

Rachel Cranshaw
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

Marty Fox
Group Health, Safety and Wellbeing Manager

Our People, Our Future

The last two years operating within a pandemic has underlined just how important our people are to the success of our business. Throughout this unprecedented time our people have continued to demonstrate our core company values in everything they do.

Their willingness to adapt to the challenges of working remotely and within bubbles, and to adopt new processes and practices while maintaining our standards around safety and delivery, has been outstanding.

Through their commitment and effort, we have delivered our commitments to our customers, stakeholders and the communities in which we operate, and their continued vigilance has enabled us to maintain outstanding health and safety standards.

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.

COVID-19 CONTINUES TO PRESENT CHALLENGES

The emergence of COVID-19 in 2020 placed significant pressures on businesses to adapt to new work processes and practices. This was especially challenging for businesses operating in high-risk industries, such as network companies.

Within our business we formed a COVID-19 Management Group almost immediately, tasked with interpreting the government's rules and putting plans in place to ensure our operational response fit within the government's framework while still maintaining our standards for safety and reliability.

While our focus in the first year of the pandemic was on adapting our operations to safely deliver our essential service to the people and businesses of Horowhenua and Kāpiti, the second year was about maintaining vigilance and working within the government's evolving COVID-19 response.

Throughout 2021 the pandemic provided additional challenges as we engaged with our people to successfully introduce a vaccine policy across the business and implemented steps to ensure our employees were supported, and their wellbeing regularly monitored while they worked remotely. Over 138 wellbeing check-ins were conducted by people leaders throughout 2021 with any issues identified and addressed as soon as practicable.

At the same time, we continued to deliver regulatory training, often with no face-to-face delivery.

One of the biggest issues faced from a people perspective was the inability to recruit internationally due to the border closures. With limited qualified people resources available within New Zealand, we focused instead on upskilling and cross-skilling our people, leading to thirteen internal promotions across the business over the last year.

HEALTH, SAFETY AND WELLBEING

The safety and wellbeing of our people is a key driver for our business. It is one of our core values. Our goal is to experience zero harm so that everyone gets to go home safe and well every day.

The nature of our business means many of our people are exposed to significant risk, every day. We have very good systems and processes to enable us to operate safely, but it relies on people to remain vigilant and maintain standards to stay safe.

Health and safety is a continuous process and we have worked hard over the last five years to move our business from a purely compliance culture to one in which there is a collective responsibility across the entire business. This has involved open and honest engagement and the development of good processes and preventative actions.

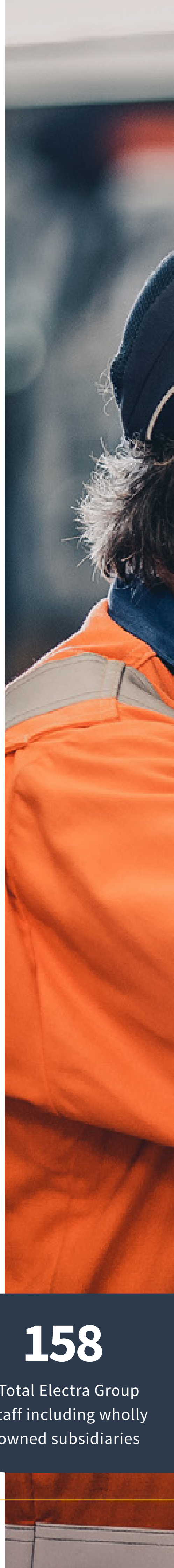
Much of the work we do is repetitive, meaning a degree of familiarity does set in. Our challenge is to keep people present and focused on the risks they face. Empowering them to take responsibility for their own health,safety and wellbeing as well as the people around them means that risks, and solutions, can be identified faster and safely.

Improved business operations including safety in design, attention to risk assessment on uncontrolled work sites, increased reporting and the sharing of learnings from incidents, and cross-business problem solving have continued to support an improving safety culture maturity.

External health and safety audits are conducted across all parts of the network with people (including contractors), processes and procedures are reviewed, and improvement opportunities identified.

Our Telarc accredited Public Safety Management System (PSMS) helps us to keep the public safe, particularly around our worksites.

The nature of our business means that accidents can happen and people can get hurt. Our focus is on reducing the risks of these events happening. It is satisfying to see our rates of harm continue to fall while the level of engagement and preventative actions taken in the field rise.



158

Total Electra Group staff including wholly owned subsidiaries

11

NEW ZEALAND QUALIFICATIONS ACHIEVED
During the year 11 of our team completed their national qualifications, including:

Electrical Engineering (Electrician) = 2
L4 NZC Electricity Supply / Line Mechanic = 2
L4 NZC Electricity Supply / Fault / Switching = 4
L4 Network Control = 2
L5 NZC in Electricity Supply (Power Technician) = 1

4,087

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

100%

FIELD CREW COMPETENCY In 2021 we celebrated 100% competency with our field crew on their EWRB assessments

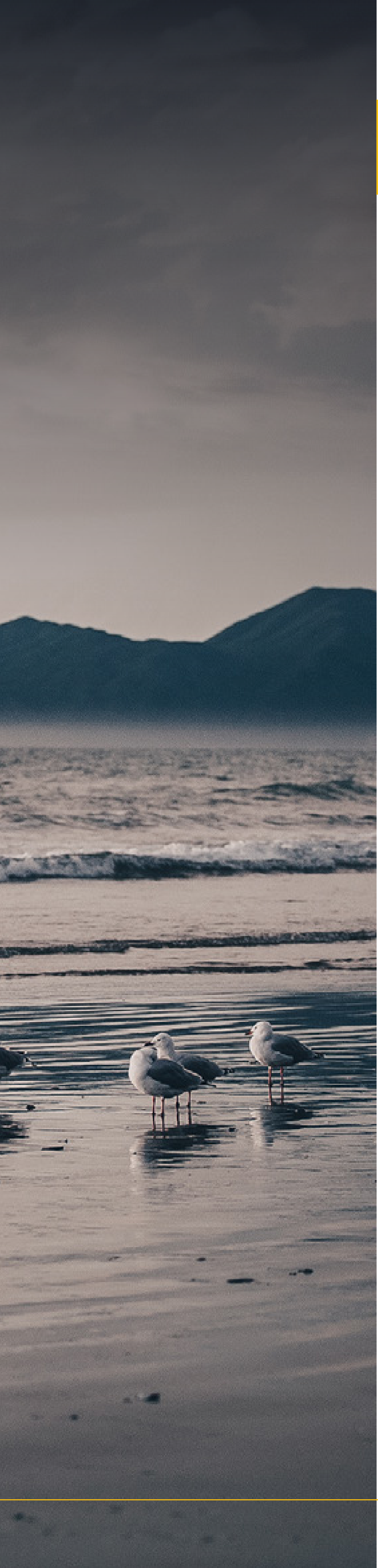
34%

of Electra Staff are Female. (54 Employees)

66%

of Electra Staff are Male. (104 Employees)

Caring



100% Consumer Owned

Electra is wholly owned by its 45,948 consumers, stretching from Paekākāriki 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 price discount.

Your Electra Trustees

Back (standing):
Neil Mackay, BCA of Paraparaumu
Janet Holborow, M Mus of Paekākāriki
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

Climate change and exiting our dependence on fossil fuels - decarbonising - mean many new challenges for the electricity sector. It's therefore important for Electra's beneficiaries to rest assured that the company is already getting to grips with the changes that face us all and are developing new strategies for the future. Electra is deservedly one of the best lines companies in the country and their commitment to the community is second to none when trouble strikes. We owe their dedicated staff our continuing appreciation.

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.

We recognise that successful businesses are key to successful local communities, and that providing local business-people with opportunities to network, as well as being stimulated and informed by a wide variety of speakers creates a positive local environment for innovation and growth.

We sponsor business-related events in both Levin and Paraparaumu where business icons, economists, politicians, educators and social service providers deliver topical local and regional content that can be applied to economic, business and professional development.

We also sponsor the annual business awards event that celebrates the best local businesses.

ELECTRA BUSINESS AFTER FIVE

The Electra Business After Five (BA5) networking events are a long-standing tradition for the business community in Horowhenua. Well-known for interesting, diverse speakers and the informal opportunity for local business to connect, it has also become a regular event for wider stakeholders to see and be seen at – including government agencies as well as business and council staff from other districts.

Over the last year the challenge has been to keep connected in a COVID-19 environment. BA5 events continued with limited numbers, while a series of free online webinars were launched to support local business through COVID-19 with subjects focused on social media, employment matters, government support and social enterprise.

ELECTRA BUSINESS BREAKFASTS

We are proud to be the long serving exclusive sponsor of the Electra Business Breakfast, an independent networking programme that takes places in Kāpiti on the first Wednesday of each month. Keynote speakers over the last year have included current and former politicians, economists and a broad range of business experts.

The event is also a fundraiser for Humanitix, a registered charity for the tech generation, with all surplus funds, after event costs have been deducted, going to education projects that help to change lives. Electra Business Breakfast has chosen to support 'A better start for disadvantaged Māori and Pasifika students'.

Despite the challenges presented by COVID-19, just one breakfast had to be cancelled in 2021, with one other event rescheduled.

Electra Business & Innovation Awards

ELECTRA BUSINESS & INNOVATION AWARDS
We are the principal sponsor of the Business & Innovation Awards, a role we are proud to have 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.

2021 was a year of firsts for the Electra Business & Innovation Awards with the launch of the customer experience-based Top Shop awards and the introduction of the Long Service award aimed at individuals who have committed significant time and energy specifically to the business awards over the years.

It was also the first time the Awards weren't held as a gala event, with COVID-19 restrictions forcing the 2021 edition to move to a fully online event. This meant the Long Service Award and Hall of Fame Laureates were recognised at individual community-based events that allowed the proper time and celebration of these key individuals who had given so much to the region's business communities.

Running an engaging and interactive live online event required a massive effort from the programme managers – PomPom Events & Marketing in collaboration with AV partners Vidcom. It involved online dress rehearsals for all finalists, pre-recorded videos to be submitted from sponsors, as well as promotional videos being collated and a step-by-step breakdown of the event flow and accompanying slides.

Viewing gift packs produced by We Love Local went out to all sponsors and finalists to support them with their celebrations and encourage the setup of "viewing parties" by businesses to make the event more of an occasion for their teams.

Winners all received deliveries on the night shortly after their announcement with some fabulous gifts provided by New World Foxton.

There was also a live chat where winners could post photos, comments and engage with viewers, and prizes were awarded during the night for the best party and the best dressed.

MC for the event, Te Radar, helped ensure the event ran smoothly and was entertaining, with the online version of the Awards attracting a larger audience than the previous live events.

Brendan Duffy ONZM JP and Chair of Business Kāpiti Horowhenua Inc who convene the Awards commented:
The Business Kāpiti Horowhenua relationship with Electra as major sponsor is an enduring partnership determined to showcase great businesses in our region. The awards also stimulate businesses to grow and succeed, employing more people and growing our economy. It's called making a difference!

Congratulations to all the 2021 finalists and winners who took the time to enter the Awards during a particularly challenging year.

2021 WINNERS:
Electra Business of the Year: Paula's Home & Living
Manufacturing, Production and Processing: Imagination Distilling
Hospitality, Entertainment and Tourism: Handmaid
Professional and Business Services, or Technology: Tall Poppy Real Estate
Not for Profit, Community and Public Services: Kāpiti Youth Support (KYS)
Retail: Paula's Home & Living
New/Emerging Award: Leith Consulting Ltd
Small Business Award: Foxx & Filly Homestaging
Sustainability Award: We Love Local
Innovation Award: Paula's Home & Living
Top Shop, Kāpiti: Kāpiti Youth Support (KYS)
Top Shop, Horowhenua: Steeds Pharmacy
Hall of Fame, Kāpiti: Wilson Lattey
Hall of Fame, Horowhenua: Bruce Little
Lifetime Membership: Mark Ternent of GTB IT Solutions Ltd

Backing Innovative Local Business

We are committed to supporting innovative businesses that have the potential to make a significant contribution to the local economy and the communities within it. Having sustainability at the core of the business and a focus on giving back are important additional attributes.

