100 Electra

ALWAYS THERE, FOR YOU

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH

2023

We live our values, every day

SAFETY

Safety guides everything we do

RESPECT

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

PROFESSIONAL

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

ACCOUNTABLE

We account for and accept responsibility for our activities

INTEGRITY

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

SERVING THE COMMUNITY FOR 100 YEARS

It is a privilege to lead the Electra Group as we celebrate our centenary this year.

We want to acknowledge and recognise the foresight and courage of the original HEPB board members who met 100 years ago to form the company, as well as all the people who have served the company in the intervening years. Our poles and wires are nothing without the people that have built and continue to maintain them and give our owners outstanding service and reliability. Over the last 100 years our people have helped to create a solid base for us to build on. We have accepted the challenge of doing the same for those who will follow us.

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 opportunities ahead from regional growth and the decarbonisation and electrification of the New Zealand economy will mean electricity throughput on our network will double by 2041, so ensuring we can meet this demand growth will be vital.

That is why we have committed to investing more than $214 million in our network over the next 10 years, to create the flexibility and capacity needed to meet the growing needs of everyone connected to our network.

As always, our priority is to deliver a safe, reliable and cost-effective electricity supply to the people of Kāpiti and Horowhenua, and to continue to work together with our local councils and other stakeholders to identify opportunities to deliver economic and employment opportunities to our region.

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

Neil Simmonds, Chief Executive, Electra Group
Shelly Mitchell-Jenkins, Chair, Electra Group

HEPB HOROWHENUA ENERGY Electra lines Electra


WE
ARE
ELECTRA

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 companies 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. Electra is also committed to supporting regional growth and the wellbeing of the communities we serve.

The Electra Group is made up of the following:

PARENT

ELECTRA LIMITED
An electricity network company, based in Levin with a branch in Paraparaumu, employing 119 people.

SUBSIDIARIES

ELECTRA SERVICES LIMITED
Trading as SECURELY®, employing 50 people and based in Levin, the company provides medical alarm and security monitoring services as well as a call centre.

QUAIL RIDGE COUNTRY CLUB LIMITED
A retirement village in Kerikeri in the Far North, employing 13 people.

KERIKERI FALLS INVESTMENTS LIMITED
A business involved in the construction of the retirement village operated by Quail Ridge Country Club Limited, employing 1 person.

NON-TRADING SUBSIDIARIES

ELECTRA FINANCE LIMITED
ELECTRA GENERATION LIMITED
ELECTRA DNZ LIMITED
HOROWHENUA WIND ENERGY LIMITED

These four non-trading businesses are expected to be deregistered in 2024.

MINORITY INTEREST INVESTMENTS

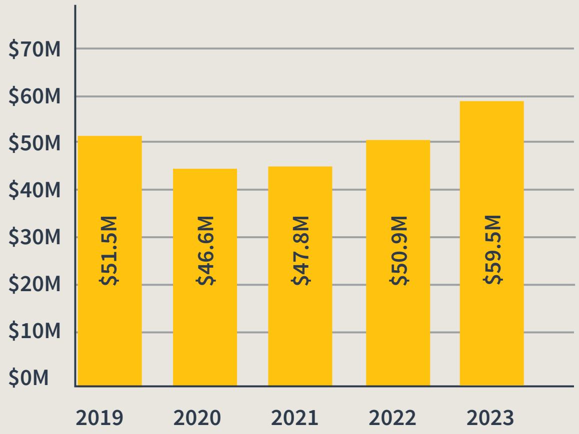
PULSE ENERGY ALLIANCE LIMITED PARTNERSHIP (SHAREHOLDING 4.02%)
A minority shareholding in an energy retailing company.

LINAX LIMITED (SHAREHOLDING 6.8%)
A small investment in a locally-based sustainable footwear company.

HOROWHENUA DEVELOPMENTS LIMITED (SHAREHOLDING 25.0%)
A minority shareholding in a large-scale commercial property development company, based in Levin.

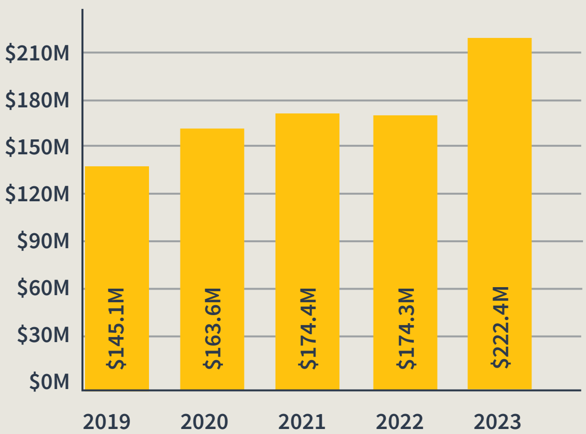
FINANCIAL PERFORMANCE

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 Electra is exempt from the default/customised price-quality regulation under Part 4 of the Commerce Act 1986.



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 acquisition and disposal of revenue streams or subsidiaries.

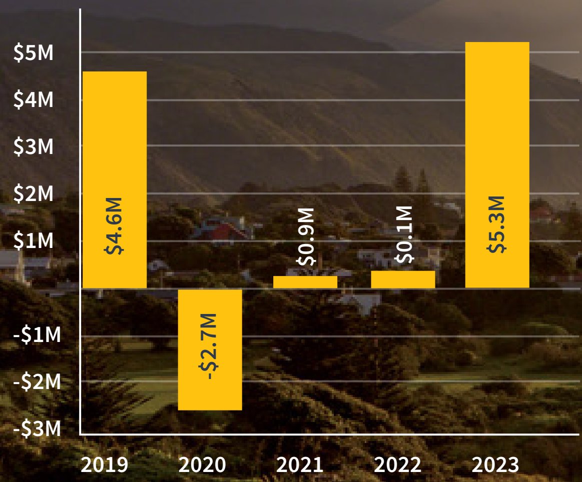


TOTAL SHAREHOLDERS FUNDS

This is the amount that Electra's 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).

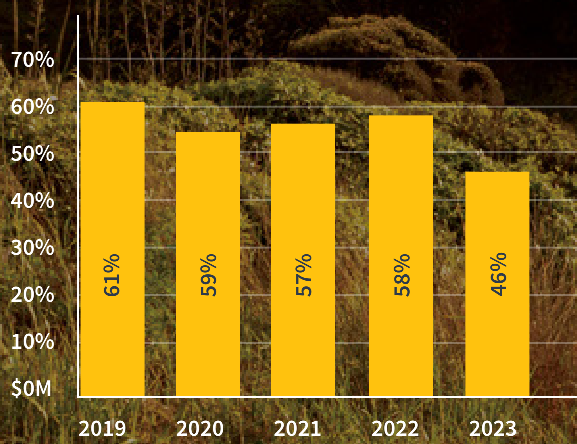
TOTAL ASSETS

Total assets have increased due to a revaluation of the network asset and the full acquisition of Quail Ridge Country Club.



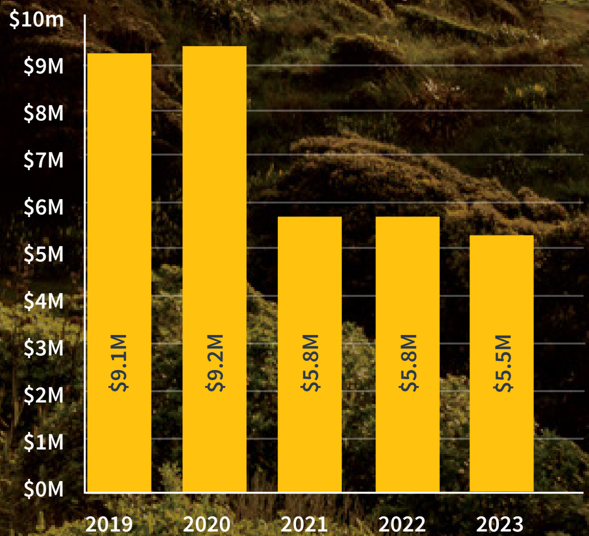
NET PROFIT AFTER TAX

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



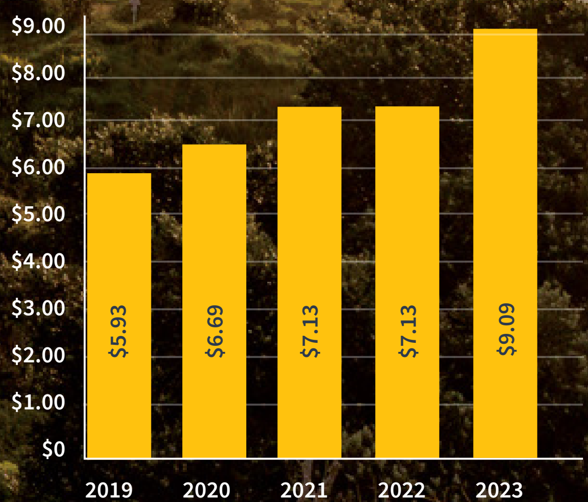
SHAREHOLDERS FUNDS TO TOTAL ASSETS

The ratio that shows the portion of the company's assets financed via shareholder equity. The ratio for FY2023 has been impacted by the full acquisition of Quail Ridge Country Club. Quail Ridge Country Club operates a significantly higher debt funding model than the rest of the Electra Group which has impacted this ratio.



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 discounts since 2021 are 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 & CHIEF EXECUTIVE REPORT

Electra has proudly served the communities across the Horowhenua and Kāpiti region for 100 years, and we are well placed to meet their growing energy needs into the next 100 years.

It is our privilege to present the Annual Report for the Electra Group for the year ended 31 March 2023.

A CENTURY OF DELIVERY

Last year marked 100 years since the incorporation of Horowhenua Electric Power Board, the company that would eventually become known as Electra. Later this year, we will celebrate the centenary of the first electricity supply to customers in our region.

We want to acknowledge everyone who came before us, who helped create a solid base for us to build on. Electra has accepted the challenge of ensuring our network can meet the significant growth in energy demand over the coming decades, and to leave it in better shape for those who follow.

THE YEAR IN REVIEW

The last year brought considerable uncertainty, caused by the ongoing Covid-19 pandemic, supply chain issues, geopolitical tensions and war in Ukraine, immigration settings, constraints on recruitment, and increasing inflation and interest rates, causing the New Zealand economy to slow, the property market to cool and putting substantial cost pressure on all goods and services.

In such a challenging environment, it is pleasing to report the Electra Group produced a $5.3m net profit for the year ended 31 March 2023, underpinned by a strong annual result in the core network business.

The Group's shareholder equity position was positively impacted by a valuation uplift on the electricity network assets of $43m.

In 2022 prices were capped and costs absorbed to limit the impact on households still recovering from the economic effects of Covid-19. This year, unable to contain these cost increases within the business, Electra announced price increases effective from 1 April 2023.

Locally, our network was impacted by three extreme wind and tornado events that caused widespread outages across our region in May and June. While outages are always unwelcome, but sometimes unavoidable, the resilience of our assets and the fast response of our teams meant we were able to minimise the disruption to our customers.

We want to acknowledge the outstanding response of our staff during these events, the worst storms in 18 years, and also the understanding and patience of those customers who were affected- Electra appreciates the amazing relationship with our customers and the support they give our crews, often with hot drinks and food, in what can be extremely tough conditions.

Whilst relatively unaffected directly by Cyclone Gabrielle in February, Electra will be applying the learnings from this catastrophic event to future network and response planning.

PREPARING FOR THE OPPORTUNITIES FROM DECARBONISATION

The Government's Emissions Reduction Plan sets out how New Zealand will reduce its impact on the climate and achieve the commitment to reach net zero carbon emissions by 2050. Electricity distribution businesses (EDBs) are expected to play a key enabling role in New Zealand's decarbonisation efforts through increased electrification.

> *"Decarbonising the NZ economy is a top societal priority"*
>
> *Commerce Commission, November 2022*

The size of this challenge, and the opportunities it presents, will require massive additional investment by EDBs to ensure networks can meet the significant expected increase in electricity demand over the coming decade and beyond. Electra's operating and capital spend will increase by approximately $7m per annum from 2027. Some of our intended investment has been brought forward to ensure we are ready for significant increases in consumption and peak demand.

This will inevitably lead to an increase in electricity bills as electricity usage grows and network companies recoup their investment costs, but overall, households will financially benefit from the reduction in fossil fuel and other energy costs.

BUILDING A RESILIENT AND SUSTAINABLE NETWORK

As part of supporting the country's decarbonisation efforts, Electra is taking a leadership role in embracing and promoting environmental sustainability. Having initiated a sustainability programme in FY2022, we have made solid progress over the last year, appointing Electra's first Sustainability Lead, completing a greenhouse gas (GHG) inventory, updating our environmental policy, and commencing work on a sustainability strategy and roadmap.

Electra is also continuing our multi-year investment to strengthen network resilience.

In 2022 we undertook the first in a planned series of climate impact studies, conducting a flood risk assessment to identify which network assets were at increased future risk due to flooding.

Electra has also been preparing for future major seismic events through the strengthening of zone substations and other buildings and participating in a range of preparedness exercises.

STRENGTHENING REGIONAL AND INDUSTRY PARTNERSHIPS

Electra enjoys productive working relationships with the district and regional councils, and other economic agencies operating within our region and are supportive of initiatives that attract and increase local investment and economic development.

We actively contribute to changes in the wider electricity industry through participation in regulatory change consultations, workshops and studies and through holding a seat at the ENA Board table. This enables Electra to promote what is in the best interests of its consumers and to be well prepared for change and the opportunities it presents.

LOOKING AHEAD

There are ongoing uncertainties about global economies and the effects of climate change and the impact this will have on the New Zealand economy and our network. We must plan and respond to these impacts by building resilience and flexibility, and applying adaptive and agile thinking to our practices.

Locally, the completion of the Transmission Gully Motorway and Kāpiti Expressway through to Ōtaki opens our region up for significant growth and development over the coming decade. The commissioning of a large-scale solar farm in Foxton later this year presents further opportunities in the northern part of our network.

Significant expected electricity demand resulting from decarbonisation activity will require substantial investment in the network. This investment will lead to economic benefits for the region, including additional employment opportunities within Electra.

As always, Electra remains focused on providing network services that are reliable, sustainable, affordable and fit for the future.

THANK YOU

As Chair and Chief Executive, this will be our last report. We want to acknowledge and thank our people, those we have worked with over the past nine years, from the front line to the Board table and the Trustees. It has been a privilege to be part of the amazing Electra team who year after year continue to provide a high-quality and essential regional asset.

Electra also expresses its thanks to Chris Dyhrberg who will complete his own nine-year term as Director on 28 July.

Chris has brought his considerable commercial knowledge and sound thinking to the Board, having led the Health, Safety and Wellbeing Committee for the last four years, lifting the governance oversight of this important part of the business and giving wellbeing a much higher focus.

We have both always felt the pride of leading this organisation and know we leave it in good hands to take it forward into the next 100 years.

Shelly Mitchell-Jenkins
Chair

Neil Simmonds
Chief Executive

$482.6M
Total Group assets

$222.4M
Total shareholders' funds

$9.09
Net asset backing per share

$59.5M
Total Group revenue

> *"It has been an honour to lead Electra into it's centenary year. Our business is well positioned for the next century and the massive opportunities that decarbonisation and electrification will bring."*

DIRECTORS

Standing (l to r) Scott Houston, Shelly Mitchell-Jenkins, Mike Underhill, Steve Armstrong, Chris Dyhrberg

Scott Houston
Appointed 2019

Shelly Mitchell-Jenkins
(Chair) BBS, FCA, CMInstD
Appointed 2014

Mike Underhill
BE(elec), MCom(hons), DistFEngNZ, MInstD
Appointed 2018

Steve Armstrong
BCA, CA, MBA
Appointed 2019

Chris Dyhrberg
BCom, LLB, MInstD
Appointed 2014

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

> *"It has been an honour to work with Shelly over her nine years on the Electra Board, particularly the last four as Chair of the Electra Group. Shelly has brought considerable professional rigour to the Board, committing more time and effort than any Chair I have previously worked with to the role as we guided Electra through some challenging changes and times. Well respected both around the Board table and across the Group, her insights and measured approach to decision making will be greatly missed by us all. I have enjoyed working closely with her. Shelly, kua pai te mahi."*
>
> Neil Simmonds, Chief Executive

SENIOR LEADERSHIP TEAM

Absent: Marty Fox

Standing (l to r) Neil Simmonds, Jenny Beale, Dylan Andrews, Deborah Selby, Matthew Grover, Rachel Cranshaw, Mark Smith

Neil Simmonds
JP, MBA, BE, FEngNZ
CE

Jenny Beale
LLB, MInstD
General Counsel

Dylan Andrews
MBA, MBS AMP, MIITP
COO Lines Business

Deborah Selby
BCom, CA, MInstD
CFO

Matthew Grover
GM - Information Technology

Rachel Cranshaw
GM – People and Culture

Mark Smith
BBS
GM – Electra Services

Marty Fox
Group Health, Safety and Wellbeing Manager

> *We thank Neil for his tireless service to Electra and the Horowhenua and Kāpiti region over the past nine years. The region has benefitted greatly from his deep industry knowledge, expertise and commitment. We thank him in particular for his leadership through the pandemic as he balanced the welfare of his team with the expectations of the community to deliver our essential service. This was a tough period for everyone and Electra delivered in outstanding fashion.*

Shelly Mitchell-Jenkins, Chair

YOUR ELECTRA TRUSTEES

Standing (l to r) Neil Mackay, Russell Longuet, Sharon Crosbie, Lindsay Burnell, John Yeoman, Brendan Duffy

Neil Mackay BCA Paraparaumu **Russell Longuet** BE(elec) Otaki **Sharon Crosbie** (Chair) CNZM OBE Manakau
Lindsay Burnell QSM Ohau **John Yeoman** BBS, ACA FCG Paraparaumu **Brendan Duffy** ONZM, JP Levin

> *Congratulations to everyone at Electra, past and present, for their exemplary service and commitment to the people of Horowhenua and Kāpiti over the last 100 years.*
>
> *Our community is fortunate to have such a dedicated team who, through all sorts of challenges: weather events; 'cars versus poles'; tree maintenance; technical upgrades and dangerous 'live line' work, remain focused on keeping the power on while maintaining the highest health and safety standards.*
>
> *All of this makes the Electra team one of the most successful in the country, and we as a community are fortunate to have owned this jewel since the early Nineties. The future is full of challenges in the energy sector, but we couldn't be in better hands.*
>
> *Congratulations are very much in order.*
>
> *Sharon Crosbie, CNZM OBE, Chair, Electra Trust*

100% CONSUMER OWNED

Electra is wholly owned by its 46,333 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 consumers, and working with the Board and Senior Leadership Team to ensure any surplus funds generated by Electra Limited are returned to consumers in the form of an annual price discount.

OUR COMMITMENT TO THE COMMUNITY

OUR MISSION

To enhance the Horowhenua and Kāpiti Coast communities and their regional development through the provision of 21st century infrastructure and new technologies.

Providing outstanding service and creating value for our consumers and owners is what drives our business. Here are some of the ways we've contributed to our local economy over the last year.

100%
consumer owned

$482.6M
in total Group assets

$222.1M
in price discounts (incl. GST) issued to electricity consumers over the last 30 years

$5.5M
in price discounts (incl. GST) issued to our consumers in 2023

ANNUAL CONNECTION - CONNEXIS COMPETITION

This is the premier annual event for the electricity industry's highly skilled line workers, bringing together line mechanics and cable jointers from all around the country to showcase their skills and technical abilities over three days of keenly contested competitions.

The 2022 event was hosted by Electra at the Levin Showgrounds, bringing a large number of crews into the region and providing an economic boost for local businesses, particularly the hospitality sector, at a historically quieter time of the year.

The bonus was having crews from Electra's Levin and Paraparaumu depots win several of the competitions during the three-day event, including the Best Presented Line Mechanics team.

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

Successful businesses are key to successful local communities, and we sponsor networking events for local businesspeople 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.

ELECTRA BUSINESS BREAKFASTS

This long serving independent networking programme takes places in Kāpiti on the first Wednesday of each month. The event is also a fundraiser for Humanitix, a registered charity for the tech generation that funds education projects that help to change lives.

ELECTRA BUSINESS AFTER FIVE (BA5)

This networking event is 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.

ELECTRA BUSINESS AND 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. The Awards remain New Zealand's longest running business awards programme and it is an honour to acknowledge excellent businesses in Kāpiti and Horowhenua that are helping to drive economic and job growth in the region.

It was a thrill to return to an in-person Awards Night again in 2022, following the Covid-19 impacted online version in 2021. A sell-out event at the Horowhenua Events Centre saw the who's who of the business community come together to celebrate business excellence and success in both Horowhenua and Kāpiti.

> *"The support that our Sponsors give to ensure our Awards can continue, and are a success year after year, is greatly appreciated. Our sincere thanks go to Electra as our naming sponsor for their ongoing commitment to further stimulate business excellence and economic growth in our districts."*
>
> *Brendan Duffy ONZM. JP. Chair of BKH*

The 2022 Awards were well subscribed, with a record number of Top Shop entrants and public votes via a text-to-vote system. There was also great engagement across all the industry categories, ensuring healthy competition for the overall 2022 Electra Business of the Year award.

On the night, Sustainable Foods Limited was named the Electra Business of the Year for 2022, as well as taking out two additional categories: Manufacturing, Production and Processing, and Sustainability. The company identified a new business opportunity to supply plant-based protein in local and international markets and is an outstanding example of a business with an ambitious, fast-growing strategy.

Innovation is a real focus of the Awards, acknowledged with its own category. The 2022 winner of the Innovation Award, Techlam, impressed the Judges with their work in this space, demonstrating that it is possible to develop innovative products and methods all while keeping a low carbon footprint.

Congratulations to all the 2022 finalists and winners who took the time to enter the Awards.

2022 WINNERS

Electra Business of the Year
Sustainable Foods Limited

Construction and Trades
Techlam

Manufacturing, Production and Processing
Sustainable Foods Limited

Hospitality, Entertainment and Tourism
Kāpiti Island Nature Tours

Professional and Business Services, or Technology
Essence Architectural Design Ltd

Not for Profit, Community and Public Services
The Shed Project Kāpiti

Retail
Orba Shoes

Consumer Services
TBI Health

New/Emerging Award
Pipi Learning Ltd

Small Business Award
We Love Local

Sustainability Award
Sustainable Foods Limited

Innovation Award
Techlam

Top Shop, Kāpiti
Relish Café - Waikanae

Top Shop, Horowhenua
Unichem Levin

Hall of Fame, Kāpiti
John Barrett and Wendy Huston

Hall of Fame, Horowhenua
Graham & Letitia Montford

OUR PEOPLE, OUR FUTURE

We are proud of our people, who carry out their roles to the highest standards every day, often in challenging conditions. They work hard to keep the lights on across our region and respond quickly and professionally when network faults occur.

Our call centre staff are highly trained and provide a critical service to the consumers on the network. Their focus on service excellence is a critical factor in the exceptionally high ratings Electra receives in customer surveys, year after year.

The past 12 months has seen a continuation of many of the employment challenges the Group has faced in recent years.

The ongoing presence of Covid-19 in our communities has put pressure on employee resourcing at times and tested the Group's processes and procedures.

Meanwhile, increasing demand for highly skilled and competent employees from within the industry has made recruitment and retention difficult, particularly in the engineering, finance, and field-based roles.

Further exacerbating the issue, border restrictions have impacted overseas recruitment, and new government immigration policy continue to provide challenges. Despite this, Electra has run several successful recruitment campaigns over the past 12-months.

Workforce demand is expected to come under further pressure as the industry readies the country's electricity networks to support New Zealand's net-zero carbon targets. The industry's commitment to New Zealand's decarbonisation goals will not only require significant investment in physical assets, but it will also require investment in people capability as the workforce expands to build and maintain the infrastructure required to meet significant future electricity demand.

Electra faces an additional challenge with 20% of its workforce approaching the age of National Superannuation entitlement, which will most likely require the recruitment of an estimated 18 replacement FTEs over the next 10 years. Capability and succession planning are in place to minimise that impact.

Electra has continued its programme of annually recruiting new apprentices as part of its long-term succession planning strategy. A planned engineering graduate programme will provide experience and possible career paths for future engineers, with the aim being to benefit from this in the future.

With limited qualified people resources available within New Zealand, the company focus is on upskilling and cross-skilling people from within the business. The goal is to upskill 30% of Electra's workforce to be multi-skilled in different disciplines to accommodate for peak periods. This has seen an investment of $320,000 in training and development over the last 12 months.

This commitment to "growing our own" has seen 32% of all advertised roles across the Electra Group over the last year filled by internal applicants, something we are extremely proud of.

It is also deeply satisfying that the latest Electra Group Employee Survey shows an overall engaged and satisfied workforce. The Employee Net Promoter Score (eNPS) is a globally recognised measurement of engagement and advocacy, and the Group score received from the Survey was +17 which is a strong result.

We are building a diverse and inclusive team of highly skilled professionals, who are fully engaged and committed to delivering great results, every day. We are committed to developing and equipping them with the skills, technology and support they need to perform their roles to the highest standards in quality, safety and customer service.

HEALTH, SAFETY AND WELLBEING

In the last two years greater focus has been applied to the wellbeing of our people, important in the context of Covid and societal pressures including an increasing cost of living and rising interest rates.

Staying connected to each other is an important part of this, especially with the option of remote working becoming more common. Reporting has been increased in this area, demonstrating that people leaders regularly keep in touch with their teams and have meaningful catchups.

Reporting across all the key indicators is constantly improving. Everything from near misses, minor scrapes and pains to more significant events are reported and acted on quickly, enabling the business to review and improve what it does to keep people safe and well.

> *"Electra is committed to promoting a culture of health, safety, and wellbeing where harm to our people and the public in the workplace, both physical and psychological, is unacceptable.*
>
> *We strive to keep our people safe and well through effective risk controls, positive engagement, and continuous improvement. When harm occurs, we provide full support to rehabilitate them, and ensure lessons are learned and applied to prevent a recurrence.*
>
> *We will continue to improve the quality of our proactive and preventive activity every year and maintain a focus on what is important."*

Reviewing the effectiveness of the controls in place to manage critical risks is vital, and includes engagement with those exposed to the risks, their participation in developing and reviewing the mitigations and procedures, frequent safety observations by people leaders from senior management down, and a mix of internal and external auditing.

All this activity is aimed at keeping Electra's people and the public safe from its work, and through this build a strong culture of health, safety and wellbeing.

STAYING CONNECTED AND COMPLIANT

Electra is an active participant in all parts of the electricity industry and is represented in several important organisations and forums to ensure it is in step with its peers.

Membership and participation include the Electricity Engineers Association (EEA), the Electricity Distribution Industry (EDI) H&S forum, and the EEA's Public Safety Working Group, all looking to ensure Electra actively contributes to industry safety.

As well as Health and Safety legislation protecting workers and the public, Electra is regulated by the Electricity Act and is required to hold certification that ensures the company has effective systems to keep the public safe from its assets and activity.
Electra is audited annually by Telarc and have not only successfully retained its certification but have been fully compliant in all areas for the past three years.

This is a team effort involving Electra's engineers, planners, managers and supervisors, lines crews and the H&S team, working together to keep the lights on in local communities, and do it as safely as possible.

15

FORMAL QUALIFICATIONS ACHIEVED

During the year we celebrated 15 of our team completing their formal qualifications, including:

L4 Line Mechanic =1
L4 Line Mechanic Faults = 1
Prince Practitioner = 11
Cable Jointer = 1
Electrician = 1

66% of Electra staff are male

34% of Electra staff are female

183 Total Electra Group staff including wholly owned subsidiaries

11 People enrolled in Electra's Senior Leadership Development programme

71 First Aid certificates attained or renewed

+17 Employee Net Promoter Score (eNPS)

32% (17) of roles filled internally

68% (36) of roles filled externally

NETWORK PERFORMANCE

DELIVERING A KEY REGIONAL INFRASTRUCTURE ASSET

As a key regional infrastructure provider, Electra is focused on delivering 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 Horowhenua and Kāpiti regions. We embrace our role as a key enabler in New Zealand's decarbonised future.