It's for these reasons that the Electra Group has chosen to invest in a local start-up looking to revolutionise the footwear industry, Orba Shoes, taking a small 6.8% stake in the Waikanae-based business.

In 2021 this Kiwi eco-friendly company launched the world's first biodegradable shoe, the Ghost sneaker, and won two major awards within six months of its launch - the Sustainable Product Design category at the Design Institute of 2021 NZ Best Design Awards and the sustainability category at the 2022 Global Footwear Awards.

The Global Footwear Awards, judged by industry professionals from brands and publications like Vogue, Adidas, Vera Wang, Hugo Boss, Prada, GQ and the MIT Institute of Design, recognise the world's most exceptional footwear designs, with the Sustainability category evaluating creativity, design and innovation.

The company was launched to help reduce the amount of pollution caused by 20 billion shoes that go into landfill each year. Their solution is a 94 per cent plant-based, bespoke, durable shoe with a bio-rubber sole made of natural rubber, rice husk ash, coconut oil and insoles of cork, coconut husk and natural rubber.

The formulation is not only a global first but is designed to eliminate the problem of synthetic shoes, which can take up to 1,000 years to break down and release contaminants during the process. Orba takes a full end-to-end approach to its shoes, including their end of life.

The shoes contain some of the most highly renewable plant-based materials in the world with a low carbon footprint.

Part of their sustainable ethos has included creating social development initiatives and funding training programmes to help improve efficiency and promote sustainable practices for weavers and partners in Indonesia (where the shoes are manufactured).

In addition, as a certified B Corp business, Orba meets high standards for employee benefits, charitable giving, supply chain practices and input materials.

Delivering

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 and sustainability throughout the Kāpiti-Horowhenua region.

The last year has seen a continuation of the many challenges presented by the pandemic with fresh lockdowns and ongoing remote working arrangements for staff. Our people responded brilliantly yet again, allowing the local communities we support to remain connected and safe and continue to operate.

The performance of the core lines business during this uncertain time has been outstanding. Maximum demand on the our network was up again at 111MW which we reliably met.

In addition, despite the challenging environment, we made excellent progress on the delivery of the key focus areas identified in the Asset Management Plan (AMP) and the Electra Groups strategic objectives being improved customer service, initiatives to reach our zero-harm target and maintaining our mix of high reliability and cost-conscious operations.

Further investment was made to ensure our network can meet the current and future needs of electricity users across our region. Network assets were upgraded or replaced to meet seismic strengthening requirements while smart technologies continued to be deployed across the network to assist with asset management maturity.

Meanwhile we commenced several significant transformational projects that will position our business as a key enabler in New Zealand's decarbonised future.

We also initiated a project to better understand losses on the network. Network losses can be caused by the normal use of electrical equipment and billing inaccuracies.

This project has led to corrections of historic data, improvements to network engineering models, and the installation of network monitors (within both zone and distribution transformers). These improvements have refined the losses process for our network business and led to an improved confidence in our loss methodology. With these learnings and improvements in hand, we are expecting continued improvements in understanding network losses. This project has also led to improvements to the billing process which has allowed us to identify revenue that would otherwise not have been recovered.

On 1 April 2022 we increased our line charges due to increases in material costs as well as Transpower's transmission charges. The average annual increase to customers was 11.0%.

We also saw the first year of our 5-year phase out of Low Fix User regulation, we expect to progressively increase the fixed charges for our Low User plans, this is expected to also see a reduction in variable charges at the same time.

Our Network

45,948
Total Consumers

365
New Connections

1,628 KM^2
Network Area

2,350 KM
Transmission & Distribution

344,615 kVA
Transformer Capacity

$5,884/KM
Average Operating Cost

424 GWh
Total Electricity Delivered

9,234 kWh
Average Sales Per Customer

111 MW
Maximum Demand

32%
Capacity Utilisation

8.00%
Loss Ratio

48%
Load Factor


Foxton Beach
Foxton
Tokomaru
Waitārere Beach
Shannon
Hōkio Beach
Mangahao
Kuku Beach
Levin
Ohau Beach
Waikawa Beach
Manakau
Ōtaki Beach
Ōtaki
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

Positioning the Network for a Sustainable Future

It is increasingly clear that sustainability will become an expectation of business for most customers, regulators and the general public. Environmental standards are likely to be tightened and carbon footprints measured to the lowest level of emissions.

Electricity will have a key role to play in New Zealand's decarbonised future and we need to embrace all aspects of sustainability within our business. We want to lead the country and our industry towards decarbonisation and, to do so, we need to be able to adapt and thrive.

That is why we have embarked on several transformation projects across our business as we position our business to lead this exciting phase in our country's history.

MAHI TAHI

Electra's new Enterprise Asset Management system was launched in June 2021 where The Asset Guardian (TAG) was selected as the most appropriate solution for Electra based on company size, the ease of implementation and adoption from a change management perspective as well as the stage of our asset maturity journey.

With the adoption of TAG, we launched the Mahi Tahi programme ("co-operate, teamwork, collaborate"), bringing together all business areas with the vision "to connect and empower people to one Electra, enabled by industry leading technology".

Mahi Tahi is transforming our business by improving operational efficiency and excellence and delivering a world class technology solution to the Electra Group.

When fully implemented, we will be better able to plan, optimise, implement and track the health of our network assets and activities associated with these assets. TAG will provide us with leading asset and works management, reporting capability to ensure the efficient use of resources, reduced downtime, increased visibility of costs and most importantly, provide a single system that can effectively and transparently deliver accurate auditable information – not only for Electra but for our customers, stakeholders, and external regulators.

And by sharing more accurate and timely information across our business ('one source of truth') and streamlining our processes and tasks, we can focus on providing better experiences for our customers.

HURINGA PŪNGAO ENERGY TRANSFORMATION ROADMAP

The Energy Transformation Roadmap or Huringa Pūngao initiative launched in July 2021 will ensure that Electra has a pathway to build the necessary capability and capacity to support New Zealand's decarbonisation efforts.

Flexibility solutions use DERs or distributed energy resources which are small-scale, distribution-connected assets that either reduce load or inject more power, for generation (such as solar panels), storage (batteries) or automated load management devices.

Huringa Pūngao or the Energy Transformation Roadmap aims to support the reduction of New Zealand's carbon emissions through electrification and increased renewable generation to achieve net-zero 2050, where DERs are a key factor to achieving decarbonisation.

Pursuing the roadmap will demonstrate that we can be a competent distribution network operator and fully engaged in facilitating consumers and other network users such as grid scale solar, to connect and trade across our network.

67% of customers now have a heat pump (13% are considering installing one)

11% of customers now have solar panels (39% of customers are considering installing them)

10% of customers own an eBike (30% are considering buying one)

2% of customers now have an EV (38% of customers are considering purchasing one)

Annual Electra Market Monitor survey of end-user energy use. November 2021

CLIMATE CHANGE AND DECARBONISATION INITIATIVES
We are committed to reducing the human impact on climate change and ensuring we understand how Electra's activities can materially impact this change. Our network is not immune to changes in the environment like coastal erosion and the rising sea level. We are exploring how these types of changes impact the way we build and support our network, with a view of augmenting our procedures and processes to enable a more resilient network, into the future.

To ensure we know what areas we need to prioritise, we contracted an external party to conduct a baseline carbon footprint assessment. The study was featured on a TVNZ 1 News article on 21 October, aligning our business with COP26 and sustainability.

The carbon footprint baseline assessment helped us understand where emissions are being generated and more importantly, allow us to set a target to manage a reduction in our GHG or Greenhouse Gas emissions in line with New Zealand's target under the Climate Change Response Act 2002 for net zero emissions by 2050.

The latest Climate Change Commission information will be modelled against asset classes at different geographical locations that may be exposed to more extreme conditions and will be completed in 2022 for inclusion in the 2023 – 2033 AMP.

REGULATORY
Electra collaborates with the Electricity Networks Association, other electricity distribution businesses and key participants in the emerging energy electrification sectors. These enabling projects, and the working relationships we have achieved, are aligned with central Government's goals under the Climate Change Response (Zero Carbon) 2019 Amendment Act 2019, the reforming regulations and industry practices currently in development by regulatory agencies.

Decarbonisation of our economy may require some significant changes in the way our grid and distribution networks operate. We are participating in the consultation processes undertaken by regulatory agencies to advocate for the interests of our consumers, efficient delivery of energy and the resilience of our community's infrastructure.

TRANSPORT ELECTRIFICATION

Electra supports New Zealand transition into a low carbon economy and support NZ wide transport decarbonisation initiatives. We are actively putting into place actions and projects that are designed to both reduce the amount of emissions Electra's vehicles produce but also encourage and accelerate our communities progress towards lower emissions from transport.

We have started to transition our own vehicle fleet to electric vehicle variants, installing EV chargers at all 10 of our zone substations to support our 'workhorse' EV vehicle fleet, installed EV charging stations at every office and depot as well as added an incentive for our staff to switch to EV's by providing 2-hours free charging every day.

When it comes to our community, we are actively supporting their efforts to transition. We provide expert assistance to both small and large organisations who are looking to reduce their energy costs, electrify their fleet or reduce their carbon footprint.

SUSTAINABILITY

Electra has always believed that it needs to support our community and our environment, and it has been doing so for the past 100 years. To do this we have developed 4 sustainability pillars – Environmental, Economic, Social, Cultural. We are working towards building clear targets that Electra believe will support our environment, community and business for the next 100 years. New Zealand is on the path to a low emission, climate resilient future and we support the target for New Zealand Net Zero emissions by 2050.

You will start seeing change to the way Electra operates both nationally and locally as we start transitioning our business to support a low carbon future.

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.

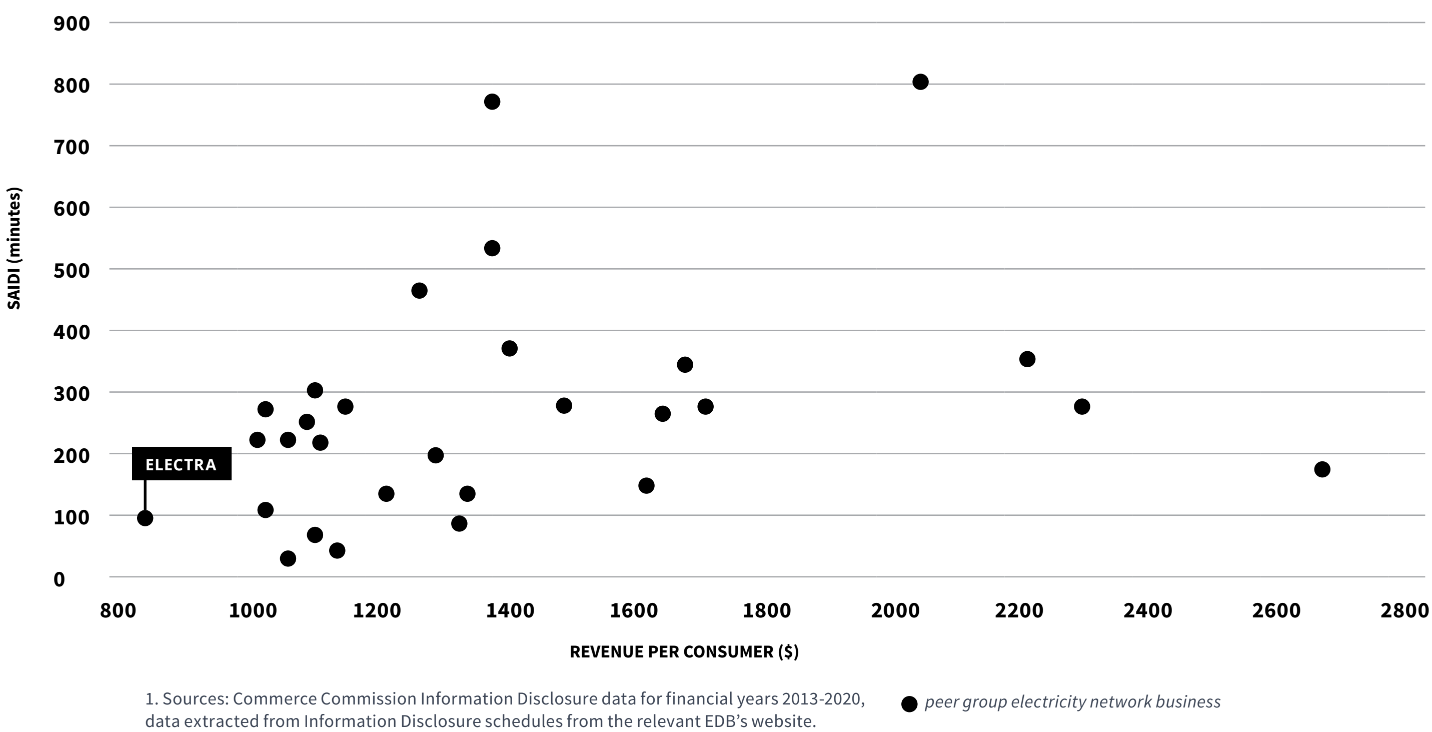
Specifically, we track how we are performing relative to a peer group of seven other electricity network businesses that share similar network characteristics and customer numbers to Electra.

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 2021



1. Sources: Commerce Commission Information Disclosure data for financial years 2013-2020, data extracted from Information Disclosure schedules from the relevant EDB's website.

SEISMIC STRENGTHENING

Throughout the year we continued to upgrade our Zone substation buildings to meet the National Building Standard (NBS) regulation for essential services. This is a multi-year project with two of the ten substations now upgraded to the required standard.

This work presents many challenges including geotechnical drilling, the design and installation of an internal steel structure, firewalls and additional concrete foundations.

COMPLETED NETWORK PROJECTS FY2022

Category	Project Description	Region	Total Investment
Legislative	Seismic Strengthening at Waikanae and Ōtaki Zone Substations	Ōtaki and Waikanae	$503,000
Quality	Ōtaki 11kV feeder protection upgrade project	Ōtaki	$221,000
Quality	Shannon 33kV Bus Bar and circuit breaker protection scheme project	Shannon	$134,000
Quality	Levin East Transformer protection upgrades	Levin	$286,000
Quality	Automation of 11kV supply to Paekākāriki Zone Substation	Paekākāriki	$106,000
Quality	Installed Recloser to improve reliabilty	Levin	$99,000
Renewal	Upgrade 2km of 11kV overhead line at Mangahao Road	Shannon	$154,000
Renewal	Upgrade 700m 11kV overhead line at Tui Crescent	Waikanae	$183,000
Renewal	Upgrade 640m of LV overhead line at Lady's mile	Foxton	$141,000
Quality	Automation of 11kV feeder at Golf Road	Paraparaumu	$300,000

VEGETATION MANAGEMENT

In recent years we have moved away from a reactive approach to response-based vegetation management to a risk-based proactive approach that aims to systematically reduce tree-related faults. This has seen vegetation SAIDI drop from 8.7 minutes (FY2016) to 6 minutes (FY2021).

Compared to our EDB peers, our SAIDI is consistently below the industry average, indicating an efficient and effective strategy in vegetation control. In addition our expenditure ($998 per km) is 50% beneath the industry average ($2,014 per km).

IMPROVED WEATHER MONITORING

Throughout 2021 we deployed a network of fifteen weather stations between Tokomaru and Paekākāriki, enabling us to have a more granular view of active weather conditions across the network.

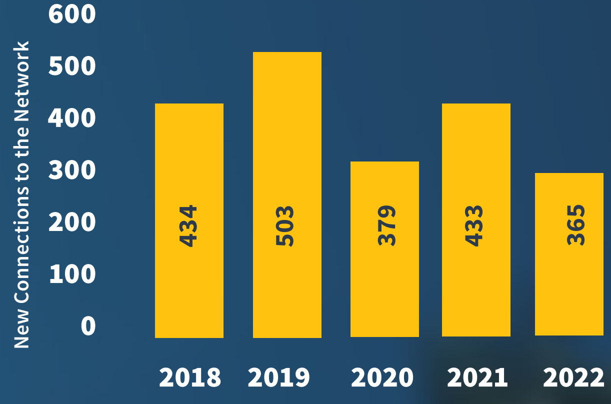
Having accurate local weather information allows our faults staff to confirm weather conditions where they are going to assess the level of risk involved and the type of equipment that will be required.

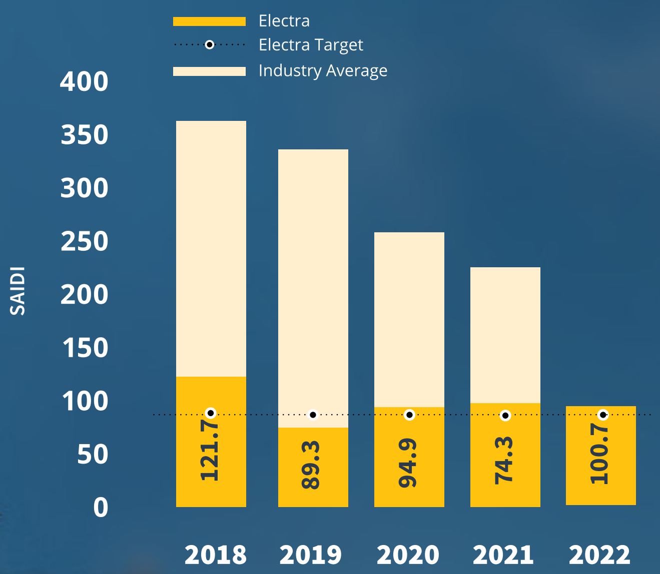
It also allows us to provide more accurate records of weather conditions for weather related faults – a Commerce Commission requirement – as well as giving us the ability to measure solar radiation and model solar generation potential.

A further 10-15 weather stations will be deployed across the network in FY2023.

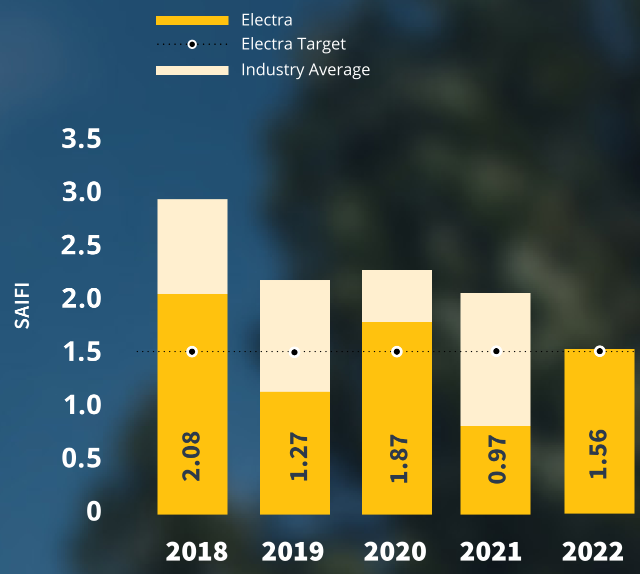
94%

customer satisfaction with our reliability of supply

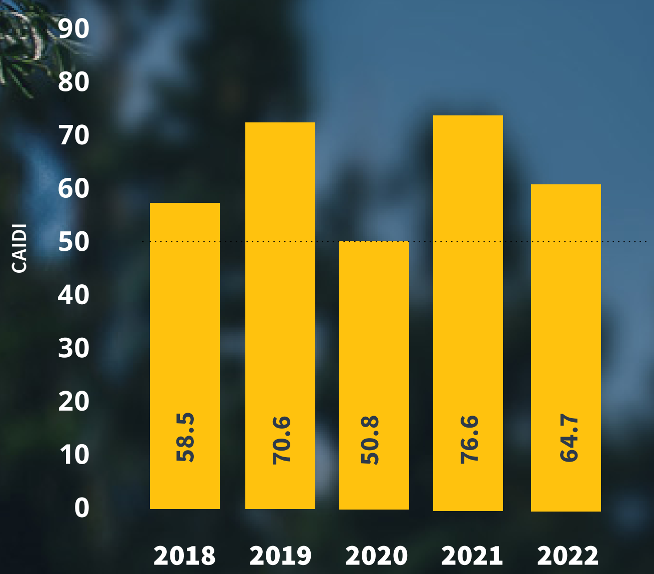




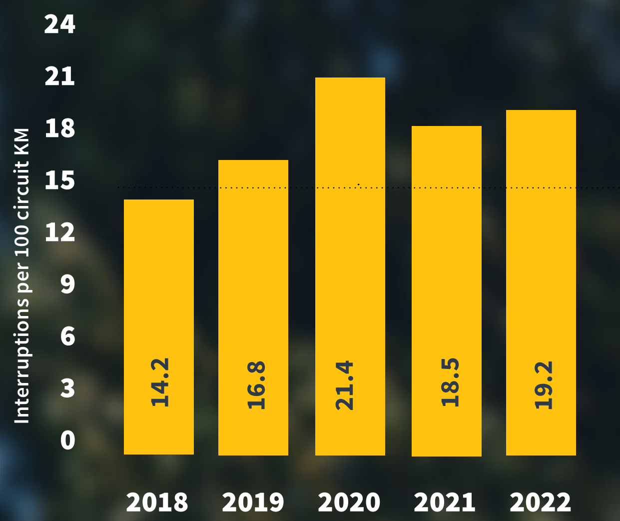
System Average Interruption Duration Index ("SAIDI"). The average outage duration (in minutes) per consumer per year. The lower the number, the better the reliability performance (industry averages and Electra targets are shown for comparison).



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.



Improving the Customer Experience

Customers are a key consideration in our decision making. We strive to deliver services that customers value and that meets their expectations in alignment with our company strategy. Customer feedback helps us to establish their expectations and is a critical input to our future asset planning.

Customer surveys are an important and meaningful way to engage with our customers – we have gauged customer experience and expectations by conducting annual customer service surveys since the late 1990s.

The 2021 survey reported the highest level of satisfaction achieved by both our call centre and service personnel over the last ten years. Key results were:

- 95% satisfaction (excellent/very good) with the call centre
- 99% satisfaction (excellent/very good) with our faults service people

In addition, respondents registered an 84% satisfaction with call waiting times at our call centre, and a 96% approval rating for 'doing what was promised'.

During the year, Electra worked with the Electricity Authority, Commerce Commission, MBIE and electricity retailers in the creation of the Consumer Care Guidelines to ensure that safeguards are in place for vulnerable customers' access to electricity. Electra was one of only four Distributors to participate in the process.

OUTAGE WEBSITE AND MOBILE APP IN DEMAND

Version 2.3.0 of the Electra Outage Mobile App was released in December 2021, with improved customer features and displays, and better customer privacy and in-app messaging.

The popularity of our online outage notification tools continues to grow with the website receiving 50,000-88,000 hits during significant outage events and the mobile app close to 3,000 unique opens – with over 60% of requests responded to in less than 0.2 seconds.

CHORUS POWER SENSE

We have worked with Chorus to implement their Power Sense service. The service will allow Electra to get near real-time power outage information from their fibre ONT devices located throughout our network. We will use this data to augment our Low Voltage data sensor network to gather information on power outages and power restore events. This will also allow Electra to better prioritise staff and resources when responding to local power issues and major power events such as storms and lighting strikes.