Our network once again delivered a solid result for the year ended 31 March 2023. Total electricity delivered on the network increased to 429GWh, which we reliably supplied to our consumers.

Despite ongoing challenges and pressures from Covid-19, and supply chain and labour market constraints, we made excellent progress on the delivery of the key focus areas identified in the Asset Management Plan (AMP), achieving 94% of the FY2023 programme.

COMPLETED NETWORK PROJECTS FY2023

Category	Work Description	Region	Total
Quality	Protection Work - Horowhenua	Northern network - Mangahao, Shannon and Foxton	**$650,000**
Legislative	Seismic Strengthening - ZS Buildings	Raumati and Shannon substations	**$650,000**
Quality	Automation of Ground Mounted switchgears to expedite reliability improvements driven by reliability assessments	Various locations	**$300,000**
Quality	Install pole mounted sectionalisers in specific feeders to reduce number of customers affected by faults	Various locations	**$350,000**
Quality	Install LV power quality monitors-part of Network transformation project	Various locations	**$300,000**
Renewal	Replace existing 1.86km of 11kV Copper conductor with Aluminium	SH1, Manakau L224 to L4	**$310,000**
Quality	Install additional permanent fault indicators to allow quicker restoration of faults	Various locations	**$250,000**
Renewal	Replace 1.2km of existing 11kV Copper conductor with Aluminium	SH57, Shannon	**$300,000**
Renewal	Replace 1.5 km of existing Copper conductor with Aluminium	Tiro Tiro Road & Mako Mako Road	**$250,000**
Quality	Condition Monitor on Power Transformer	Levin East Substation	**$70,000**

Electra delivered further customer service improvements and initiatives to reach our zero-harm target while making further investment in the network to ensure it can meet the current and future needs of electricity users across the region.

Network assets were upgraded or replaced while smart technologies continued to be deployed across the network to assist with asset management maturity.

Preparations for future major seismic events have continued with the strengthening of our zone substations and other buildings and participating in a range of preparedness exercises.

We also undertook the first in a planned series of climate impact studies, conducting a flood risk assessment to identify which network assets were at increased future risk due to flooding.

Locally, our network was impacted by three extreme wind and tornado events that caused widespread outages across both the southern and northern parts of our region in May and June. While outages are always unwelcome, but sometimes unavoidable, on the network, the resilience of our assets and the fast response of our teams meant we were able to minimise the disruption to our customers.

The scale of these events had a major impact on our overall reported network reliability performance, adding 47.5 minutes to our average outage duration per consumer per year (SAIDI). If these events were excluded, the full year result would have been 54.5 minutes which is considerably lower than the industry average of around 316 minutes.

46,333
Total Consumers

21,609
Poles

559
New Connections

10
Substations

1,628 KM²
Network Area

48%
Load Factor

2,380 KM
Transmission & Distribution

5.94%
Loss Ratio

350,534 kVA
Transformer Capacity

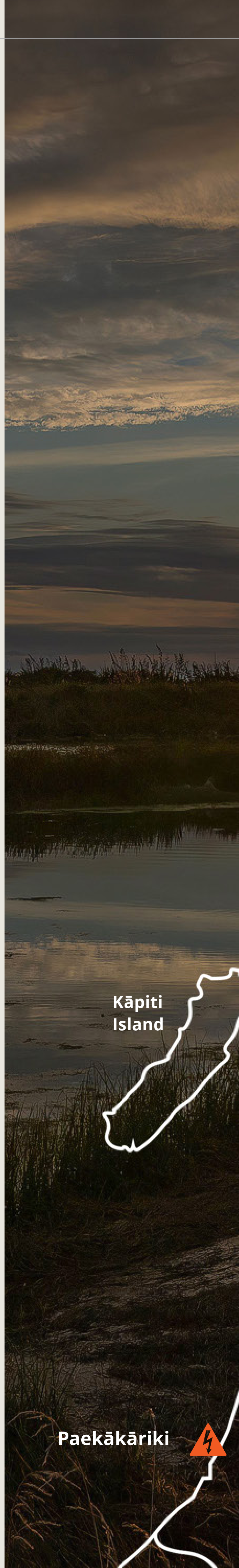
31%
Capacity Utilisation

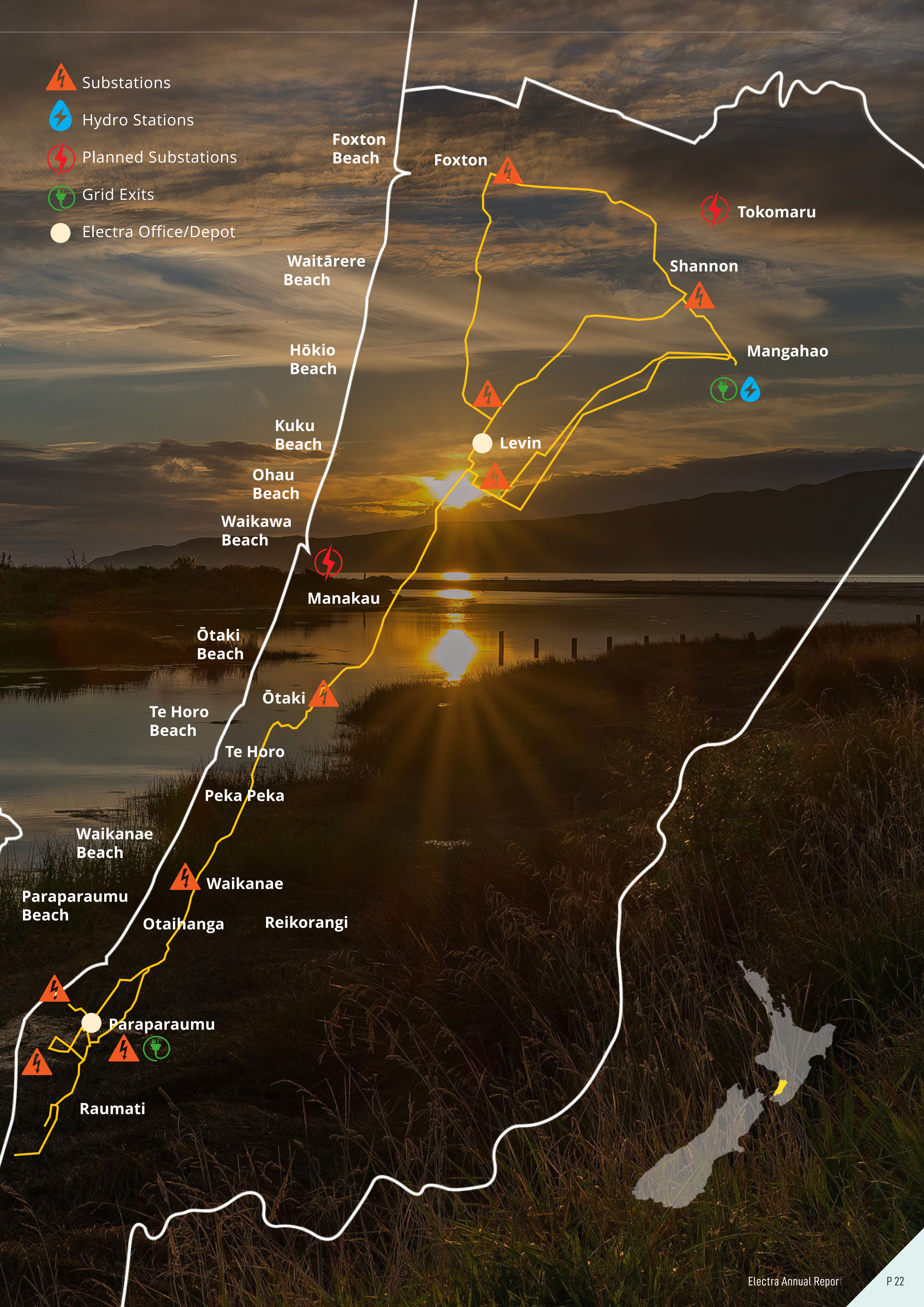
$7,190/KM
Average Operating Cost

108 MW
Maximum Demand

429 GWh
Total Electricity Delivered

9,259 KWH
Average Sales Per Customer




Substations
Hydro Stations
Planned Substations
Grid Exits
Electra Office/Depot
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

PREPARING FOR THE OPPORTUNITIES FROM DECARBONISATION

The government's Emissions Reduction Plan sets out how New Zealand will achieve its commitment to reach net zero carbon emissions by 2050.

Electra is committed to supporting the government's low-carbon initiatives delivered through EECA and other government agencies and to be an enabler in the decarbonisation process. Converting process heat from coal and gas to clean energy, and the decarbonisation of the New Zealand transport sector by moving operators from petroleum products are major opportunities for electricity supply businesses.

We are in the process of completing a survey, partnering with DETA and EECA, to profile large thermal users in our network area to understand their Thermal Energy Transition plans, particularly with respect to electrification.

How we are supporting the government's decarbonisation initiatives	
	Regularly meeting with local government to discuss plans
	Providing pricing options to encourage the adoption of clean energy
	Approaching and working with energy consumers that may benefit from moving away from fossil fuels
	Participting in relevant national working groups and events

Electricity distribution businesses (EDBs) will play a key enabling role in New Zealand's decarbonisation efforts through increased electrification. The size of this challenge, and the opportunities it presents, will require substantial additional investment by EDBs to ensure networks can meet the significant expected increase in electricity demand over the coming decade and beyond[1] .

While this will inevitably lead to an increase in electricity costs as EDBs seek to recoup their investment costs, households are expected to financially benefit overall from the reduction in fossil fuel and other energy costs[2] .

"Electrification is at the heart of decarbonisation"

Commerce Commission, November 2022

Our energy transformation roadmap, Huringa Pūngao, was launched in 2021 and aims to contribute to New Zealand's net-zero 2050 goals by supporting electrification, increasing renewable generation and enabling distributed energy resources (DERs). It will ensure that Electra has a pathway to build the necessary capability and capacity to support New Zealand's decarbonisation efforts.

The impacts on our network are low at present, although the expected rapid uptake of electric vehicles and DERs will present the most significant challenge for our network in generations. Supporting decarbonisation will require increases in Electra's capital expenditure of around $5m per annum and operating expenditure of around $2m per annum from 2027 onwards.

EXPECTED IMPACT OF DECARBONISATION ON ELECTRA NETWORK

	FY2022 ACTUAL	FY2023 ACTUAL	2033 FORECAST
Net energy consumption	424 GWh	429 GWh	524 GWh
Peak demand	111 MW	108 MW	132[3] -166 MW
ICPs	45,948	46,333	54,700
Small scale DG connections	917	1,135	5,300
Small scale DG capacity	6.2 MW	7.7 MW	26.5 MW
EVs in our region	407	720	23,400
EV charging requirements	1,590 MWh	2,812 MWh	63,200 MWh

Electra is well positioned to embrace this change and has been monitoring progress on the transformation, bringing forward some of our intended actions to ensure readiness for the expected increases in consumption and peak demand over the next decade.

CONSUMER INTENTIONS TO INVEST IN ELECTRIC TECHNOLOGIES OVER THE NEXT 2 YEARS[5]

TECHNOLOGY	RESIDENTIAL CONSUMERS	COMMERCIAL CONSUMERS
Solar Panels (PV)	41%	34%
Heat Pumps	14%	14%
Electric (EV) or Hybrid vehicles	44%	52%
eBike	28%	28%

TRANSPORT ELECTRIFICATION

The electrification of New Zealand's transport fleet is a key initiative in the country achieving its net zero carbon emission target.

Electra is 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 the region's progress towards lower emissions from transport.

Our carbon footprint assessment indicates that, outside of network losses, transportation is the highest contributor to our carbon emissions. We have started to transition our own vehicle fleet to electric vehicle variants and have installed EV chargers at all ten network zone substations as well as our offices and depots.

720

EVs in our region (up 77% in the last 12 months)

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[1] 2022 Boston Consulting Group report: "Climate Change in New Zealand: The Future is Electric"

[2] Sapere report: "Total Household Energy Costs NZ", 23 November 2022

[3] If uncontrolled

[4] If controlled

[5] 2022 Electra Market Monitor Survey

In 2022 Electra adopted a vehicle leasing strategy with operating maintenance leases for our light vehicle fleet and other electric vehicles. This strategy will see benefits of lower fleet operational costs, increased safety, and energy efficiency ratings via the lowering of average fleet ages while reducing the impact of capital expenditure on fleet replacement.

When it comes to the community, Electra is actively supporting efforts to transition, providing expert assistance to both small and large organisations who are looking to reduce their energy costs, electrify their fleet or reduce their carbon footprint.

EV chargers, available to the public, are located within our network including three dual sets of chargers at Foxton, Paraparaumu East and Shannon and single chargers at Levin, Ōtaki, Waikanae, and Paekākāriki.

We have also been working with heavy transport users in our network to better understand their EV charging requirements. Heavy transport EVs have high-capacity batteries, giving them the potential to feed back into the grid during peak consumption, which could help us to manage our peak consumption on the grid.

Opportunities also exist in the electrification of New Zealand's rail transport. We have begun early conversations with BECA (on behalf of KiwiRail) to investigate the further electrification of the train network in our region to support planned new services between Palmerston North and Wellington, an exciting project for a network of our size.

SUPPORTING LOCAL RENEWABLE GENERATION

We continue to see applications for photovoltaic (PV) solar panels, both at a small-scale residential level and for a wider range of larger-scale commercial ventures. These are increasingly being specified with battery storage. There is still potential for growth in this area.