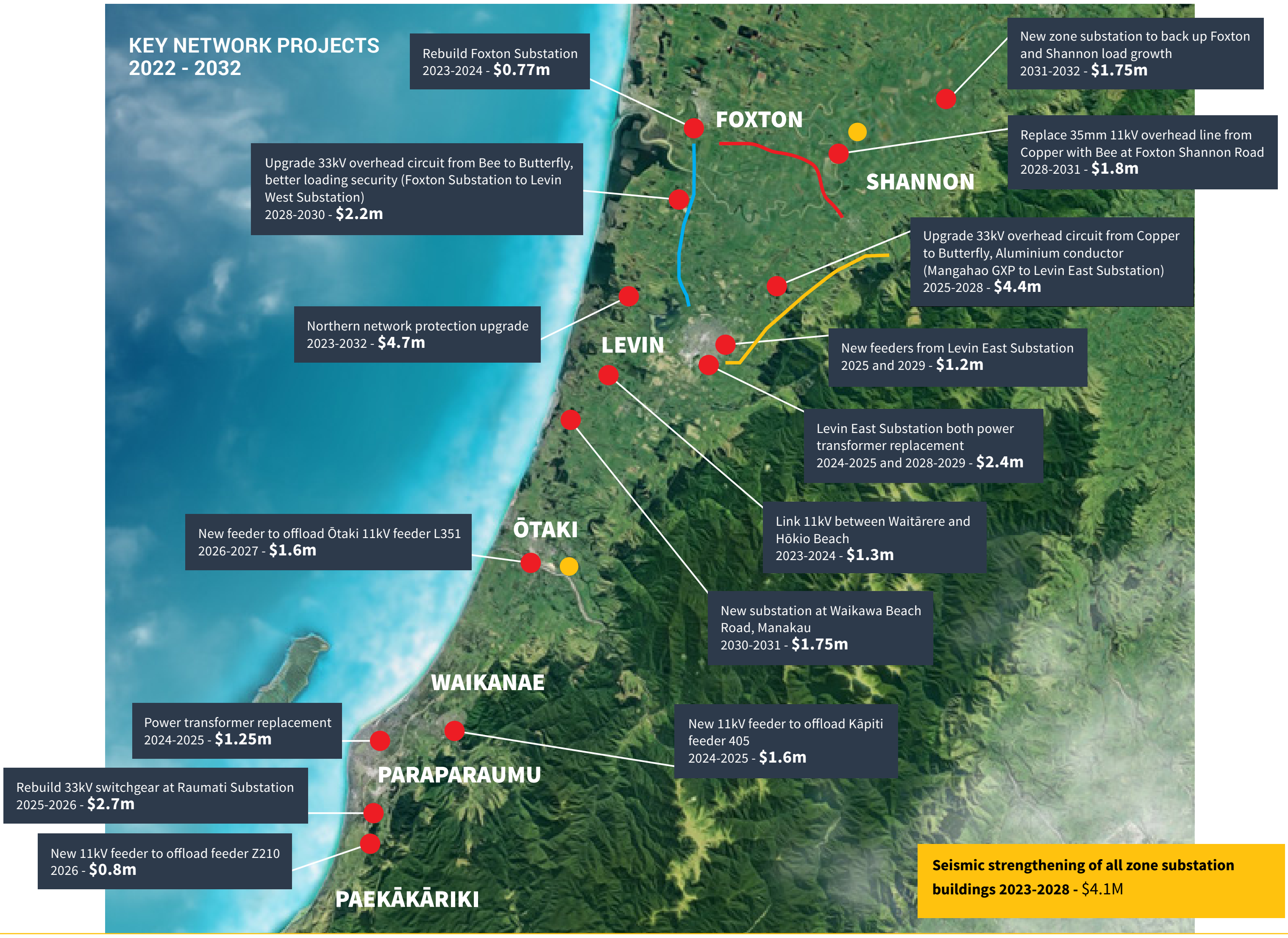
Planning Ahead: Asset Management Plan Update (2022)

Our Asset Management Plan Update 2022 (AMP) 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:

- Implement the improvement initiatives identified through detailed audit to align Electra's policies, processes and practices with the ISO 55000 asset management framework (a multi-year strategic project)
- Implement an Enterprise Asset Management system (Mahi Tahi project) for improved asset management maturity
- Implement Huringa Pūngao Electricity Transformation Roadmap to guide the company response to the challenges and opportunities of the electrification of the transport sector
- Continue to improve performance, manage risk and optimise costs, with a view to improving customer experience
- Implement the strategy for transition to a transactive network while maintaining watching brief on Distributed Energy Resource Management Systems 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 2022-2032 planning period include the following projects:



FORECAST EXPENDITURE

Capital costs are expected to average $13.9M per year over the next 10 years while operational costs are expected to average $5.2M 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 (20%)
- Renewal and replacement work (61%), and
- Legislative, safety and environmental requirements (8%).

PLANNED NETWORK PROJECTS FY 2023

No	Category	Work Description	Region	Total
1	Quality	Protection Work - Horowhenua	Northern network - Mangahao, Shannon and Foxton	$650,000
2	Legislative	Seismic Strengthening - ZS Buildings	Raumati and Shannon substations	$650,000
3	Quality	Automation of Ground Mounted switchgears to expedite reliability improvements driven by reliability assessments	Various locations	$300,000
4	Quality	Install pole mounted sectionalisers in specific feeders to reduce number of customers affected by faults	Various locations	$350,000
5	Quality	Install LV power quality monitors-part of Network transformation project	Various locations	$300,000
6	Renewal	Replace existing 1.86km of 11kV Copper conductor with Aluminium	SH1, Manakau L224 to L4	$310,000
7	Quality	Install additional permanent fault indicators to allow quicker restoration of faults	Various locations	$250,000
8	Renewal	Replace 1.2km of existing 11kV Copper conductor with Aluminium	SH57, Shannon	$300,000
9	Renewal	Replace 1.5 km of existing Copper conductor with Aluminium	Tiro Tiro Road & Mako Mako Road	$250,000
10	Quality	Condition Monitor on Power Transformer	Levin East Substation	$70,000

Price Changes from 1 April 2022

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, our pricing increased on 1 April 2022 to reflect significant upward pressures on our costs, including:

- Increased transmission charges from Transpower, the national transmission grid operator
- Sharp increases in the cost of raw materials and equipment that we use to build and maintain the electricity distribution network (despite our efforts to contain these costs through bulk purchases from industry suppliers)
- Rising freight and transportation costs to move our teams and equipment to where they are needed, and
- Additional costs for large scale work resulting from the impact of COVID-19 and the requirement to create smaller teams and change work practices to protect our people and customers during the pandemic.

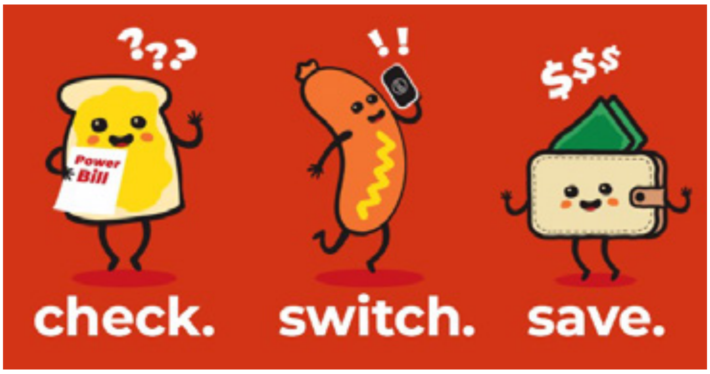
In addition, the electricity industry have begun to phase out the Low Fixed User Charge (LFC). The low fixed charge regulations were introduced to provide electricity plans with a discounted fixed charge that aimed to reduce power bills for low-use, low-income households.

However, the regulations have proven to be poorly targeted, only helping some low-use households while pushing others into greater energy hardship including many low-income families with high electricity use.

The phasing out of the LFC by the industry will result in the largest bill impact for Electra's customers that consume less than 8,000kWh a year.

CHECK. SWITCH. SAVE

In response to the price increases and the phasing out of the LFC, we launched the "check. switch. save" campaign, encouraging customers to make sure they were getting the best possible deal from their electricity retailer.



Sorry. Line charges are going up.

We don't like it either and that's why we only increase charges when we really have to.

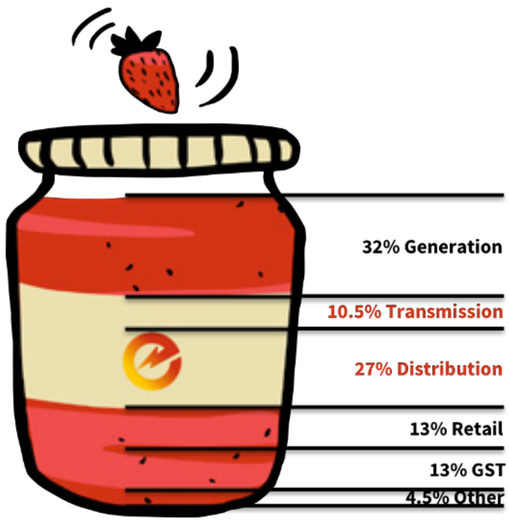
We are Electra, the lines company delivering electricity to the Horowhenua and Kāpiti area.

If you haven't already, now is a good time to check you're on the best plan. Over half the customers who checked have saved money on their power bill. **And you could too.**

If you live in the Horowhenua and Kāpiti area, whoever your power supplier, we are making it easier for you to be on the right plan in 3 steps:

1. **Check** your current plan
2. **switch** to the plan that's right for you*
3. **save** on your next power bill

**You don't necessarily need to change your provider!*



Growing

Investments

Electra has a strong history of identifying opportunities and investing in businesses that are either local, provide growth opportunities or are aligned to our core business. By undertaking these investments, we look to provide a regional growth level above and beyond that available to the core Network business.

Over the last 10 years these investments have included companies in the following sectors: Power generation, Electricity retailing, Electrical contracting and maintenance, Financing, Meter reading, Telecommunications contracting, Data collection and monitoring, Medical and security monitoring, Retirement housing, Property development.

Some of these investments are still held by Electra, others have been either repositioned to enhance returns or we have reached an opportune time to exit the investment to achieve the best possible outcome for Electra and the investment.

During this financial year, the timing was right to move on from our investment in Connect 8, our partnership with Spark in a telecommunications infrastructure company. During our time with Connect 8, the company diversified into Power and Water construction projects with our skills in infrastructure construction being a natural fit for the company. However the focus of Connect 8 has returned to being primarily focused on telecommunications with Spark's 5G build and long haul fibreoptic cable builds. We therefore took the opportunity to sell our shareholding to Spark – a win-win.

'It has been a pleasure working with the Connect 8 team. We have improved our understanding of future telecommunications technologies through our involvement in Connect 8 but have decided to increase our business focus on our core Kāpiti and Horowhenua Regions.' Neil Simmonds

When we consider an investment or establishing a new business, we consider the benefits this will bring to our consumers and to our Trust members.

Key to these considerations is how the investment will positively impact on our community:

- Will it bring growth to the region with new and greater employment opportunities?
- Will it aid regional sustainability through enhanced technology and utilisation of our natural assets or the provision of key regional asset or infrastructure?
- What is the economic value that will be derived, to both Electra and the wider community?
- Are we creating value for the next generation?
- Is it bringing value to the future development of our core Network?

One of our current investments is in Horowhenua Development Limited (HDL). HDL is a property development company, established by The Horowhenua Company and its owner, the Horowhenua New Zealand Trust. Electra holds a 25% stake in HDL, whose initial development is the Horowhenua Business Park.

Located in the heart of our region, this investment focuses on long term regional growth, developing local infrastructure and providing the opportunities for businesses and government departments to relocate to the area further supporting our region's growth.

HDL utilised the opportunity to acquire a block of vacant commercial land from the Horowhenua District Council, creating the Horowhenua Business Park development, a successful commercial subdivision. The development has created substantial economic and social opportunities for the district, with employment created not just by the work of HDL but long-term from the significant businesses moving to the park and our region.