Having generation near where it's needed is good, although the nature of these technologies can be both a benefit and a challenge for our network. The proximity of these proposed connections to our sub-transmission and substation assets will be advantageous in keeping connection costs down as well as reducing congestion of embedded generation on our network.

Over the last few years, we have been approached by several large solar and wind farm projects (over 1 MW) for potential embedded connections. We are encouraging these start-ups, aiding with their planning, equipment requirements, load flow studies, congestion determination and alternative solutions for the customer to consider. We have also reviewed our pricing policies as well as formalising the treatment of transmission rebates for large generators in a fair and equitable way.

In FY2024 the first large-scale solar farm is scheduled to be commissioned on our network. The Foxton solar farm will have approximately 80,000 panels capable of generating 30MW of power. The farm will connect to our Foxton substation via an underground 33kV cable and supply customers directly. On a typical day, most of Horowhenua's daytime power demand will be met by the solar farm with surplus power spilling back into the grid. It will have the capacity to provide 30% of Horowhenua's current annual energy consumption and, combined with the Mangahao hydroelectric station, 95% of Horowhenua's current annual energy consumption will be able to be met through renewable energy generation.

1,397kW

new PV (photovoltaic solar panels) connected to the network in the last 12 months (total 7,775 kW)

OUR SUSTAINABILITY JOURNEY

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.

Sustainability has 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.

We are committed to reducing the human impact on climate change and ensuring we understand how our business activities can materially impact this change. Our network is not immune to changes in the environment like coastal erosion and rising sea levels and we are exploring how these types of changes impact the way we build and support a more resilient network.

We belong to forums and working groups to better understand how sustainability impacts our industry and our region, and to contribute to the discussion around how we can best tackle the sustainability issues we face as a nation. These groups include:

- an EDB Sustainability group that meets monthly to collaborate and assist each other
- a Regional EV Working group that includes organisations such as Greater Wellington Regional Council, ChargeNet, EECA, NZTA, Meridian and other local councils
- the Wellington Regional Emissions Reduction Strategy core group which is creating a strategic approach to transition the Wellington Region to a zero-carbon future by 2050 and meet our regional climate change objectives.

Internally, we have adopted a Climate Resilience Framework and adapted its existing governance and risk practices to ensure climate opportunities and risks are systematically identified, quantified and mitigated within our existing framework of strategies, asset management plans and business plans.

This framework supports our over-arching sustainability policy, which is built around the four pillars of sustainability: environmental, economic, social and cultural.

Having initiated our formal sustainability programme in FY2022, we have made solid progress over the last year.

Our sustainability journey so far has seen us:

- Appoint Electra's first Sustainability Lead
- Complete our first greenhouse gas (GHG) inventory
- Commence work on our Sustainability Strategy and Roadmap, focusing on how we reduce our five biggest sources of emissions.
- Create a consolidated Sustainability & Environmental Policy, recognising the four pillars of sustainability and emphasising Electra's commitment to decarbonisation through electrification

DEVELOPING OUR SUSTAINABILITY STRATEGY

In 2020 and 2021 we conducted baseline carbon footprint assessments which aligned our business with COP26 and sustainability. These assessments helped us better understand where emissions were being generated and more importantly, allowed us to set a target to manage a reduction in our Greenhouse Gas (GHG) emissions in line with New Zealand's target under the Climate Change Response Act 2002 for net-zero emissions by 2050.

In 2022 we worked with Lumen Consulting to produce a full GHG report[1] for the first time, identifying and quantifying our emissions across all activities. We are currently developing our Sustainability Strategy and Roadmap that will focus on the five biggest sources of emissions in our business and how we can reduce our carbon footprint in these areas.

Our five biggest sources of carbon emissions

Transmission & Distribution (Network) Losses
4,450 tonne CO2-e

Supply Chain
2,190 tonne CO2-e

Fleet Vehicles
600 tonne CO2-e

Employee Commuting
170 tonne CO2-e

Electricity Consumption
60 tonne CO2-e

Electra's Asset Management Plan 2023 contains more details about our sustainability strategy and plans for the next decade.

BUILDING NETWORK RESILIENCE

Climate change (i.e. rising sea levels, increased air temperatures and increasing wind patterns and other extreme weather events) is one of the greatest risks to the country and also electricity networks.

This is why we are investing to increase the resilience of the network, following the 4R's (robustness, resourcefulness, recovery and redundancy).

PARTNERING WITH WAKA KOTAHI TO IMPROVE ROAD SAFETY

In September 2022 we completed our work with Stantec and Waka Kotahi to design and plan the removal and relocation of our existing power poles to assist the construction of a new roundabout at the intersection of Queen Street and Arapaepae Road, Levin.

This intersection is especially important to Electra as it is a switching point for 4 x 11kV feeders. A detailed design was produced and all necessary approvals obtained.

Higgins was confirmed as the main contractor to build the round-about and they appointed Electra to relocate and underground the affected network assets. In total six poles were removed and a new, fully automated 11kV "CCCC" was installed.

Electra was later awarded with the Streetlight reticulation contract as well, which involved installing 15 lights.

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[1] results are unaudited

SMART GRID STRATEGY

Over the past 12 months we have continued to grow and improve our Internet of Things (IoT) platform capability, upgrading our IoT gateways to improve capacity and performance.

In addition, we implemented the FME (Feature Manipulation Engine) solution that enables the integration of information from our IoT devices as well as that from third party systems to better inform our ADMS for better outage identification and management.

On the low voltage (LV) network, we installed 80 Eneida LV power quality monitors at strategic sites to help us gain a far better understanding of load flow, demand cycles, remaining connection capacity (for both demand and generation connections) and power quality data including voltage flicker, sag, swell and harmonics. This allows us to monitor and maintain a high quality of supply to our customers as well as providing reliable data when connecting new demand or generation customers. A further 90 devices will be installed in FY2024.

In late 2022 Electra was awarded a partnership in the Electricity Engineers' Association trial of implementing OpenADR (automatic demand response) for managing the demand of domestic EV charging in the future. The project will run for approximately 12 months and findings will be reported to EEA members. Transpower have donated the use of their DER platform, FlexPoint™, for the trial.

Participating in this trial will allow us to establish a demand response scheme on our network as an alternative to the existing ripple control, enabling the shifting of demand from peak to off peak times by controlling when smart devices such as appliances, hot water cylinders or EV chargers operate.

OpenADR will also allow flexibility for service providers to create a secondary market for demand response, which is in line with our energy transformation goals of procuring flexibility services in the future to offset peak demand growth.

UNDERSTANDING CLIMATE CHANGE

We are exploring how climate changes impact the way we build and support our network, with a view to building a more resilient network.

In 2022 we undertook the first of our Climate Impact Studies: A Flood Risk Analysis of Electra's Assets. We recognise that our area is prone to severe rainfall due to the impact of climate change which can cause major damage to our assets.

Due to these events increasing in magnitude and frequency we decided to undergo a flood risk assessment of our assets to identify assets that are at increased risk due to flooding in the future. Datasets were kindly provided by Kāpiti Coast District Council (KCDC) and Horizons Regional Council (HRC) for the Horowhenua District. These datasets were layered into our Geospatial Information System (GIS) providing a detailed view of our at-risk assets. Over the next twelve months we will build on this foundation and seek to use these findings within our engineering standards, planning and asset management framework.

Ensuring public safety as well as the health of our assets are key responsibilities for Electra. An example of our prompt risk response was demonstrated when we were informed that a ground-mounted transformer was becoming flooded due to a combination of rising water table and stormwater following heavy rain at Union Street, Foxton. Network Operations engineers worked with Service Delivery teams to find a suitable solution, replacing the ground-mount with a pole-mounted transformer. It was an excellent example of collaboration across various teams with personnel understanding the implications and delivering a successful solution. We have initiated a programme to monitor similar climate-changing situations through our Climate Resilience Strategy.

Union Street, Foxton: our ground-mounted transformer was subjected to flooding during heavy storms so it was replaced with a pole-mounted transformer

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 four of our 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.

The Ōtaki and Raumati substations were seismically strengthened in the last year.

Otaki Substation seismic upgrade completed in May 2022

Raumati Substation

VEGETATION MANAGEMENT

Vegetation management plays a vital part in ensuring an uninterrupted supply of electricity to everyone connected to our network.

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 means working with tree owners to identify potential hazards and to remove high risk trees that are likely to damage the network.

This has proven to be an efficient and effective strategy in vegetation control. Compared to our EDB peers, our SAIDI is significantly below the industry average while our expenditure per kilometre is less than half the industry average.

We use a comprehensive vegetation management database to record all notices issued, be it hazard warning notices or cut-or-trim notices. This allows us to build a history of each site, including reinspection intervals, minimising travel and revisits to the potential vegetation hazards around our network and optimizing our delivery capabilities, thereby reducing our carbon footprint.

We use environmentally friendly chain bar oil and are systematically replacing larger, less efficient petrol chainsaws with lighter more fuel-efficient versions, including battery electric chainsaws. Inverters have been installed in our vehicles to ensure a charged battery is always on hand.

304
'hazard warning notice' jobs completed on our network

164
'cut-or-trim' jobs completed on our network

In October 2022 a routine inspection and risk assessment identified several large macrocarpa trees on Ruahine Street, Paraparaumu that had the potential to severely damage a major arterial supply line from the Paraparaumu substation, placing the power supply to a significant number of Kāpiti consumers at risk.

Working with the tree owner, the removal of the trees was planned and scheduled, with staff visiting the site to familiarise themselves with the job prior to work commencing. Over the course of the week, using traffic management and heavy machinery, each tree was successfully removed with as little disruption to the public as possible.

IMPROVED WEATHER MONITORING

Throughout 2022 we continued to deploy weather stations between Tokomaru and Paekākāriki. There are now 26 weather stations providing a more granular view of active weather conditions across our network.

Having accurate local weather information allows our faults staff to confirm weather conditions where they are going, allowing them 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.

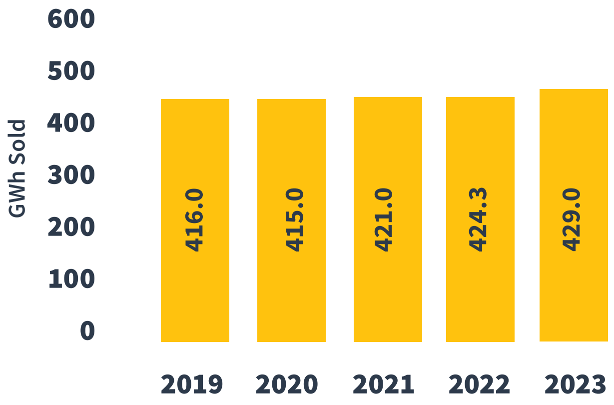
The data from each weather station is publicly available via the WeatherUnderground service:
www.wunderground.com

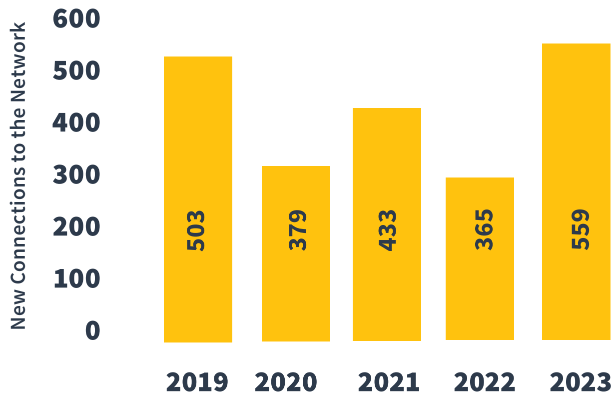
DEPLOYING MOBILE GENERATORS

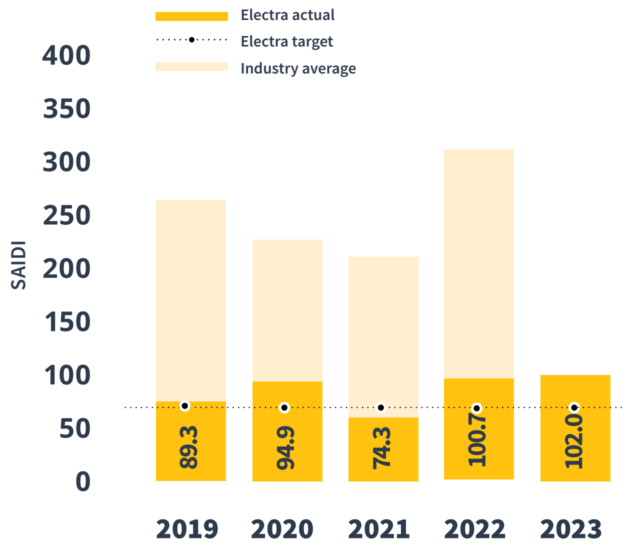
We always look for ways to reduce the number of outages on our network, particularly planned outages, adopting a proactive approach to reconfigure the network, undertake live line work and deploy diesel generators when it makes sense to do so.

A specialist calculator combined with a customer impact analysis enables our team to assess each situation and determine if the work warrants the use of a generator.

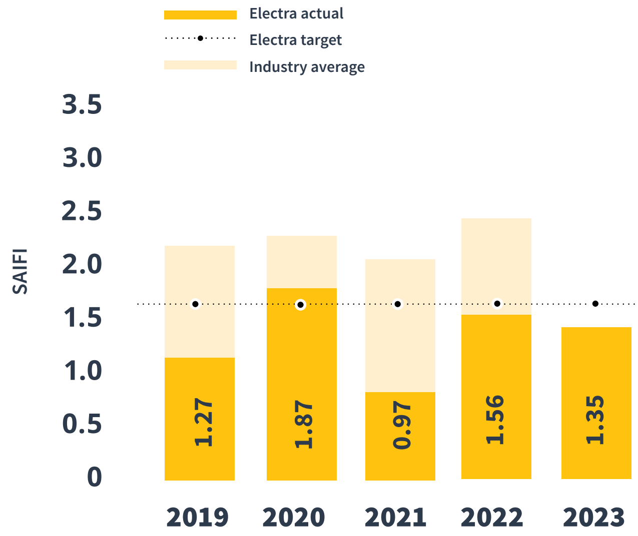
Deploying a generator minimises the impact on consumers. In FY2023 this strategy saved 18.7 minutes of SAIDI.