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.

Chief Executive of the Horowhenua Company, Catriona McKay, says that "this development is testament to the strength of local relationships and the common community aims of both Electra and the Horowhenua New Zealand Trust. Electra are a valued partner, bringing a depth of skills and expertise to the work of HDL"

QUAIL RIDGE COUNTRY CLUB LIMITED & KERIKERI FALLS INVESTMENTS LIMITED

A premium retirement village in Kerikeri. Investment providing synergy to the aged care sector serviced by Electra Services.

ELECTRA SERVICES LIMITED (ESL) – TRADING AS SECURELY®

ESL, trading as SECURELY®, is Levin-based with branch offices in Tauranga and Lower Hutt. The company embraces cutting edge technology to deliver alarm solutions, and provides 24/7 alarm monitoring for medical, house and business alarms for a wide range of customers throughout New Zealand.

LINAX

A small investment in a locally-based innovative and award-winning shoe company (Orba Shoes) designing and producing truly sustainable footwear.

PULSE ENERGY ALLIANCE LIMITED PARTNERSHIP

A minority shareholding in an Energy retailing company. A downstream investment in our core market. Shareholding came from selling our ownership of retailer Electra Energy into Pulse.

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 fault calls on behalf of Electra. Over the last year the Call Centre handled in excess of 330,000 calls with an average response time of 17 seconds, placing it amongst some of the best call centres in New Zealand.

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.

SECURELY® offer its customers a market leading and highly disruptive technology platform (Essence). 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 unusual changes in heat and motion patterns 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.

A YEAR OF TRANSITION

ESL has plans to exit the security product line enabling greater focus on its medical products with its ambitious strategy of using technology to allow the elderly and medically impaired to continue to live safely in their homes for longer, and provide greater comfort for family members who are unable to physically be there to monitor a loved ones wellbeing.

Sensors collect data, then rules engines or artificial intelligence apply insights to this data. This creates opportunities to intervene before a serious medical event, such as a fall, can occur. By monitoring and identifying changes in environmental or health-related issues, SECURELY® are able to predict an elevated risk and respond accordingly.

Rather than develop this technology in-house, the business has formed exclusive partnerships with leading technology suppliers to create a market leading solution for New

Zealanders.
The company has three key partners:

- Chiptech – a Christchurch-based, monitored personal medical alarm supplier that is moving into mobile medical and lone worker alarms
- Essence Group – an Israeli company and global leader in medical alarms and sensor technology
- Foresite Healthcare – a US-based provider of monitoring platforms that use sensors to deliver specialised predictive analytics to enable preventive care and personalised solutions to hospitals, rest homes and retirement communities.

With exclusive rights to offer the Essence and Foresite solutions in New Zealand (and in Australia too with Foresite), SECURELY® is one of the country's leading provider of predictive healthcare technology.

Alongside the technology, the company has invested significantly in ensuring its systems and processes are operationally fit, including from a security, privacy and compliance perspective. A full review identified many efficiencies that were available to the business and system processes re-engineered to achieve these efficiencies and drive improvements to the company's overall EBITDA position.

Of course, like many businesses COVID-19 has presented challenges over the year. The lockdown and ongoing restrictions have caused delays in the deployment of this new technology, both in terms of physical interactions with customers and delays in the decision-making process. While the technology can assist healthcare providers during the pandemic, the immediacy of trying to manage facilities in the current environment is delaying the investment in new solutions. This is expected to improve as the country emerges from the pandemic.

LOOKING AHEAD

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).

The Foresite solution for larger facilities does require significant investment so local proof of concept will be a key to the success of this service. To assist in confirming the business case, pilots are planned within retirement facilities in 2022. A second project will look to provide a residential solution for a large government agency.

Alongside the deployment of the Foresite solutions, there will be an increased need to develop SECURELY's® own in-house capability to create a more medically oriented support structure. It is likely the business will look to employ nursing staff, initially on a part-time basis, to provide greater preventative responses and begin moving the company towards the telehealth provider model.

SECURELY®

Future Growth

The New Zealand Economy finished 2021 with a strong recovery, but this does not look set to continue through 2022.

The start of 2022 sees the New Zealand economy facing a strong headwind caused by the combined impacts of rising inflation, global economic and political instability and the continuation of the pandemic into its third year.

These have been and continue to be challenging and uncertain times.

As 2022 progresses the impact of the border reopening will bring further change into the mix with an anticipated, and much needed, boost to the tourism industry. However, it will also potentially see a challenge to the New Zealand population as people take advantage of the ability to move around once more. This potential for net migration is likely to put even more of a squeeze on the already constrained labour market.

Despite this back drop of volatility the region continued to perform well through 2021 with key performance indicators outperforming the National average.

Info metrics quarterly economic monitor to December 2021 shows GDP growth for the Kāpiti region at an annual average increase of 8.6% and the Horowhenua at 5.6% compared to 5.5% for New Zealand.

With our region being heavily reliant on the commuting demographic, the local economy has been boosted as more people have been working from home during this period, with consumer spending at 7.3% annual growth in Kāpiti for the December quarter and 10.9% for Horowhenua.

The vibrant local economy is helping to create further employment opportunities with the unemployment rate for Kāpiti down to a new low of 3% and 4.3% for Horowhenua.

Across both Kāpiti and Horowhenua the construction sector led the way in terms of this job creation.

Growth in our region is likely to be further buoyed by the recent opening of Transmission Gully and the continuing improvements to regional infrastructure brought by the next phases of the Expressway. The accessibility these enhancements bring makes the region an excellent location for living and investing in.

In general, the next year is likely to see a slightly softer outlook for New Zealand. The Omicron outbreak has impacted confidence, although the economic impact is yet to be fully felt.

Interest rates and prices are rising, and the Russian invasion of Ukraine has sent petrol prices to record highs, all of which will test the ongoing strength of consumer spending.

All of this is leading to a more subdued outlook. The OECD economic survey for New Zealand 2022 estimates that there will be a slowing of growth from the 5% level of 2021 to 3.8% 2022 and 2.5% in 2023 and labour is likely to be further constrained with an unemployment rate of 3.2 – 3.3% over the next two years.

Despite these challenges we believe that the region is well placed for growth, and to face this challenging environment. We are confident that our Group is well positioned to achieve its ambitious growth targets and deliver additional ongoing value to our owners.

Looking to the future we have a significant role to play in supporting the growth and performance of our region and in the continuation of this support we will be investing more than $138million in our network over the next 10 years.

This investment will ensure that we continue to deliver a safe and reliable electricity supply across the network and have the capacity to meet the challenges and opportunities presented by sustained regional growth, transport electrification and decarbonisation goals.

We will continue to look for opportunities to stimulate further growth in the region through our investment strategy and our ongoing collaborations with local councils and businesses to support and attract local growth and development.

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 2022.

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		**2022**	2021
		$000	$000
Continuing operations			
Operating revenue		**50,929**	45,387
Other expenses		**(52,189)**	(48,537)
Share of profit in joint ventures and associate		**2,132**	1,574
Movement in investments held at fair value		**64**	845
Gain / (loss) on sale of investments		**(1,337)**	-
Profit / (loss) before tax		**(401)**	(731)
Income tax benefit / (expense)		**511**	1,346
Net profit / (loss) after tax for the year from continuing operations		**110**	615
Discontinued operations			
Profit / (loss) for the year from discontinued operations	Note 3, 25	**-**	295
Profit for the year after tax		**110**	910
Other movements through retained earnings		**557**	49
Dividend		**(300)**	(300)
Retained earnings brought forward		**75,633**	74,974
Retained earnings carried forward		**76,000**	75,633

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 Scott Houston and Steve Armstrong retire by rotation at the annual general meeting, held on 29th July 2022, of the company. Both Mr Houston and Mr Armstrong being eligible, offer themselves for re-election.

Directors membership of 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
	M I D Gribben	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
	J E Nichols	Member
	C C Dyhrberg	Member
ESL Advisory Board	S A Houston	Chair

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

Directors	Interested Entity	Nature of Interest
J E Nichols	Eastland Generation Ltd	Director
	Top Energy Ltd	Director
	Ngawha Generation Ltd	Director
S A Mitchell-Jenkins	Two Fish Forty Trust	Trustee
M C Underhill	The Lines Company Ltd	Director
S A Houston	Kapiti Tourism Board	Shareholder
	Jackbord Works Ltd	Shareholder
	SKLS 2021 Ltd	Director & Shareholder
	Fingermark Ltd	Director

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
16 June 2022

Michael Underhill
Director
16 June 2022

PERFORMANCE HIGHLIGHTS

The following performance measures are disclosed in accordance with the Commerce Commission Disclosure Regulations for Electricity Distribution Companies and the Company's 2021/22 Statement of Corporate Intent.

Financial	**2022**	2021	2020
Total revenue ($000)	**50,929**	45,387	45,890
Revenue from discontinued operations	**-**	2,359	490
Discount issued ($000)	**5,100**	5,100	8,000
Profit (after tax) ($000)	**110**	910	(2,742)
Total assets ($000)	**303,040**	303,808	275,428
Total shareholders' funds ($000)	**174,346**	174,357	163,571
Shareholders' funds to total assets	**58%**	57%	59%
Net asset backing per share	**$7.13**	$7.13	$6.69
Network – Parent			
GWh sold	**424.3**	421.0	415.0
Loss ratio*	**8.00%**	7.27%	7.73%
Load factor**	**48%**	50%	51%
Capacity utilization***	**32%**	31%	30%
Maximum demand (MW)	**111**	104	101
Circuit kilometres (kms)	**2,350**	2,330	2,323
Transformer capacity (kVA)	**344,615**	338,850	336,815
Supply area (sq kms)	**1,628**	1,628	1,628
Operating costs per kilometre	**$5,884**	$5,730	$5,603
Capital expenditure cost per kilometre****	**$5,737**	$6,119	$10,914
Consumer Information - Parent			
Number of consumers	**45,948**	45,757	45,366
Average kWh sales per consumer	**9,234**	9,201	9,150
Operating costs per consumer	**$301**	$293	$288
Capital expenditure cost per consumer	**$294**	$313	$561
Discount issued per consumer (incl. GST) (Average)	**$128**	$128	$203
Network Reliability - Parent			
System Average Interruption Duration Index (SAIDI)*****	**100.7**	74.3	94.9
System Average Interruption Frequency Index (SAIFI)******	**1.56**	0.97	1.87
Consumer Average Interruption Duration Index (CAIDI)*******	**64.7**	76.6	50.8
Faults per 100km line (number)	**19.2**	18.5	21.4
Personnel - Group: No. of employees			
- Electra Limited	**106**	116	113
- Electra Generation Limited	**-**	-	1
- Electra Services Limited	**52**	54	61

** 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

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

Continuing operations	Note	2022 $000	2021 $000
Revenue			
Revenue	1	**50,014**	44,600
Interest income		**427**	283
Other income		**488**	504
Total operating revenue and income		**50,929**	45,387
Expenses			
Interest expense		**(2,789)**	(2,287)
Other expenses	2	**(49,400)**	(46,250)
Total operating expenses		**(52,189)**	(48,537)
Share of profit from joint ventures and associate	19	**2,132**	1,574
Movement in investments held at fair value	18	**64**	845
Gain / (loss) on sale of investments	19	**(1,337)**	-
Profit before tax from continuing operations		**(401)**	(731)
Income tax benefit / (expense)	4	**511**	1,346
Profit / (loss) for the year from continuing operations		**110**	615
Discontinued operations			
Gain on disposal of operations	3, 25	**-**	594
Earnings for the year from discontinued operations	3	**-**	(299)
Profit for the year		**110**	910
Other comprehensive income			
Gain on asset revaluation	5	**-**	14,190
(Loss) on disposal of revalued assets		**31**	(58)
Income tax benefit / (expense) relating to components of other comprehensive income	4	**148**	(3,956)
Other comprehensive (loss) for the year net of tax		**179**	10,176
Total comprehensive profit / (loss) for the year net of tax		**289**	11,086

**Discontinued operations only relates to 2021 and is for Electra Generation Limited. Refer to note 3 & 25 for further detail.*

The notes on pages 59 to 80 form part of these financial statements.

THE GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Note	Issued Capital	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings	Attributable to beneficiaries	Total
		$000	$000	$000	$000	$000	$000
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)	-	-	(58)	(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**
Balance at 1 April 2021		**18,000**	**80,724**	**-**	**75,633**	**174,357**	**174,357**
Profit for the year		-	-	-	110	110	**110**
Revaluation of assets movement	5	-	-	-	-	-	**-**
Disposal of revalued assets		-	31	-	-	31	**31**
Tax benefit / (expense) relating to revalued assets	4	-	148	-	-	148	**148**
Total comprehensive profit / (loss) for the year		**-**	**179**	**-**	**110**	**289**	**289**
Transfer to retained earnings		-	(557)	-	557	-	-
Dividends paid	12	-	-	-	(300)	(300)	**(300)**
Balance at 31 March 2022		**18,000**	**80,346**	**-**	**76,000**	**174,346**	**174,346**

The notes on pages 59 to 80 form part of these financial statements.

THE GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	2022	2021
ASSETS		**$000**	**$000**
Non-current assets			
Property, plant and equipment	5	**257,254**	255,258
Goodwill and intangible assets	6	**4,658**	7,542
Right of use assets	14	**4,476**	3,999
Investments at fair value	18	**2,650**	2,566
Investment in joint ventures and associate	19	**4,695**	13,713
Non-current assets held for sale	26	**2,111**	-
Total non-current assets		**275,844**	283,078
Current assets			
Cash and cash equivalents		**13,008**	5,068
Receivables and prepayments	7	**9,497**	9,057
Finance receivables	8	**3,612**	5,599
Inventories and work in progress	9	**566**	1,006
Current assets held for sale	26	**513**	-
Total current assets		**27,196**	20,730
Total assets		**303,040**	303,808
LIABILITIES			
Non-current liabilities			
Debt finance	17	**76,000**	75,731
Lease liability	14	**4,226**	3,864
Deferred tax liability	4	**41,804**	41,664
Total non-current liabilities		**122,030**	121,259
Current liabilities			
Debt finance	17	**112**	2,379
Trade and other payables	10	**5,984**	5,460
Lease liability	14	**568**	353
Total current liabilities		**6,664**	8,192
Total liabilities		**128,694**	129,451
Net assets		**174,346**	174,357
EQUITY			
Share capital	11	**18,000**	18,000
Reserves		**80,346**	80,724
Retained earnings		**76,000**	75,633
Total equity		**174,346**	174,357

The Board of Electra Limited authorised these financial statements for issue on 16 June 2022.

For and on behalf of the Board

Shelly Mitchell-Jenkins
Chair

Michael Underhill
Director

The notes on pages 59 to 80 form part of these financial statements.

THE GROUP CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 $000	2021 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		**48,301**	46,296
Dividends received		**1,250**	46,296
Other interest received		**-**	47
		49,551	46,343
Cash was applied to:			
Payments to suppliers and employees		**(32,101)**	(34,951)
Interest paid		**(2,781)**	(2,142)
Tax paid		**(83)**	(74)
		(34,965)	(37,167)
Net cash flows from operating activities	16	**14,586**	9,176
Cash flows from investing activities			
Cash was provided from:			
Sale of property, plant and equipment		**82**	4,665
Finance receivables		**766**	(4,630)
		848	35
Cash was applied to:			
Purchase of property, plant and equipment and intangible assets		**(14,605)**	(16,529)
Capitalised interest on construction of property, plant and equipment	5	**(72)**	(39)
Sales / (Purchase) of investments	19	**10,000**	(4,920)
		(4,677)	(21,488)
Net cash flows to investing activities		**(3,829)**	(21,453)
Cash flows from financing activities			
Cash was provided from:			
Loans raised		**2,000**	176,067
		2,000	176,067
Cash was applied to:			
Repayment of loans		**(3,998)**	(159,286)
Payment of dividends	12	**(300)**	(300)
Principal reduction in lease liability	14	**(519)**	(282)
		(4,817)	(159,868)
Net cash flows from financing activities		**(2,817)**	16,199
Net increase / (decrease) in cash and cash equivalents held		**7,940**	3,922
Add opening cash and cash equivalents brought forward		**5,068**	1,145
Ending cash and cash equivalents carried forward		**13,008**	5,068

The notes on pages 59 to 80 form part of these financial statements.

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	Note	
Estimation of electricity distribution revenue	Note 1	Revenue
Revaluation and impairment review	Note 5	Property, plant and equipment
Impairment of goodwill	Note 6	Goodwill and intangible assets
Provision for doubtful debts	Note 7 + 8	Trade & Finance receivables
Determination of lease terms	Note 14	Leases
Investments measured at fair value through profit or loss (FVTPL)	Note 18	Investments measured at fair value

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

Significant accounting policies

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

Basis of consolidation

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

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

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

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

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

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

Investments in joint ventures and 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, assets and liabilities of joint ventures and associates are incorporated in these consolidated financial statements using the equity method of accounting except when held for sale in which case it is accounted for in accordance NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture.

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.

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

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

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

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

1 REVENUE

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Revenue comprises the fair value for the sale of goods and services, excluding GST.

Specific accounting policies are as follows:

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

E

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

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

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

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

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

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

Other revenue primarily comprises of:

Alarm sales
For alarm sales, the Group recognises revenue at a point in time when the customer takes possession of the alarm. The amount of revenue recognised 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.

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

**Discontinued operations have been separated out. Discontinued operations in 2021 include the sale of diesel and gas generation assets (refer to note 3 & 25).*

2 OTHER EXPENSES

	2022 $000	2021* $000
Transmission charges	**9,667**	9,275
Remuneration of auditors	**231**	235
Bad debts	**14**	(2)
Change in provision for doubtful debts	**48**	(5)
Depreciation and amortisation expenses	**15,880**	14,688
Employee benefits expense	**11,253**	11,041
Inventory expense	**2,449**	2,028
Contractors	**1,576**	1,492
Vehicle expenses	**763**	731
Other expenses	**7,519**	6,767
	49,400	46,250

Remuneration of auditors

	2022 $000	2021* $000
Audit of the financial statements	**165**	155
Audit related services	**83**	80
	248	235

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

*Discontinued operations have been separated out. Discontinued operations in 2021 include the sale of diesel and gas generation assets (refer to note 3 & 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 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	2022 $000	2021* $000
Revenue	-	1,993
Other gains	-	366
	-	2,359
Expenses*	-	(2,774)
Profit / (loss) before tax	-	(415)
Attributable income tax expense	-	116
Earnings for the year from discontinued operations	-	(299)
Gain on disposal of operations (refer note 25)	-	594
Profit / (loss) for the year from discontinued operations	-	295

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

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

4 TAX

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 gain on purchase.

Income Tax	**2022**	2021
	$000	$000
Profit / (loss) before tax from continuing operations	**(401)**	(731)
Tax expense / (benefit) @ 28%	**(112)**	(205)
Tax effect of:		
Permanent difference expense / (benefit)	**422**	(611)
Deferred tax expense / (benefit) on acquisition of assets	**12**	104
Effect expense / (benefit) of excluding loss offsets from discontinued operations	**-**	(343)
Prior year adjustments		
Taxable allocation of partnership income expense / (benefit)	**60**	(391)
Other tax adjustments expense / (benefit)	**(407)**	100
Imputation Credits Received	**(486)**	-
Tax expense / (benefit) from continuing operations	**(511)**	(1,346)
Tax expense / (benefit) comprised of:		
Current tax expense / (benefit)	**(673)**	1,616
Deferred tax expense / (benefit)*	**162**	(2,962)
Total tax expense / (benefit) from continuing operations	**(511)**	(1,346)

*Excluding deferred tax expense from discontinued operations of 2022: nil (2021: $120k).
Also included in 2022 in the $(673k) (2021: $1.6m) current tax expense and $162k (2021: $(2.9m)) deferred tax benefit above, is $401k relating to a timing differences of partnership income (2021: $1.8m). The net effect on the tax benefit in the Statement of Comprehensive Income is zero.

Deferred Tax

	Opening Balance $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	350	36	-	-	-	-	386
Deferred tax on Partnership Income	1,794	-	-	(402)	-	-	1,392
Doubtful debts	55	(3)	-	-	-	-	52
Property, plant and equipment	(42,805)	(348)	-	-	148	128	(42,877)
Intangibles	(1,058)	301	-	-	-	-	(757)
Losses carried foward	-	-	-	-	-	-	-
As at 31 March 2022	**(41,664)**	**(14)**	**-**	**(402)**	**148**	**128**	**(41,804)**
Provisions	247	103	-	-	-	-	350
Deferred tax on Partnership Income	-	-	-	1,794	-	-	1,794
Doubtful debts	62	(7)	-	-	-	-	55
Property, plant and equipment	(39,466)	617	-	-	(3,956)	-	(42,805)
Intangibles	(1,290)	336	-	-	-	(104)	(1,058)
Losses carried forward	727	-	(727)	-	-	-	-
As at 31 March 2021	**(39,720)**	**1,049**	**(727)**	**1,794**	**(3,956)**	**(104)**	**(41,664)**

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

5 PROPERTY, PLANT AND EQUIPMENT

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

Cost	Distribution plant & equipment (incl. land & buildings) at valuation $000	Other land & buildings at cost $000	Other plant & equipment at cost $000	Motor vehicles at cost $000	Alarms held to be leased at cost $000	Other capital work in progress at cost $000	Total $000
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)
Disposals of revalued assets	-	-	-	-	-	-	-
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**
Balance as at 1 April 2021	244,691	2,455	6,030	7,522	3,733	3,652	268,083
Additions	1,713	-	1,207	62	6	13,045	16,033
Disposals	(707)	(41)	(1,053)	(368)	-	-	(2,169)
Disposals of revalued assets	-	-	-	-	-	-	-
Transfer to / (from) capital work in progress	11,087	-	-	-	-	(11,087)	-
Revaluation	-	-	-	-	-	-	-
Transfers between classifications	-	5	-	-	(5)	-	-
Balance as at 31 March 2022	**256,784**	**2,419**	**6,184**	**7,216**	**3,734**	**5,610**	**281,947**

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 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
Impairment	-	-	-	-	-	-	-
Revaluation	(12,403)	-	-	-	-	-	12,403
Balance as at 31 March 2021	**(3,071)**	**(682)**	**(4,636)**	**(3,298)**	**(1,139)**	**-**	**(12,825)**
Balance as at 1 April 2021	(3,071)	(682)	(4,636)	(3,298)	(1,139)	-	(12,825)
Depreciation charge	(11,668)	(81)	(652)	(469)	(650)	-	(13,522)
Write back on disposals	291	41	1,041	280	-	-	1,653
Impairment	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Transfers between classifications	-	(1)	-	-	1	-	-
Balance as at 31 March 2022	**(14,448)**	**(723)**	**(4,248)**	**(3,487)**	**(1,788)**	**-**	**(24,694)**
Carrying amounts							
Balance as at 31 March 2020	241,620	1,773	1,395	4,224	2,595	3,652	255,258
Balance as at 31 March 2022	**242,336**	**1,696**	**1,937**	**3,728**	**1,947**	**5,610**	**257,254**

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.

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Revaluation and impairment review

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

The Group's distribution assets (excluding land and buildings) and the electricity distribution network underwent a fair value assessment in March 2021 by Richard Krogh, of independent valuers Energia Limited, using an income (present value) approach. This approach was considered to be the most appropriate valuation technique given the current electricity industry environment and the availability of input data.

The Group adopted this valuation as the value of the assets is within the fair value range as calculated by Richard Krogh and no revaluation adjustments have been made.