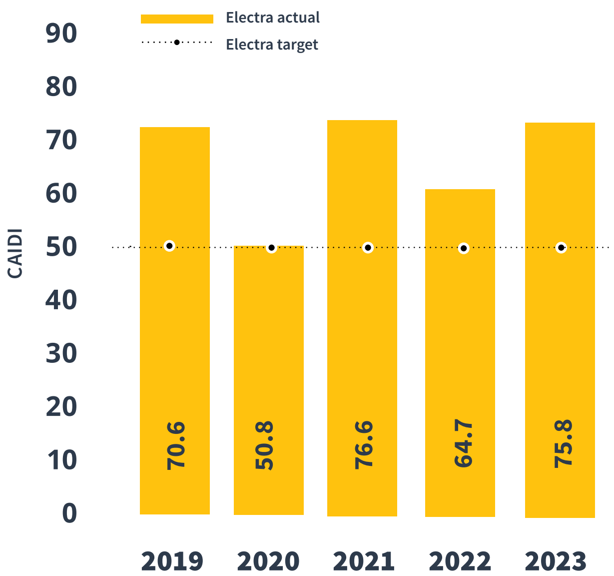




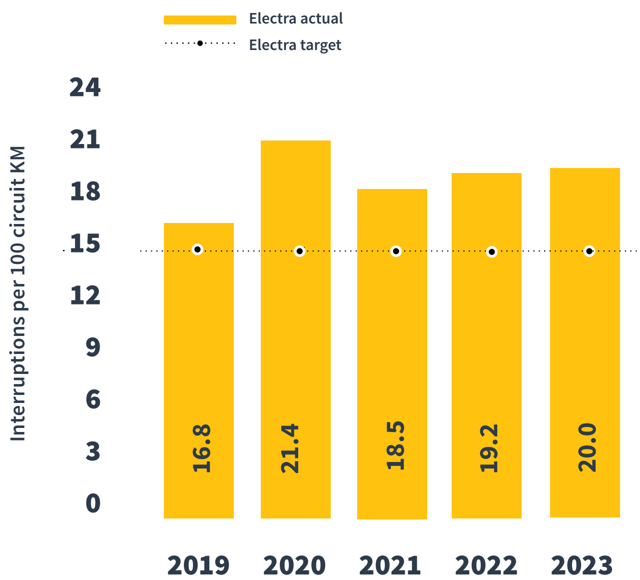
System Average Interruption Duration Index ("SAIDI"). The average outage duration (in minutes) per consumer per year. The lower the number, the better the reliability performance (industry averages and Electra targets are shown for comparison).



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).



Customer Average Interruption Duration Index ("CAIDI"). This indicates the average time, in minutes, that affected customers are interrupted (a customer-centric measure rather than an network-centric measure).



DEVELOPING OUR PEOPLE CAPABILITY

Our network is only as good as the people who work hard to design, build and maintain it. From the office to out in the field, our team are highly skilled and committed to meeting the electricity needs of everyone connected to our network.

Developing our people capability is a top priority for our business. Over the last year we invested more than $300,000 upskilling and cross-skilling our teams. We are committed to recruiting apprentices and graduates and building our capabilities in-house.

We are also focused on building a diverse, inclusive workforce and have made great strides in this area over the last few years.

As a result, our staff are well regarded across the industry and are often called upon to assist neighbouring EDBs with complex issues. Examples include:

- Our Power Technicians are considered some of the best in the industry and are often sub-contracted to neighbouring EDBs to work on the identification and assessment of complex fault issues
- During 2022 we sent network crews to Centralines on a 12-month contract to supply construction services on their Hawkes Bay network, including new customer connections, 400V and 11kV maintenance and 11kV reconductoring projects. It was a great opportunity to give our crews experience working on another network in a contracting environment and provided an additional revenue stream for the business. Near the end of the contract period Cyclone Gabrielle impacted the Hawkes Bay and our staff were fully involved in the major power restoration process within the network for a month before they came home. Over the course of the contract, 14 of our people gained valuable experience on the Centralines network.

AWARD WINNING TEAMS

The abilities of our teams were well on display during the 2022 Annual Connection – Connexis Competition for line mechanics and cable jointers from EDBs all around the country.

Two of our Line Mechanic teams competed over the three-day event, one from our Levin depot and the other from our Paraparaumu depot.

Our teams proved to be strong contenders throughout the competition - the Levin team won the “Test to Ensure Safety” event, the Paraparaumu team won the “Rigging” and “Old School” events, and both teams jointly captured the Dougie Trophy for the “Best Presented Line Mechanics Team”.

IMPROVING THE CUSTOMER EXPERIENCE

Customers are a key consideration in our decision making. We strive to deliver services that our customers value and that meet their expectations in alignment with our company strategy.

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

95% customer satisfaction with their overall service experience

95% satisfaction with Electra's reliability of supply

These exceptionally high satisfaction rates are a testament to our people who work hard to maintain a reliable electricity supply to everyone connected to our network, and to mobilise quickly to restore power whenever a fault occurs. Whether it's our fault crews operating in often challenging conditions, or our call centre staff dealing with a huge number of phone calls, our people are fully committed to deliver the very best service to the people of Horowhenua and Kapiti.

In recent years we have deployed new technologies to keep customers informed, including significantly improving the outage information available on our website to provide customers with up-to-date access to detailed outage information including the location of fault vehicles.

The same information is available via our mobile App, available for customers to use on their mobile devices. The App uses easy-to-understand icons that allow customers to easily find real time information about the status of network outages, planned and unplanned. The use of our App spiked in May (6,678 opens) and June (11,263 opens) following extreme weather events that triggered unplanned outages for a large number of our customers.

The performance of our key communication channels over the last year

Facebook
8,308 page visits

Website
273,003 page visits

Mobile App
44,827 opens

Call Centre
19,512 customer calls received

Over the last year we have further improved our communications around planned and unplanned outages through the increased use of digital channels to customers and retailers.

We have increased our use of social media to deliver critical network information and to build customer engagement.

We have also improved the customer experience by developing information on topics such as:

- how to prepare for outages
- how to connect solar equipment (including a list of approved local installers), and
- how to select appropriate plans for electric vehicles (EVs) and manage load.

REGULATORY

As a natural monopoly, we are subject to economic and market regulation that ensures we maintain the fair prices and the high quality of service that our consumers have grown to expect. Our regulatory obligations are extensive, and we have right-sized our systems to ensure we meet our regulatory obligations without adding more cost than necessary to our operations.

This year we stepped up our regulatory presence by submitting focused submissions to 21 consultations. We participate in consultations to ensure that the voices of consumers in the Kāpiti and Horowhenua districts are heard and considered in the decision-making processes that shape electricity services in New Zealand.

More consultations are expected over the coming years as New Zealand delivers on its carbon-zero goals and realises a decarbonised future. We intend to participate in these consultations to ensure that we are positioned to play the role expected of us.

PRICE CHANGES

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.

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

PRICING OPTIONS various pricing options to suit consumers usage

$5.5M total price discounts (incl. GST) issued to our consumers in 2023

Our costs make up around 27% of the total price customers pay for their electricity.

As a 100% consumer-owned network company, we also provide an annual price discount to everyone connected to our network, delivered as a credit on their electricity account.

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. Electra consumers still receive the lowest total distribution charges in the country.

We review our prices every year to ensure we can continue to meet electricity demand as the communities we serve grow and the way they use electricity evolves.

As a result, our pricing increased on 1 April 2023 to reflect significant upward pressures on our costs, including:

- Increased regulatory costs from the Electricity Authority, including the continued phasing out of low user charges
- 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, as well as higher shipping and freight costs and the impact of inflation.

The overall average increase to our customers was 16%.

To help our customers get the best deal from their electricity retailer, we promote the independent power comparison and switching website, www.powerswitch.org.nz.

We have also been proactively working with local budget advisory services to explain our pricing and how to make sure people are on the right pricing plan for their specific needs.

PLANNING AHEAD: ASSET MANAGEMENT PLAN (2023)

Our Asset Management Plan 2023 (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 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.

In this AMP horizon we forecast the investment required for growth and reliability will increase significantly. We have been supported in this view by the recent BCG Report which forecasts electricity distribution networks will collectively invest $22 billion, a ~30% increase in spend during the 2026-2030 period.

Preparing for increased electrification from decarbonisation in the early years of 2024 to 2026 includes investment in systems to access and analyse low voltage information, embedded DERMS capability and develop new capability in our organisation. From 2027 we estimate that on average $5m will need to be invested in network and non-network alternatives to meet the energy demands as our community looks to electricity to power vehicles, heat homes and power industry.

We expect that the implementation of Distribution Management Systems and Distribution Systems Operation capability will enable us to manage the anticipated greater demand on the electricity network to avoid constraints and avoidable investment. Having a regulatory environment that supports greater management of electric vehicle charging, battery energy storage and water heating will also deliver benefits to both electricity consumers and energy suppliers.

PLANNED NETWORK PROJECTS FY2024

Category	Project Description	Region
Growth	New 11kV feeder at Levin East zone substation	Levin
Renewal	Rebuild Foxton 33kV bus and circuit breakers	Foxton
Quality	Upgrade of the 11kV feeder protection at Waikanae	Waikanae
Growth	Reinforcement of three 11kV feeders at Levin West	Levin
Renewal	Replacement of 33kV circuit breakers at Levin East	Levin
Legislative	Seismic strengthening at Levin East and Paekakariki zone substations	Levin and Paekākāriki
Quality	Automation of ground mounted switchgear	Levin and Paraparaumu
Renewal	Upgrade of 2.5km of 11kV overhead line at Tiro Tiro and Mako Mako Rd	Levin
Renewal	Upgrade of 2km of 11kV overhead line at Engles Rd	Shannon
Renewal	Upgrade of 300m of 11kV underground cable at Bath St	Levin

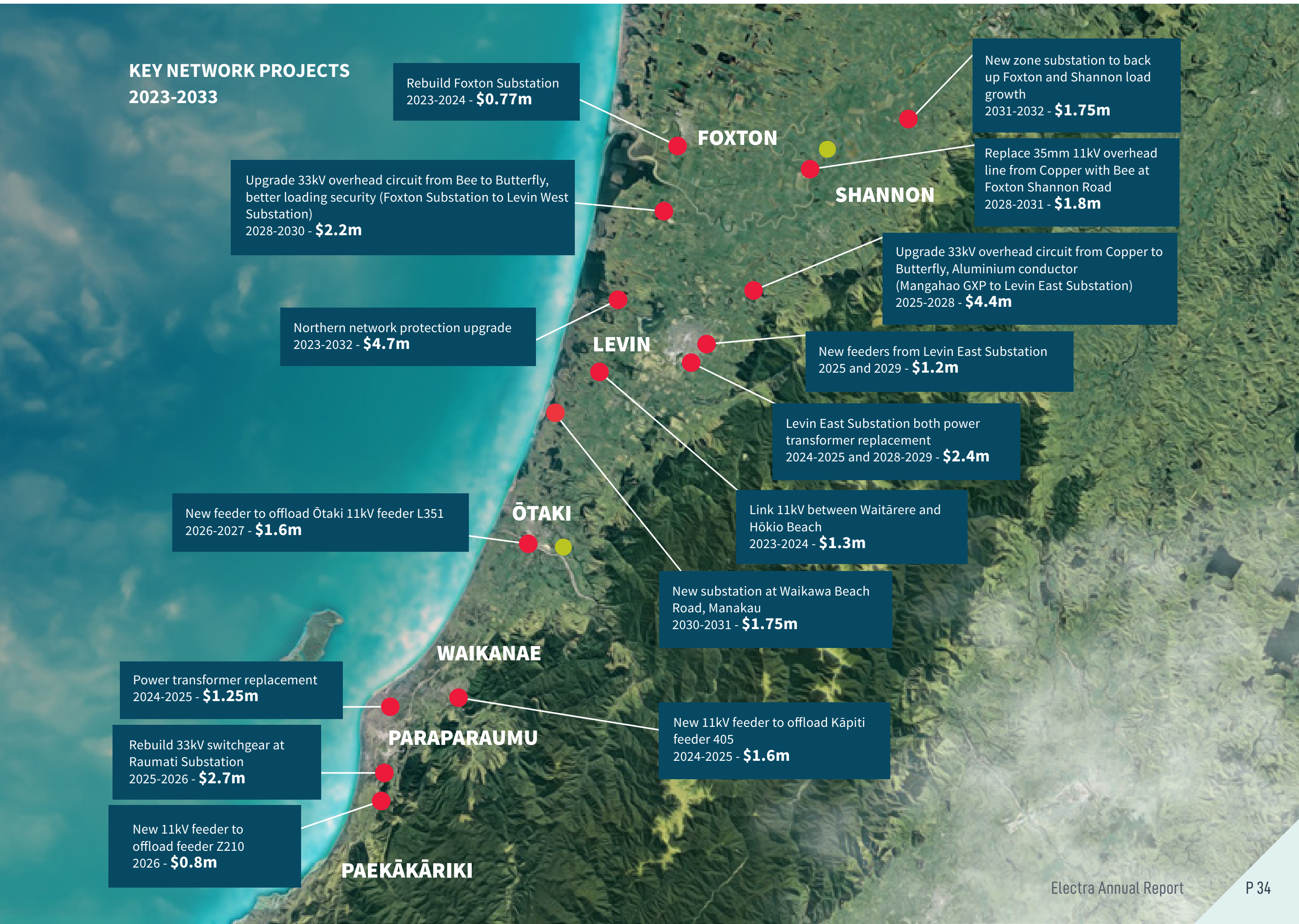
FORECAST EXPENDITURE: 2023-2033

Capital expenditure is expected to average $21.4M per year over the next 10 years while operational costs are expected to average $7.86M per year over the same period. The increase in investment is due to the expected impact of electrification to meet the country's climate change needs. 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 (23%)
- Reliability or supply quality (20%)
- Renewal and replacement work (52%), and
- Legislative, safety and environmental requirements (5%).