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

The key assumptions in the review are the discount rate of 5.06% (2021: 4.78%) and the regulatory weighted-average cost of capital (WACC) rate (average of 5.52%, 2021: average of 5.68%), which is a key input in determining revenue over the forecast period. The impact of a change in these key assumptions is disclosed below.

Assumption	Movement	Adjusted Network Valuation	Impact
Discount Rate	-0.39%	$247m	+$4.7m
	+0.63%	$227m	-$15.3m
Regulatory WACC rate	-0.50%	$246m	+$3.7m
	+0.50%	$236m	-$6.3m

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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.

	2022	2021
	$000	$000
Capitalised borrowing costs	**71**	39
Average interest rate	**3.2%**	3.0%

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

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

6 GOODWILL AND INTANGIBLE ASSETS

Software

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

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

Software-as-a-Service (SaaS) arrangements

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

Goodwill

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

Easements

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

Customer lists

Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their expected finite life of 6 years for medical customers lists. During the year the security customers were reclassified as held for sale.

Gross carrying amount	Software $000	Goodwill $000	Easements $000	Customer lists $000	Total $000
Balance as at 1 April 2020	7,336	10,038	255	7,306	24,935
Additions	835	-	-	200	1,035
Disposals	(1)	-	-	-	(1)
Balance as at 31 March 2021	**8,170**	**10,038**	**255**	**7,506**	**25,970**
Balance as at 1 April 2021	8,170	10,038	255	7,506	25,970
Additions	1,082	-	-	-	1,082
Transfer to assets held for sale	-	(649)	-	(3,381)	(4,030)
Disposals	(2,833)	-	-	-	(2,833)
Balance as at 31 March 2022	**6,419**	**9,389**	**255**	**4,125**	**20,188**
Accumulated amortisation and impairment losses					
Balance as at 1 April 2020	(4,471)	(9,130)	(98)	(2,532)	(16,231)
Amortisation expenses	(679)	-	(58)	(1,201)	(1,938)
Impairment	-	-	-	-	-
Disposals	1	(259)	-	-	(258)
Balance as at 31 March 2021	**(5,149)**	**(9,389)**	**(157)**	**(3,733)**	**(18,427)**
Balance as at 1 April 2021	(5,149)	(9,389)	(157)	(3,733)	(18,428)
Amortisation expenses	(434)	-	(25)	(1,368)	(1,828)
Impairment	-	-	-	-	-
Transfer to assets held for sale	-	-	-	1,919	1,919
Disposals	2,806	-	-	-	2,806
Balance as at 31 March 2022	**(2,777)**	**(9,389)**	**(182)**	**(3,182)**	**(15,530)**
Carrying amounts					
As at 31 March 2021	3,021	649	98	3,773	7,542
As at 31 March 2022	**3,642**	**-**	**73**	**943**	**4,658**

Impairment

During the year the Board decided to sell the security monitoring portion of Electra Services. Assets reclassified as held for sale include the purchased security customer lists, associated goodwill recognised on the purchase and security alarm inventory, refer to note 26 for further detail. The remaining assets held in Electra Services were tested for impairment. The recoverable amount is based on it's value in use, which is an income (present value) approach. If the recoverable amount is below the carrying amount then this would indicate potential impairment.

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

Electra Services Limited

Electra engaged EverEdge Global, an independent valuer experienced in valuing similar businesses to determine the value in use. No impairment has been recognised in the current or prior year. The cashflows are based on Board approved financial budgets for the 3 years to 31 March 2025. Growth rates applied to revenue projections after 2025 are 73.2% declining to 0.7% by 2029. The discount rate applied to cashflows from core business operations was 9.9% and 19.9% for other operations. The recoverable amount is sensitive to changes in the discounts rates, growth rates and Earnings Before Interest, Tax, Depreciation and Amortisation margin. In the current environment the range of possible outcomes to the above assumptions is broad.

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7 RECEIVABLES AND PREPAYMENTS

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.

	2022 $000	2021 $000
Trade receivables	**4,188**	4,403
Other receivables and accruals*	**4,977**	4,453
Prepayments	**522**	402
	9,687	9,258
Less allowance for credit losses	**(190)**	(201)
	9,497	9,057

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 related party receivable of $4.37m (2021: $4.17m) due from Quail Ridge Country Club Limited detailed in note 21.

8 FINANCE RECEIVABLES

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

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

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

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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.

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

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

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

Specific provisions: these are raised when there is objective evidence (identified on a counterparty by counterparty basis) that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using the original effective interest rate. The Group identifies impaired assets where the security has been repossessed and sold due to a breach of agreement. Also where the security has become damaged or written off.

The Group has considered the credit quality of all its borrowers in relation to finance receivables outstanding at balance date. Management has assessed that the future financial prospects and associated security over 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

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.

	2022	2020
	$000	$000
Inventory - Finished goods*	**196**	709
Inventory - Work in progress	**370**	297
	566	1,006

*During the year $513k of security alarm inventory was reclassified as held for sale (2021: Nil).
Judgement has been exercised in assessing the level of any unrecoverable work in progress.

10 TRADE AND OTHER PAYABLES

Trade payables
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).

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.

	2022	2021
	$000	$000
Trade payables	**3,294**	2,500
Other payables	**1,105**	1,430
Accruals	**246**	367
Liabilities in respect of employee entitlements	**1,339**	1,163
	5,984	5,460

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.

	2022	2021
	$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

	2022	2021
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

	2022	2021
	$000	$000
Dividends paid	**300**	300
Cents per share	**1.23**	1.23

Dividends were paid during the year to the Electra Trust for the year ended 31 March 2021.
A fully imputed net dividend of $300,000 payable to the Electra Trust was declared on 13 May 2022 in respect of the financial year end of 31 March 2022.

13 COMMITMENTS

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

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

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

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 7.59% across all leases. Right of use assets are initially recognised at the amount of the lease liability. The assets are subsequently depreciated using the straight-line method over the lease term.

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

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

E

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

Right of use assets	Land buildings & improvement $000	Vehicles $000	Other plant & equipment $000	Total $000
Opening net book value 1 April 2020	3,836	158	14	4,009
Additions / Remeasurements	97	263	16	376
Disposals	-	-	-	-
Depreciation for the period	(310)	(65)	(10)	(385)
Carrying amount 31 March 2021	**3,623**	**356**	**20**	**3,999**
Additions/Remeasurements	229	805	60	1,094
Disposals	-	-	-	-
Depreciation for the period	(340)	(247)	(30)	(617)
Balance as at 31 March 2022	**3,512**	**914**	**50**	**4,476**
Cost	4,462	1,261	100	5,823
Accumulated Depreciation	(950)	(347)	(50)	(1,346)
Balance as at 31 March 2022	**3,512**	**914**	**50**	**4,476**

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

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

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

P

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.

	2022 $000	2021 $000
Reported profit / (loss) after tax	**110**	910
Adjustments for non cash items:		
Depreciation and amortisation	**15,880**	14,859
Doubtful debt provision movement	**62**	(5)
Bad debts written off and bad debts provision	**-**	(2)
Gain / Loss on sale of investment	**1,273**	(845)
Non-cash revenue from assets transferred to the Group	**(2,355)**	282
IRFS - 16 Interest (Lease)	**364**	(510)
Loss on sale of Property, Plant & Equipment	**-**	223
Stock obsolescence	**45**	223
Tax expense recognised in profit or loss (including from discontinued operations)	**(511)**	(1,462)
Share of profit in joint ventures	**(2,132)**	(1,574)
Interest lending	**(8)**	-
Finance cost	**(20)**	-
Fixed Assets write-off	**497**	-
Interest - others	**(419)**	-
Finance Receivable & Interest Accrued	**(1,221)**	-
Movements in working capital:		
Increase / (decrease) in accounts payable and other provisions	**933**	(1,634)
(Increase) / decrease in trade receivables	**33**	(584)
(Increase) / decrease in finance receivables	**1,985**	(236)
(Increase) / decrease in inventory and work in progress	**441**	(172)
Income taxes paid	**(371)**	(74)
Net cash inflow from operating activities	**14,586**	9,176

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

No interest is charged on trade receivables outstanding

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

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

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

Concentrations of credit risk

The Group has exposure to concentration of credit risk by having electricity retailer customers. This is managed as mentioned above through the Use of System Agreements. The Group also has exposure to concentration of credit risk through the related party amounts receivable from Quail Ridge Country Club and Kerikeri Falls Investments Limited totalling $7.98m (2021: $9.00m).

Foreign currency risk

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

2022

Movement on exchange rate	**Net exposure $000**	**Impact on pre-tax profit or (loss) $000**
US Dollar	-	-

2021

Movement on exchange rate	**Net exposure $000**	**Impact on pre-tax profit or (loss) $000**
US Dollar	-	-

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. The Group's borrowing arrangements are with Pricoa Private Capital and ANZ. Borrowings are in New Zealand dollars. The majority of borrowings are at fixed interest rates between 5-12 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 2022

	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		8,008	8,008	-	-
Term deposits held as cash and cash equivalents	2.01	5,000	5,000	-	-
Trade and other receivables		8,975	8,975	-	-
Finance receivables		3,612	3,612	-	-
Total financial assets measured at amortised cost		**25,595**	**25,595**	**-**	**-**
Financial assets measured at FVTPL					
Investments		2,650	-	-	2,650
Total financial assets measured at FVTPL		**2,650**	**-**	**-**	**2,650**
Financial liabilities					
Trade and other payables		5,984	5,984	-	-
Debt finance	1.49 - 3.58	76,112	112	-	76,000
Other financials liabilities		-	-	-	-
Total financial liabilities at amortised cost		**82,096**	**6,096**	**-**	**76,000**

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

As at 31 March 2021

	Int Rate %	Total $000	0-12 mths $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	-	-
Finance receivables		5,599	5,599	-	-
Total financial assets 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
Other financial liabilities		-	-	-	-
Total financial liabilities at amortised cost		**83,570**	**7,839**	**-**	**75,731**

Liquidity risk

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

Borrowings

Facilities exist with Pricoa Private Capital for a private placement note of up to $80m (USD) and a short-term working capital facility with ANZ of $12.5m (NZD). Notes issued under the Pricoa Private Capital funding are denominated in NZD. At balance date, $76m (NZD) had been drawn down from the Pricoa facilities and $0m from ANZ (2021: $76m from Pricoa and $2m from ANZ).

The Pricoa notes - Fixed Interest

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

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

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

Contractual maturity analysis

Financial instrument maturity values by category

As at 31 March 2022	Int Rate %	Total $000	On call $000	0-12 months $000	1-2 years $000	>2 years $000
Financial assets						
Cash and cash equivalents		8,008	8,008	-	-	-
Term deposits held as cash and cash equivalents	2.01	5,000	-	5,000	-	-
Trade and other receivables		8,975	-	8,975	-	-
Investments		2,650	-	-	-	2,650
Finance receivables		3,612	-	3,612	-	-
Total financial assets		**28,246**	**8,008**	**17,588**	**-**	**2,650**
Financial liabilities						
Trade and other payables		5,984	-	5,984	-	-
Debt finance	1.49 - 3.58	76,112	-	112	-	76,000
Total financial liabilities		**82,096**	**-**	**6,096**	**-**	**76,000**
As at 31 March 2021						
Financial assets						
Cash and cash equivalents		5,068	5,068	-	-	-
Trade and other receivables		8,655	-	8,655	-	-
Investments		2,566	-	-	-	2,566
Finance receivables		5,599	-	5,559	-	-
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
Total financial liabilities		**83,570**	**-**	**7,839**	**-**	**75,731**

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

The Group is subject to capital requirements and covenants:

The Statement of Corporate Intent imposes a restriction that the Group will maintain shareholder funds at not less than 50% (2021:60%) of total assets.