The significant programmes for the 2023-2033 planning period include the following projects:



INVESTMENT OUTLOOK

OUR INVESTMENT APPROACH

For more than a decade we have looked to identify opportunities and invest in businesses that are either local, provide growth opportunities or are aligned to our core network business.

Investments have included companies in power generation, electricity retailing, electrical contracting and maintenance, financing, meter reading, telecommunications contracting, data collection and monitoring, medical and security monitoring, retirement housing, and property development.

We still hold some of these investments, others have been either repositioned to enhance returns, or we have reached an opportune time to exit the investment.

We continue to reassess, develop, invest and divest within our structure of subsidiary and associated companies to ensure we maximise value for our owners. Our focus is to enhance regional investment with resulting benefits for consumers and local communities.

When we consider an investment or new business opportunity, we analyse the benefits this will bring to our consumers and to our Trust beneficiaries. Key to these considerations is how the investment will positively:

- support growth in the region with new and greater employment opportunities
- aid regional sustainability through enhanced technology and utilisation of our distribution assets or the provision of key regional asset or infrastructure
- create economic value that will be derived, to Electra, our customers, and our owners
- create value for the next generation
- bring value to the future development of our core Network and position us to play a key role in the support of decarbonisation.

The electricity sector is expected to experience significant growth as New Zealand looks to decarbonise through electrification to meet its net zero carbon goals. This will lead to dramatic increases in electricity demand over the next decade, requiring significant investment in electricity networks in order to meet this demand.

With the level of investment required in the core network business to support the achievement of New Zealand's decarbonisation goals, the company will focus on investments that support the forecast significant network growth requirements.

QUAIL RIDGE COUNTRY CLUB LIMITED & KERIKERI FALLS INVESTMENTS LIMITED
A retirement village and its associated construction company, located in Kerikeri. During the year the Group moved to fully acquire both Quail Ridge and Kerikeri Falls Investments. The company's construction programme, significantly delayed by the pandemic, resumed in FY2023. Despite a softening property market nationally, interest in the development has remained strong and prices above 2021 levels.

ELECTRA SERVICES LIMITED
Trading as SECURELY™, a medical alarm and security monitoring business as well as a utility call centre business, headquartered in Levin. A focus on reducing operational costs resulted in ESL closing its Tauranga office, with all staff affected able to find new roles elsewhere. During the current year, the Board expanded the sale offering to include the entire Electra Services business which includes both security and medical customers. As such all purchased customer lists, associated goodwill recognised on the purchase of security alarm monitoring businesses and alarm monitoring inventory owned by Electra Services have been reclassified as held for sale.

HOROWHENUA DEVELOPMENTS LIMITED
A local commercial property development company, based in Levin. During FY2023 HDL completed its first development – the extremely popular and profitable Horowhenua Business Park. HDL have recently initiated a local building development, with initial designs currently underway.

LINAX LIMITED
A small investment in a locally-based sustainable footwear company. This investment is held for future sale.

PULSE ENERGY ALLIANCE LIMITED PARTNERSHIP
A minority shareholding in an energy retailing company. Over the last year the company has managed to retain market share in a highly competitive market while increasing profitability. This investment is held for future sale.

LOOKING AHEAD

HOROWHENUA

$575,407	6.0%	4.4%	5.7%
median house price as at 31 December 2022	economic growth (GDP) in 2022 (5.3% nationally)	employment growth in 2022 (3.0% nationally)	growth in business units in 2022 (4.8% nationally)

KAPITI

$852,661	7.1%	3.9%	6.5%
median house price as at 31 December 2022	economic growth (GDP) in 2022 (5.3% nationally)	employment growth in 2022 (3.0% nationally)	growth in business units in 2022 (4.8% nationally)

136,525
forecast population of the Kāpiti and Horowhenua region by 2041 (currently estimated to be 94,600)

2,872
new residential building consents issued in our region over the last five years (2018-2022), with 619 issued in 2022

The New Zealand economy managed to navigate 2022 in relatively good shape despite rising inflation and interest rates creating cost of living pressures. Globally, economic and geopolitical instability continued and the war in Ukraine placed further pressure on already strained global supply chains and energy prices.

Locally, the Kāpiti and Horowhenua regions continued to outperform national averages in economic, employment and population growth metrics, with Kāpiti also experiencing strong growth in key productivity and standard of living indicators in the year ended 31 December 2022[2].

Economic forecasts for 2023 and 2024 predict further international uncertainty and a softening local economy as rising interest rates and inflation begin to suppress growth. While New Zealand's high net migration rate may delay the impact of these factors in the short term, some economists are indicating that a national recession may be a very real possibility later in 2023.

The OECD[3] has called the international economic outlook as fragile, with uncertainty about the course of the war in Ukraine and its broader consequences being a key factor, especially in global energy markets where pressure could lead to renewed price spikes, fuelling higher inflation.

> ***"We have a significant role to play in supporting the growth and performance of our region."***

Despite these challenges we believe the region is well placed for growth, and to face this challenging environment.

The completion of major infrastructure projects including the Transmission Gully Motorway and connecting Expressways through to Ōtaki are stimulating regional growth and creating economic opportunities throughout our region. The planned extension of the Expressway from Ōtaki to north of Levin will further improve access to the northern districts of our region and drive growth for years to come.

Construction remains the largest contributor to local economic and job growth, and this looks likely to continue with significant population growth forecast for the next 20 years.

In the southern part of our network, Ōtaki and Waikanae are expected to experience the largest growth, followed by central and eastern parts of Paraparaumu.

Growth in the northern area of our network is predicted to be even stronger, with the population in Horowhenua expected to be 70% larger by 2041 (versus 28% in Kāpiti). The Tara-ika development on the eastern side of Levin, which is currently underway, will add 2,500 homes and a shopping centre to our network over the next ten years. Meanwhile, the commissioning of a large-scale solar farm in Foxton in FY2024 will position the district for further growth opportunities.

The government's commitment to a decarbonised New Zealand, fuelled predominantly by the electrification of key transport, process heat and water and space heating technologies, is a massive opportunity for our industry.

The investment required to ensure electricity networks are prepared for demand growth is significant. An independent report by BCG forecasts electricity distribution networks will need to increase spending and will collectively invest $22 billion between 2026 and 2030.

At a local level, we will be investing more than $214 million 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. It will also create economic benefits for our region, including additional employment opportunities within our business.

We are confident that our Group is well positioned to achieve the substantial growth expected and deliver additional ongoing value to our owners.

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.

We are conscious of the impact the increase in capital expenditure will have on future prices for our customers and are fully focused on ensuring, over the long-term, we provide network services that are reliable, sustainable, and affordable.

[1] Based on population forecasts contained in the current Long Term District Plans for Horowhenua District Council and Kāpiti Coast District Council

[2] Infometrics Regional Economic Profile, 31 December 2022

[3] OECD Economic Outlook, Interim Report March 2023: A Fragile Recovery

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 2023.

Principal activities
The Group's principal activities relate to electricity distribution and also provides contracting services, monitoring services and is a retirement village developer and operator. The Group has investments servicing the energy and regional property sectors.

Group results and distributions		**2023**	2022
		$000	$000
Continuing operations			
Operating revenue		53,196	44,883
Other expenses		(49,936)	(43,212)
Share of profit / (loss) from joint ventures and associates		(273)	2,132
Movement in investments held at fair value		-	64
Gain on acquisition related items		5,905	-
Change in fair value of investment property		(809)	-
Loss on sale of investments		-	(1,337)
Profit / (loss) before tax		8,083	2,529
Income tax (expense) / benefit		180	646
Net profit / (loss) after tax for the year from continuing operations		8,263	3,175
Discontinued operations			
Loss for the year from discontinued operations	Note 3	(2,967)	(3,066)
Profit / (loss) for the year after tax		5,296	110
Other movements through retained earnings		313	557
Dividend		(300)	(300)
Retained earnings brought forward		76,000	75,633
Retained earnings carried forward		81,309	76,000

Directors' Interests
Directors have declared interests in transactions with Electra Limited and the Group during the year as set out in note 24 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
During the year, Mr J E Nichols and Mr M I D Gribben resigned from their positions as Directors of Electra Limited.

In accordance with the Constitution of the Company, Mrs S A Mitchell-Jenkins and Mr C C Dyhrberg retire by rotation at the AGM of the Company, held on 28th July 2023, having completed the maximum 3 terms (9 years) as Directors.

On 1 April 2023, Miss K A Sherry and Mr J A Carmichael were appointed as Directors of Electra Limited.

Directors membership of Sub Committees are as follows:

Commitee	Directors	Position
Risk & Audit Committee	S R Armstrong	Chair
	S A Mitchell-Jenkins	Member
	S A Houston	Member
	M C Underhill	Member
Health, Safety & Wellbeing	C C Dyhrberg	Chair
	M C Underhill	Member
	S A Mitchell-Jenkins	Member
Investment Committee	S R Armstrong	Chair
	S A Houston	Member
	S A Mitchell-Jenkins	Member
Human Resources and Remuneration	S A Mitchell-Jenkins	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
S R Armstrong	Minutedock Ltd	Shareholder
	Kerikeri Falls Investments Ltd	Director
	Quail Ridge Country Club Ltd	Director
	PNCC Audit & Risk Committee	Chair
C C Dyhrberg	FoodHQ Innovation Ltd	Director
M C Underhill	Influx Energy Data Ltd	Director
S A Mitchell-Jenkins	Palmerston North Airport 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
15 June 2023

Stephen Armstrong
Director
15 June 2023

PERFORMANCE HIGHLIGHTS

The following performance measures are disclosed in accordance with the Commerce Commission Disclosure Regulations for Electricity Distribution Companies and the Company's 2022/23 Statement of Corporate Intent.

Financial	**2023**	2022	2021
Total revenue ($000)	53,196	44,883	45,387
Revenue from discontinued operations	6,289	6,046	2,359
Discount issued ($000)	4,742	5,100	5,100
Profit / (loss) after tax ($000)	5,296	110	910
Total assets ($000)	482,608	303,040	303,808
Total shareholders' funds ($000)	222,437	174,346	174,357
Shareholders' funds to total assets	46%	58%	57%
Net asset backing per share	$9.09	$7.13	$7.13
Network – Parent			
GWh sold	429.0	424.3	421.0
Loss ratio*	5.94%	8.00%	7.27%
Load factor**	48%	48%	50%
Capacity utilization***	31%	32%	31%
Maximum demand (MW)	108	111	104
Circuit kilometres (kms)	2,380	2,350	2,330
Transformer capacity (kVA)	350,534	344,615	338,850
Supply area (sq kms)	1,628	1,628	1,628
Operating costs per kilometre	$7,190	$5,884	$5,730
Capital expenditure cost per kilometre	$5,711	$5,737	$6,119
Consumer Information - Parent			
Number of consumers	46,333	45,948	45,757
Average kWh sales per consumer	9,259	9,234	9,201
Operating costs per consumer	$369	$301	$293
Capital expenditure cost per consumer	$293	$294	$313
Discount issued per consumer (incl. GST) (Average)	$118	$128	$128
Network Reliability - Parent			
System Average Interruption Duration Index (SAIDI)****	102.0	100.7	74.3
System Average Interruption Frequency Index (SAIFI)*****	1.35	1.56	0.97
Consumer Average Interruption Duration Index (CAIDI)******	75.8	64.7	76.6
Faults per 100km line (number)	20.0	19.2	18.5
Personnel - Group: No. of employees			
- Electra Limited	119	106	116
- Electra Services Limited	50	52	54
- Quail Ridge Country Club Limited	13	-	-
- Kerikeri Falls Investments Limited	1	-	-

** 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.*
***** The total number of minutes of interruption the average customer experiences.*
****** How often the average customer experiences an interruption.*
******* The average time required to restore service for a single outage.*

FINANCIAL STATEMENTS

INDEX FOR THE AUDITED FINANCIAL STATEMENTS

THE GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

Continuing operations	Note	2023 $000	2022 $000
Revenue			
Revenue	1	**51,740**	43,968
Interest income		**583**	427
Other income		**873**	488
Total operating revenue and income		**53,196**	44,883
Expenses			
Interest expense		**(3,007)**	(2,682)
Other expenses	2	**(46,929)**	(40,530)
Total operating expenses		**(49,936)**	(43,212)
Share of profit from joint ventures and associates	22	**(273)**	2,132
Movement in investments held at fair value	21	**-**	64
Revaluation of equity interest in joint ventures prior to acquisition	22	**6,681**	-
Loss on fair value of financial assets		**(2,021)**	-
Goodwill Impairment	7	**(2,417)**	-
Gain on bargain purchase	15	**6,998**	-
Impairment of equity receivable	24	**(3,336)**	-
Change in fair value of investment property	6	**(809)**	-
Gain / (loss) on sale of investments	22	**-**	(1,337)
Profit/(Loss) before tax from continuing operations		**8,083**	2,529
Income tax benefit / (expense)	4	**180**	646
Profit / (loss) for the year from continuing operations		**8,263**	3,175
Discontinued operations			
Losses for the year from discontinued operations	3	**(2,967)**	(3,066)
Profit/(Loss) for the year		**5,296**	110
Other comprehensive income			
Gain on asset revaluation	5	**59,733**	-
Gain on disposal of revalued assets	5	**-**	31
Income tax benefit / (expense) relating to components of other comprehensive income	4	**(16,638)**	148
Other comprehensive profit/(loss) for the year net of tax		**43,095**	179
Total comprehensive profit/(loss) for the year net of tax		**48,391**	289

**Discontinued operations have been separated out. Refer to note 3 & 28 for further detail.*
The notes on pages 49 to 72 form part of these financial statements.

THE GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Note	Issued Capital	Asset Revaluation Reserve	Retained Earnings	Attributable to beneficiaries	Total
		$000	$000	$000	$000	$000
Balance at 1 April 2021		18,000	80,724	75,633	174,357	174,357
Profit/(Loss) for the year		-	-	110	110	110
Revaluation of assets movement	5	-	-	-	-	-
Disposal of revalued assets	5	-	31	-	31	31
Tax benefit / (expense) relating to revalued assets	4	-	148	-	148	148
Total comprehensive profit / (loss) for the year		-	179	110	288	288
Transfer to retained earnings		-	(557)	557	-	-
Dividends paid	14	-	-	(300)	(300)	(300)
Balance at 31 March 2022		**18,000**	**80,346**	**76,000**	**174,346**	**174,346**
Balance at 1 April 2022		**18,000**	**80,346**	**76,000**	**174,346**	**174,346**
Profit/(Loss) for the year		-	-	5,296	5,296	**5,296**
Revaluation of assets movement	5	-	59,733	-	59,733	**59,733**
Tax benefit / (expense) relating to revalued assets	4	-	(16,638)	-	(16,638)	**(16,638)**
Total comprehensive profit / (loss) for the year		**-**	**43,095**	**5,296**	**48,391**	**48,391**
Transfer to retained earnings		**-**	**(313)**	**313**	**-**	**-**
Dividends paid	14	**-**	**-**	**(300)**	**(300)**	**(300)**
Balance at 31 March 2023		**18,000**	**123,128**	**81,309**	**222,437**	**222,437**

The notes on pages 49 to 72 form part of these financial statements.

THE GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	2023	2022
ASSETS		**$000**	$000
Non-current assets			
Property, plant and equipment	5	**318,733**	257,254
Investment property	6	**132,776**	-
Goodwill and intangible assets	7	**1,771**	4,658
Finance receivables	9	**289**	-
Right of use assets	17	**3,965**	4,476
Investments at fair value	21	**2,650**	2,650
Investment in joint ventures and associates	22	**1,452**	4,695
Non-current assets held for sale	28	**7,456**	2,111
Total non-current assets		**469,092**	275,844
Current assets			
Cash and cash equivalents		**6,985**	13,008
Receivables and prepayments	8	**5,681**	9,497
Finance receivables	9	**-**	3,612
Inventories and work in progress	10	**822**	566
Current assets held for sale	28	**28**	513
Total current assets		**13,516**	27,196
Total assets		**482,608**	303,040
LIABILITIES			
Non-current liabilities			
Debt finance	20	**102,697**	76,000
Deferred management fees	12	**8,879**	-
Preference share liability	20	**2,080**	-
Lease liability	17	**3,813**	4,226
Deferred tax liability	4	**56,578**	41,804
Total non-current liabilities		**174,047**	122,030
Current liabilities			
Trade and other payables	11	**7,573**	5,984
Deferred management fees	12	**1,110**	-
Debt finanace	20	**153**	112
Lease liability	17	**633**	568
Refundable occupation right agreements	12	**76,655**	-
Total current liabilities		**86,124**	6,664
Total liabilities		**260,171**	128,694
Net assets		**222,437**	174,346
EQUITY			
Share capital	13	**18,000**	18,000
Reserves		**123,128**	80,346
Retained earnings		**81,309**	76,000
Total equity		**222,437**	174,346

The Board of Electra Limited authorised these financial statements for issue on 15 June 2023.

For and on behalf of the Board

Shelly Mitchell-Jenkins
Chair

Stephen Armstrong
Director

The notes on pages 49 to 72 form part of these financial statements.

THE GROUP CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Note	**2023**	2022
		$000	$000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		**54,598**	48,301
Dividends received		**-**	1,250
Other interest received		**140**	-
		54,738	49,551
Cash was applied to:			
Payments to suppliers and employees		**(36,949)**	(32,101)
Interest paid		**(2,850)**	(2,781)
Tax paid		**(365)**	(83)
		(40,164)	(34,965)
Net cash flows from operating activities	19	**14,574**	14,586
Cash flows from investing activities			
Cash was provided from:			
Sale of property, plant and equipment and intangible assets		**29**	82
Finance receivables		**-**	766
		29	848
Cash was applied to:			
Purchase of property, plant and equipment and intangible assets		**(16,868)**	(14,605)
Purchase of investment property		**(809)**	-
Capitalised interest on construction of property, plant and equipment	5	**(103)**	(72)
Loans to related parties	24	**(2,091)**	-
Sales / (Purchase) of investments	21	**-**	10,000
		(19,871)	(4,677)
Net cash flows to investing activities		**(19,842)**	(3,829)
Cash flows from financing activities			
Cash was provided from:			
Loans raised		**153**	2,000
		153	2,000
Cash was applied to:			
Repayment of loans		**-**	(3,998)
Payment of dividends	14	**(300)**	(300)
Principal reduction in lease liability	17	**(608)**	(519)
		(908)	(4,817)
Net cash flows from financing activities		**(755)**	(2,817)
Net increase / (decrease) in cash and cash equivalents held		**(6,023)**	7,940
Add opening cash and cash equivalents brought forward		**13,008**	5,068
Ending cash and cash equivalents carried forward		**6,985**	13,008

The notes on pages 49 to 72 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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' consists of the Company, its subsidiaries, associates and joint ventures. The ultimate parent of the Group is the Electra Trust.

Basis of preparation

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). These financial statements comply with New Zealand International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS). These financial statements have been prepared in accordance with the Companies Act 1993, the Financial Reporting Act 2013 and the Energy Companies Act 1992.

Basis of measurement

The financial statements have been prepared on the basis of historical cost except for the revaluation of certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

Separate accounting policies are outlined below and in the notes.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements have been prepared in New Zealand dollars (NZD), which is the Group's functional and presentation currency, rounded to the nearest thousand.

Critical accounting estimates and judgements

In applying the accounting policies, the Group is required to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. They have been based on historical experience and other factors, as appropriate to the circumstances, and are reviewed on an ongoing basis. Changes in accounting estimates are recognised prospectively in the year in which the estimate is revised.

The table below lists the key areas of judgements and estimates in preparing these financial statements:

Area of estimate or judgement	Note	
Estimation of electricity distribution revenue	Note 1	Revenue
Recognition of deferred management fees	Note 1	Revenue
Revaluation and impairment review	Note 5	Property, plant and equipment
Fair value of investment property	Note 6	Investment property
Provision for doubtful debts	Note 8+9	Trade & Finance receivables
Determination of lease terms	Note 17	Leases
Investments measured at fair value through profit or loss	Note 21	Investments
Impairment of Goodwill	Note 7 & 28	Intangible assets & Assets held for sale

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 incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

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

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with NZ IAS 12 Income Taxes and NZ IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with NZ IFRS 2 Share-Based Payments at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with NZ IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goods and services tax (GST)
Revenues, expenses, cash flows, liabilities and assets are recognised net of the amount of GST, except when:

- the GST incurred on a purchase of goods and services is not recoverable from the taxation authority; and
- receivables and payables which are recognised inclusive of GST.

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
In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Investments in joint ventures and associates
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement 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 the parties sharing control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with NZ IFRS 5.

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 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 asset's recoverable amount 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. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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 independent cash flows.

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.

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

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 impaired to its recoverable amount.

If a revalued asset is determined to be impaired, then the impairment is firstly applied against the revaluation reserve related to that asset, with any remaining impairment loss expensed in profit or loss. If the impairment loss is subsequently reversed, the reversal is firstly applied to profit or loss to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the revaluation reserve.

For assets which are not revalued, an impairment loss is expensed immediately in profit or loss. If an impairment loss is subsequently reversed, the carrying value of the asset is stated at not more than what its carrying value would have been had the earlier impairment not occurred.

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 as 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.

NOTES TO THE FINANCIAL STATEMENTS

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. 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.

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 considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Customer contributions
Customer contribution income 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. Customer contributions are recognised as revenue at the point in time of livening of the asset on the network.

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 to alarm activations. 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.

Deferred management fees
Residents of the Group's villas pay a management fee for the right to share in the use of the village's common facilities. The management fee is calculated as a percentage of the occupation-right agreement amount. The fee accrues monthly, for a set period, based on the terms of individual contracts.

E

Deferred management fees, are recognised on a straight-line basis over the period of service, being the expected period of tenure. This requires management to estimate the period of occupancy for units.

The expected periods of tenure, being based on historical results, experience and industry averages, are estimated at 9 years (2022: 9.51 years) for independent apartments and villas.

Village Fees
Village fees are detailed within each resident's Occupation Right Agreements (ORAs) and relate to the operating costs of the village. Village fees are recognised over the period in which the service is rendered. Refer to note 12 for more details.

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 from 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.

	2023	2022*
	$000	$000
Distribution revenue	**36,409**	33,581
Discount to customers	**(4,742)**	(5,100)
Pass through and recoverable cost revenue	**10,024**	9,667
Customer contributions	**3,517**	2,355
Contracting revenue	**5,945**	3,185
Alarm monitoring	**-**	-
Deferred Management Fees	**211**	-
Village Fees	**44**	-
Other revenue	**332**	280
	51,740	43,968

**Discontinued operations in 2023 include the alarm monitoring portion of Electra Services (refer to note 3 & 28).*

2 OTHER EXPENSES

	2023	2022*
	$000	$000
Transmission charges	**10,024**	9,667
Remuneration of auditors	**274**	223
Bad debts	**254**	9
Change in expected credit losses	**458**	-
Depreciation and amortisation expenses	**13,795**	13,406
Employee benefits expense	**9,616**	7,814
Inventory expense	**1,970**	1,214
Contractors	**1,560**	1,337
Vehicle expenses	**1,030**	706
Other expenses	**7,948**	6,154
	46,929	40,530

Remuneration of auditors

	2023	2022
	$000	$000
Audit of the financial statements	**190**	165
Audit related services	**84**	83
	274	248

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 2023 include the alarm monitoring portion of Electra Services (refer to note 3 & 28).*

3 DISCONTINUED OPERATIONS

On 31 March 2023, the Group entered into a process to sell its alarm monitoring business, Electra Services Limited. The business is considered to be held for sale and a discontinued operation in accordance with the requirements of NZ IFRS 5.

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.

	2023	2022
Profit / (loss) for the year from discontinued operations	**$000**	$000
Revenue	**6,289**	6,046
Other gains	**-**	-
	6,289	6,046
Expenses*	**(9,042)**	(8,977)
Profit / (loss) before tax	**(2,753)**	(2,931)
Attributable income tax expense	**(214)**	(135)
Profit / (loss) for the year from discontinued operations	**(2,967)**	(3,066)
Gain on disposal of operations	**-**	-
Profit / (loss) for the year from discontinued operations	**(2,967)**	(3,066)

Cash flows from discontinued operations	2023	2022
	$000	$000
Net cash inflows / (outflows) from operating activities	**(473)**	(769)
Net cash inflows / (outflows) from investing activities	**(2,420)**	(1,032)
Net cash inflows / (outflows) from financing activities	**(258)**	(221)
Net cash (outflows)	**(3,151)**	(2,022)

**Audit fees amounting to $9k are included in expenses for 2023 (2022: $8k).*

4 TAX

Income tax expense comprises current tax and deferred tax.

Current tax is the income tax payable based on the taxable profit for the current year, plus adjustments to income tax payable for prior years. Current tax is calculated using rates enacted or substantively enacted by balance 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 recognised on temporary differences between the carrying values of assets and liabilities and the equivalent amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which the deductible temporary differences or tax losses can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the temporary differences will reverse.

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 to other comprehensive income, in which case the current or deferred tax is also recognised to other comprehensive income, 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	**2023**	2022
	$000	$000
Profit / (loss) before tax from continuing operations	**8,083**	2,529
Tax expense / (benefit) @ 28%	**2,263**	708
Tax effect of:		
Permanent difference expense / (benefit)	**(1,077)**	422
Deferred tax expense / (benefit) on acquisition of assets	**22**	12
Effect expense / (benefit) of including loss offsets from discontinued operations	**(1,250)**	(772)
Prior year adjustments		
Taxable allocation of partnership income expense / (benefit)	**-**	60
Other tax adjustments expense / (benefit)	**(138)**	(590)
Imputation Credits Received	**-**	(486)
Tax expense / (benefit) from continuing operations	**(180)**	**(646)**
Tax expense / (benefit) comprised of:		
Current tax expense / (benefit)	**(8)**	(663)
Deferred tax expense / (benefit)*	**(172)**	17
Total tax expense / (benefit) from continuing operations	**(180)**	(646)

**Excluding deferred tax expense from discontinued operations of $214k (2022: $135k).*
Also included in 2023 in the $360k current tax expense (2022: ($673k)) and $520k deferred tax benefit (2022: $162k) above, is $990k relating to a timing differences of partnership income (2022: $402k). 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	386	120	-	-	-	24	530
Deferred tax on Partnership Income	1,392	-	-	(990)	-	-	402
Doubtful debts	52	999	-	-	-	(934)	117
Property, plant and equipment	(42,877)	(331)	-	-	(16,638)	(22)	(59,868)
Intangibles	(757)	201	-	-	-	-	(556)
Deferred Management Fees	-	31	-	-	-	2,766	2,797
As at 31 March 2023	**(41,804)**	**1,020**	**-**	**(990)**	**(16,638)**	**1,834**	**(56,578)**
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)
As at 31 March 2022	**(41,664)**	**(14)**	**-**	**(402)**	**148**	**128**	**(41,804)**

Imputation credit account	**2023**	2022
	$000	$000
Closing balance	**17,539**	17,174

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 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**
Balance as at 1 April 2022	256,784	2,419	6,184	7,216	3,734	5,610	281,947
Additions	3,520	56	568	126	547	13,118	17,935
Acquiried in business combination	-	236	330	98	-	-	664
Disposals	(780)	(163)	(158)	(91)	(397)	-	(1,589)
Transfer to / (from) capital work in progress	10,475	-	-	-	-	(10,475)	-
Revaluation	37,299	-	-	-	-	-	37,299
Transfers to assets held for sale	-	-	(143)	-	(3,884)	-	(4,027)
Balance as at 31 March 2023	**307,298**	**2,548**	**6,781**	**7,349**	**-**	**8,253**	**332,229**

Depreciation and impairment losses	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 2021	(3,071)	(682)	(4,636)	(3,298)	(1,139)	-	(12,826)
Depreciation charge	(11,668)	(81)	(652)	(469)	(650)	-	(13,520)
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)**
Balance as at 1 April 2022	(14,488)	(723)	(4,248)	(3,487)	(1,788)	-	(24,694)
Depreciation charge	(12,036)	(78)	(764)	(424)	(365)	-	(13,667)
Assets acquired in business combination	-	(5)	(72)	(16)	-	-	(93)
Write back on disposals	69	37	82	54	1	-	243
Impairment	-	-	-	-	-	-	-
Revaluation	22,434	-	-	-	-	-	22,434
Transfers to assets held for sale	-	-	129	-	2,152	-	2,281
Balance as at 31 March 2023	**(3,981)**	**(769)**	**(4,873)**	**(3,873)**	**-**	**-**	**(13,496)**
Carrying amounts							
Balance as at 31 March 2022	242,336	1,696	1,937	3,728	1,947	5,610	257,254
Balance as at 31 March 2023	**303,317**	**1,779**	**1,908**	**3,476**	**-**	**8,253**	**318,733**

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 have undergone a fair value assessment as at 31 March 2023 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 review placed the value of the distribution assets (excluding land and buildings) within a range of $278.1m and $307.4m. The Group has adopted the mid-point of this valuation being $292.7m representing a revaluation gain of $59.7m.