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

Fair values
Fair value hierarchy
Financial instruments carried at fair value are classified by valuation method based on the following hierarchy
Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or
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 fair value through profit or loss (FVTPL)	Current 2022 $000	2021 $000	Non Current 2022 $000	2021 $000
Investment in Pulse Energy Alliance Partnership	-	-	2,546	2,546
Other investments	-	-	104	20
Total investments measured at FVTPL	-	-	2,650	2,566

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

19 INVESTMENT IN JOINT VENTURES AND ASSOCIATE

The following table shows the summary of joint ventures and associate values as at 31st of March 2022.

Investment	Opening Equity	Group Share of Profit for the Year	Movement in Finance Receivable and Equity	Dividends and Sale Proceeds Received	Profit (Loss) on Sale of Investment	Year-end Equity
Connect 8 Limited	12,232	(395)	-	(10,500)	(1,337)	-
Quail Ridge Country Club Limited	43	990	1,437	-	-	2,470
Kerikeri Falls Investments Limited	619	88	-	-	-	707
Horowhenua Developments Limited	819	1,449	-	(750)	-	1,518
Total	**13,713**	**2,132**	**1,437**	**(11,250)**	**(1,337)**	**4,694**

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

Connect 8 Limited

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

	2022 $000	2021 $000
Opening carrying value of investment in Connect 8	**12,232**	11,387
Initial investment in joint venture	**-**	-
Share of profits from joint venture	**(395)**	886
Other adjustments	**-**	(41)
Net dividends received	**(500)**	-
Sale Proceeds	**(10,000)**	-
Loss on disposal	**(1,337)**	-
Carrying value of investment in Connect 8	**-**	12,232
Balance Sheet Information for Connect 8:		
Current assets	**20,392**	16,283
Non-current assets	**20,311**	11,040
Total assets	**40,703**	27,323
Current liabilities	**(9,620)**	(9,025)
Non-current liabilities	**(15,224)**	-
Total liabilities	**(24,844)**	(9,025)
Equity	**15,859**	18,298
Equity accounted earnings comprise		
Revenues - 100%	**23,338**	28,828
Profits from continuing operations - 100%	**(790)**	1,773
Profits from continuing operations - Group's share	**(395)**	886

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

Quail Ridge Country Club Limited

The Group holds a 49.9% shareholding in Quail Ridge Country Club Limited. There were no distributions of profits received from this investment in the year. The original purchase price for Quail Ridge is made up of a cash payment for $4.5m, and further shareholder loans. Interim loans were provided during the financial year 2021 and are detailed in note 8 & 21. A purchase price washup of $4.37m is due to Electra in accordance with the Sale and Purchase Agreement.

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

	2022 $000	2021 $000
Opening carrying value of investment in Quail Ridge Country Club Limited	**43**	-
Initial investment in joint venture (net of provision for wash up)	**-**	391
Amount converted to equity from finance receivables	**1,640**	-
Related party receivable movement	**(203)**	-
Share of profits from joint venture	**990**	(348)
Carrying value of investment in Quail Ridge Country Club Limited	**2,470**	43
Balance Sheet Information for Quail Ridge Country Club Limited:		
Current assets	**87**	63
Non-current assets	**111,661**	87,219
Total assets	**111,748**	87,282
Current liabilities	**(18,382)**	(24,630)
Non-current liabilities	**(89,842)**	(64,111)
Total liabilities	**(108,224)**	(88,741)
Equity	**3,524**	(1,459)
Equity accounted earnings comprise		
Revenues - 100%	**2,829**	2,498
Profits from continuing operations - 100%	**1,984**	(698)
Profits from continuing operations - Group's share	**990**	(348)

Kerikeri Falls Investments Limited

The Group holds a 49.9% shareholding in Kerikeri Falls Investment, a business involved in the construction of the retirement village operated by Quail Ridge Country Club Limited. There were no distributions of profits received from this investment in the year. As part of the investment shareholder loans were due to be advanced in 2021, interim loans were provided during the year and are detailed in note 8 & 21. Collectability of the loan outstanding has been considered by the Directors. There are a range of possible outcomes, including scenarios where not all of the loan is collected. The Group considers the probability of a scenario where not all of the loan is collected to be low.

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

	2022 $000	2021 $000
Opening carrying value of investment in Kerikeri Falls Investment Limited	619	-
Initial investment in joint venture	-	-
Share of profits from joint venture	88	619
Carrying value of investment in Kerikeri Falls Investments Limited	707	619
Balance Sheet Information for Kerikeri Falls Investments Limited:		
Current assets	5,870	5,017
Non-current assets	1,534	1,609
Total assets	7,404	6,626
Current liabilities	(9,221)	(8,454)
Non-current liabilities	(211)	(306)
Total liabilities	(9,432)	(8,760)
Equity	(2,028)	(2,134)
Equity accounted earnings comprise		
Revenues - 100%	13,772	10,955
Profits from continuing operations - 100%	178	1,240
Profits from continuing operations - Group's share	88	619

Horowhenua Developments Limited

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

	2022 $000	2021 $000
Opening carrying value of investment in Horowhenua Developments Limited	819	-
Initial investment in associate	-	402
Share of profits from associate	1,449	417
Net dividends received	(750)	-
Carrying value of investment in Horowhenua Developments Limited	1,518	819
Balance Sheet Information for Horowhenua Developments Limited:		
Current assets	5,529	4,591
Non-current assets	-	-
Total assets	5,529	4,591
Current liabilities	(1,065)	(2,925)
Non-current liabilities	-	-
Total liabilities	(1,065)	(2,925)
Equity	4,463	1,666
Equity accounted earnings comprise		
Revenues - 100%	12,298	4,693
Profits from continuing operations - 100%	5,794	1,669
Profits from continuing operations - Group's share	1,449	417

20 INTERESTS HELD BY THE 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, joint ventures and associates

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

Name of entity	Principal activities	Classification	2022	2021
Electra DNZ Limited	Non Trading	Subsidiary	100.0%	100.0%
Electra Finance Limited	Financing	Subsidiary	100.0%	100.0%
Electra Generation Limited	Non Trading	Subsidiary	100.0%	100.0%
Electra Services Limited	Security Monitoring	Subsidiary	100.0%	100.0%
Horowhenua Wind Energy Limited	Non Trading	Subsidiary	100.0%	100.0%
Pulse Energy Alliance Limited Partnership	Electricity Retailing	Investment	4.0%	4.0%
Connect 8 Limited	Telecommunications	Joint Venture	0.0%	50.0%
Linax Limited	Consumer Goods	Investment	6.8%	7.0%
Quail Ridge Country Club Limited	Retirement Village	Joint Venture	49.9%	49.9%
Kerikeri Falls Investments Limited	Building Company for Quail Ridge	Joint Venture	49.9%	49.9%
Horowhenua Developments Limited	Property Development	Associate	25.0%	25.0%

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

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

21 TRANSACTIONS WITH RELATED PARTIES

Quail Ridge Country Club Limited

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

Kerikeri Falls Investments Limited

In 2021 Kerikeri Falls Investments Limited was advanced a short-term loan of $3,130,000 at rate of 11% pa. Total interest income recorded in the financial statement was $359,127 (2021: $124,436). The recoverability of the loan was assessed through either sale of the investment or the continued trading of the contracting business. Both scenarios would result in full recovery.

Horowhenua Developments Limited

During the year, the Group entered into transactions with Horowhenua Development Limited for contract works worth $539,931 (2021: $254,228). Horowhenua Development Limited borrowed $1,850,000 from Electra Limited on 18th September 2020 which was settled in full on 31st March 2021 including interest of $27,040.

Connect 8

During the year, the Group provided services to it's joint venture investment Connect 8 Limited for a total value of $21,282 (2021: $1,485). No amount was outstanding at balance date.

Other related parties

During the year the Group entered into short-term employment arrangements with close family members of key management personnel. The total value of these arrangements was $21,674 (2021: $21,837).

22 KEY MANAGEMENT PERSONNEL

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

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

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

23 SUBSEQUENT EVENTS

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

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

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

Capital Ratio

Electra aims to maintain consolidated shareholders' funds at not less than 50% of consolidated total assets. This target was met in 2022.

	Actual	Target
Consolidated shareholders' Funds to Total Assets percentage	58%	>50%

Network Reliability

The Group aims to uphold a level of electricity network reliability (as defined by the Electricity Distribution Information Disclosure Determination 2012). These include factors of SAIDI (average duration of supply interruptions per connected consumer) and SAIFI (average number of supply interruptions per connected consumer). The SAIFI target was met in 2022.

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

2) Profit Targets

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

	Actual	Target
Group Net Profit after Tax	$0.1m	$3.03m
Subsidiaries & Investments Net Profit / (Loss) after Tax	($2.9m)	$2.18m
Group Return on Equity (post discount & tax)	0.1%	1.83%
Group Return on Equity (pre discount & tax)	2.69%	4.46%

3) Revenue Targets

Strong revenues will allow the Group to maintain discounts payments and positive returns. A key driver of revenue is the number of consumers in the Group's network. The number of customers were slightly below target for 2022.

	Actual	Target
Price Discount	$5.1m	$5.15m
Number of Consumers	45,948	>46,150
Median price discount (excl GST) per customer connection point	$111	$112

4) People Targets

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

	Actual	Target
Lost Time Injuries (LTIs)	1	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.

	2022 $000	2021 $000
Consideration received		
Consideration received in cash and cash equivalents	-	**4,600**
Total consideration received	-	**4,600**
Analysis of assets and liabilities over which control was lost		
Non-current assets		
Property, plant and equipment	-	**3,747**
Goodwill	-	**259**
Net assets disposed of	-	**4,006**
Gain on disposal of operations		
Consideration received	-	**4,600**
Net assets disposed of	-	**4,006**
Gain on disposal	-	**594**

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

Net cash inflow on disposal of operations	2022 $000	2021 $000
Net cash inflows from operating activities	-	**(698)**
Net cash inflows from investing activities	-	**(36)**
Net cash inflows from financing activities	-	-
	-	**(734)**

26 ASSETS HELD FOR SALE

Current and non-current assets held for sale	2022 $000	2021 $000
Carrying Value of Security Customers	**1,462**	-
Goodwill associated with the Security Customers	**649**	-
Total non-current assets held for sale	**2,111**	-
Inventory	**513**	-
Total current assets held for sale	**513**	-

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

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ELECTRA LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2022

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 53 to 80, that comprise the consolidated statement of financial position as at 31 March 2022, 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 50.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 31 March 2022; 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 2022.

Our audit was completed on 16 June 2022. 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 Group'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.

- 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 49 and pages 84 and 85 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
Auckland, 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	$83,636
S R Armstrong	$41,818
C C Dyhrberg	$41,818
S A Houston	$41,818
M C Underhill	$41,818
J E Nichols	$41,818
M I D Gribben	$41,818
	$334,544

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 interest 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 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-22**	Year ended 31-Mar-21
$100,000 - $110,000	16	15
$110,001 - $120,000	9	8
$120,001 - $130,000	12	9
$130,001 - $140,000	6	7
$140,001 - $150,000	7	4
$150,001 - $160,000	5	4
$170,001 - $180,000	1	1
$180,001 - $190,000	1	2
$190,001 - $200,000	1	-
$200,001 - $210,000	1	1
$220,001 - $230,000	-	1
$230,001 - $240,000	1	1
$250,001 - $260,000	1	1
$280,001 - $290,000	-	1
$330,001 - $340,000	-	1
$340,001 - $350,000	1	-
$490,001 - $500,000	1	-
$510,001 - $520,000	-	1

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

Changes in accounting policy

There have been no changes in accounting policies during the year.

Directors
Electra Limited
S A Mitchell-Jenkins, (Chair), BBS, FCA, CMinstD
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
M I D Gribben, BA(Hons), MBA, CFInstD

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

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

Registered office
Electra Limited
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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
Anthony Harper, Auckland
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 29 July 2022 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
16 June 2022
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

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Cnr Exeter & Bristol Sts,
LEVIN

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