The key assumptions in the valuation are the discount rate of 6.35% (2021: 4.78%), the regulatory weighted-average cost of capital (WACC) rate (average of 6.39%, 2021: average of 5.68%) and the terminal RAB multiple of 1.2x (2021: 1.0x). The impact of a change in these key assumptions is disclosed below.

Assumption	Movement	Adjusted Network Valuation	Impact
Discount Rate	-0.50%	$305.4m	+$12.7m
	0.50%	$273.3m	-$19.4m
Regulatory WACC rate	-0.50%	$274.7m	-$18.0m
	0.50%	$310.6m	+$17.9m
Terminal RAB	-0.1x	$277.4m	-$15.3m
	+0.1x	$312.3m	+$19.6m

P

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

	2023 $000	2022 $000
Capitalised borrowing costs	**103**	71
Average interest rate	**3.2%**	3.2%

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 2023 (31 March 2022: $Nil).

6 INVESTMENT PROPERTY

Investment property includes completed freehold land and buildings, freehold development land and buildings under development comprising independent living units and common facilities, provided for use by residents under the terms of the ORA. Investment properties are held for long-term yields.

Investment properties are initially recognised at cost. After initial recognition, investment properties are measured at fair value. Gains or losses arising from a change in the fair value of investment properties are recognised in profit or loss.

Investment Property	Note	**2023 $000**	2022 $000
Balance at beginning of period		**-**	-
Acquisition of business	15	**132,778**	-
Additions		**807**	-
Disposals		**-**	-
Change in fair value		**(809)**	-
Total investment property		**132,776**	-

A reconciliation between the valuation and the amount recognised on the Consolidated Statement of Financial Position as investment properties is as follows:

	Note	2023 $000	2022 $000
Valuation of operator's interest		**46,132**	-
Refundable occupation right agreements	12	**76,665**	-
Deferred Management Fees	12	**9,989**	-
Total investment property		**132,776**	**-**

Valuation Process

The Group's investment properties has been valued for the year ended 31 March 2023 by independent valuer Eyles McGough Limited, Roger Ganley, Registered Valuer, ANZIV, SPINZ (31 March 2022: N/A), in accordance with the annual requirement. Eyles McGough are registered with the Property Institute of New Zealand, employ registered valuers and have appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

As required by NZ IAS 40 Investment Property, the fair value as determined by Eyles McGough Limited is adjusted for assets and liabilities already recognised in the Statement of Financial Position which are also reflected in the cash flow analysis.

Key assumptions used in determining the fair value and the sensitivity of the valuation to these assumptions are detailed below.

As the fair value of investment properties is determined using inputs that are significant and unobservable, the Group has categorised investment properties as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 Fair Value Measurement.

Significant unobservable inputs

The significant unobservable inputs used in the fair value measurement of the Group's portfolio of completed investment property are the discount rate and the property growth rate.

The following assumptions have been used to determine fair value:

Significant Input	**Description**	**2023**	2022
Discount rate	Pre-tax discount rate	**15.00%**	N/A
Property price growth rate	Anticipated annual property price growth over year 1 of the cash flow period	**0.00%**	N/A
Property price growth rate	Anticipated annual property price growth over the cash flow period 2+ years	**2.50%**	N/A
Stabilised occupancy period		**9.0 years**	N/A

Sensitivities At 31 March 2023	**Adopted value of operator's interest**	**Discount Rate**		**Property Growth Rate**	
		+0.50%	**-0.50%**	**+0.50%**	**-0.50%**
Valuation $NZ000's	46,132				
Difference $NZ000's		(1,700)	1,900	3,300	(3,000)
Difference %		(4%)	4%	7%	(7%)

The stabilised occupancy period is a key driver of the Eyles McGough Limited valuation. A significant increase / (decrease) in the occupancy period would result in a significantly lower/ (higher) fair value measurement.

Current ingoing price, for subsequent resales of ORAs, is a key driver of the Eyles McGough Limited valuation. A significant increase / (decrease) in the ingoing price (as driven by the property growth rates) would result in a significantly higher / (lower) fair value measurement.

There are no comparative significant inputs or sensitivities as the group acquired the investment property as part of a business combination, refer to note 15.

7 GOODWILL AND INTANGIBLE ASSETS

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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.

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 medical customers were reclassified as held for sale.

Gross carrying amount	Software	Goodwill	Easements	Customer lists	Total
	$000	$000	$000	$000	$000
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**
Balance as at 1 April 2022	6,419	9,389	255	4,125	20,188
Additions	2,193	2,417	-	-	4,610
Transfer to assets held for sale	(4,073)	-	-	(4,125)	(8,198)
Disposals	(10)	-	-	-	(10)
Balance as at 31 March 2023	**4,529**	**11,806**	**255**	**-**	**16,590**
Accumulated amortisation and impairment losses					
Balance as at 1 April 2021	(5,149)	(9,389)	(157)	(3,733)	(18,428)
Amortisation expenses	(434)	-	(25)	(1,368)	(1,827)
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)**
Balance as at 1 April 2022	(2,777)	(9,389)	(182)	(3,182)	(15,530)
Amortisation expenses	(747)	-	(18)	(717)	(1,482)
Impairment	-	(2,417)	-	-	(2,417)
Transfer to assets held for sale	701	-	-	3,899	4,600
Disposals	10	-	-	-	10
Balance as at 31 March 2023	**(2,813)**	**(11,806)**	**(200)**	**-**	**(14,819)**
Carrying amounts					
As at 31 March 2022	3,642	-	73	943	4,658
As at 31 March 2023	**1,716**	**-**	**55**	**-**	**1,771**

Impairment

During the year the Group acquired Quail Ridge Country Club Limited and Kerikeri Falls Investments Limited which resulted in Goodwill of $2.4m, refer to note 15 for further details. The cash generating unit ("CGU") to which the goodwill has been assigned has been tested for impairment. The recoverable amount of a CGU is based on it's value in use, which is an income (present value) approach. If the recoverable amount of the CGU is less its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Electra has performed impairment testing on subsidiary business operations and has recognised the following impairment losses because the recoverable amount determined does not exceed the carrying value of the CGU.

	2023	2022
	$000	$000
Kerikeri Falls Investments Limited	(2,417)	-
Impairment loss reported	**(2,417)**	-

E

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

Assets held for sale

In 2022, the Board decided to sell the security monitoring portion of Electra Services. This business remains as held for sale as at 31 March 2023. In March 2023, the Board made the decision to sell the entire Electra Services Limited business. As such all assets owned by Electra Services have been reclassified as held for sale including the purchased customer lists, associated goodwill recognised on previous purchases and alarm inventory, refer to note 28 for further detail.

8 RECEIVABLES AND PREPAYMENTS

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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.

	2023	2022
	$000	$000
Trade receivables	**4,712**	4,188
Other receivables and accruals	**848**	4,977
Prepayments	**543**	522
	6,103	9,687
Less allowance for credit losses	**(422)**	(190)
	5,681	9,497

The Group's exposure to credit risk and impairment losses related to trade receivables are disclosed in Note 20: Financial Risk Management.

9 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.

	2023	2022
	$000	$000
Finance receivables	**289**	3,612
Less provision for unearned interest	**-**	-
Total	**289**	3,612
Allowance expected credit losses	**-**	-
Total finance receivables	**289**	3,612
Due for repayment		
Current	**-**	3,612
Non-current	**289**	-
Total	**289**	3,612

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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.

10 INVENTORIES AND WORK IN PROGRESS

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Inventories are valued on the basis of the lower of cost and net realisable value. Cost is determined on the basis of weighted average purchase price. 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.

	2023 $000	2022 $000
Inventory - Finished goods	**205**	196
Inventory - Work in progress	**617**	370
	822	566

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

11 TRADE AND OTHER PAYABLES

P

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

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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.

	2023 $000	2022 $000
Trade payables	**4,194**	3,294
Other payables	**1,542**	1,105
Accurals	**429**	246
Liabiliities in respect of employee entitlements	**1,408**	1,339
	7,573	5,984

Judgement has been exercised in calculating estimates for retiring gratuities.

12 REFUNDABLE OCCUPATION RIGHT AGREEMENTS

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Occupation right agreements (ORAs) confer the right to occupy a independent living unit and are considered leases under NZ IFRS 16 Leases.

A new resident is charged a refundable security deposit on being issued the right to occupy one of the Group's units, which is refunded to the resident subject to a new ORA for the unit being issued to an incoming resident, net of any amount owing to the Group. The Group has a legal right to off set any amounts owing to the Group by a resident against that resident's security deposit. Such amounts include management fees, rest home and hospital fees, service fees and village fees. As the refundable occupation right is repayable to the resident upon vacating the unit (subject to a new ORA for the unit being issued to an incoming resident), the fair value is equal to the face value, being the amount that can be refunded.

The occupational right agreements issued in the initial stages of the village included the right to a proportion of the capital gain or loss arising on resale. The amount of the capital gain that is owing to residents in relation to these agreements is recognised within the refundable occupational right agreements liability. Subsequent to the intial stages of the village development, the ORAs no longer include capital gain sharing with residents.

A resident is charged a village contribution fee in consideration for the right to occupy one of the Group's units and to share and use common facilities.

The village contribution is calcluated as a percentage of the occupation right agreement amount and accrues daily at a rate of 10% per annum for a maximum of three years from the commencement date of the ORA based on the terms of the ORA.

The village contribution is payable by the resident on termination of the ORA. Village contributions are recognised as deferred management fees, note 1.

The deferred management fee represents the difference between the management fees receivable under the ORA and the portion of the management fee accrued which is recognised on a straight-line basis over the longer of the term specified in a resident's ORA or the average expected occupancy of 9 years (2022: N/A).

The management fee recognised in the Consolidated Statement of Comprehensive Income represents income earned in line with the average expected.

Refundable occupational rights agreements	2023 $000	2022 $000
Refundable occupation licence payments (including capital gain share)	**95,283**	-
Less: Management fee receivable (per contract)	**(18,628)**	-
	76,655	-
Reconcilation of Management Fees Recognised Under NZ IFRS and Per ORA		
Management fee receivable (per contract)	**(18,628)**	-
Deferred management fee	**9,989**	-
Management fee receivable (per NZ IFRS)	**(8,639)**	-
Deferred management fee		
Current	**1,110**	-
Non-Current	**8,879**	-
Total	**9,989**	-

13 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.

	2023	2022
	$000	$000
Number of shares		
Balance at beginning of year	**24,465**	24,465
Shares issued during the year	**-**	-
Balance at end of year	**24,465**	24,465
Fully paid ordinary shares	**$000**	$000
Balance at beginning of year	**18,000**	18,000
Shares issued during the year	**-**	-
Balance at end of year	**18,000**	18,000

14 DIVIDENDS

	2023	2022
	$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 2022.

A fully imputed net dividend of $330,000 payable to the Electra Trust was declared on 12 May 2023 in respect of the financial year end of 31 March 2023.

15 BUSINESS COMBINATIONS

On 24 February 2023, the Group acquired the remaining 50.1% share of Quail Ridge Country Club Limited ("QRCC") and Kerikeri Falls Investments Limited ("KKFI"). QRCC provides retirement village facilities and KKFI constructs dwellings and develops infrastructure for QRCC.

The Group purchased the remaining shares in QRCC and KKFI for consideration of $1 each. The assets and liabilities recognised as a result of the acquisition are as folllows:

	2023
Quail Ridge Country Club Limited	**$000**
Cash and cash equivalents	**68**
Investment property	**132,778**
Trade and other receivables	**2,482**
Deferred tax asset	**1,807**
Other assets	**206**
Refundable occupation right agreements	**(76,982)**
Deferred management fees	**(9,877)**
Trade and other payables	**(521)**
Loans	**(28,548)**
Other financial liabilities	**(4,731)**
Lease liabilities	**(33)**
Net identifable assets acquired	**16,649**
Cash consideration	**-**
Acquisition date fair value of interest in acquiree	**(9,651)**
(Goodwill)/Gain on Bargain Purchase	**6,998**

Kerikeri Falls Investments Limited	2023 $000
Cash and cash equivalents	**40**
Trade and other receivables	**4**
Deferred tax asset	**80**
Other assets	**535**
Trade and other payables	**(2,765)**
Lease liabilities	**(225)**
Contract liabilities	**(86)**
Net identifiable assets acquired	**(2,417)**
Cash consideration	**-**
Acquisition date fair value of interest in acquiree	**-**
(Goodwill)/Gain on Bargain Purchase	**(2,417)**

The acquired businesses contributed revenue of $0.3m and net profit after tax of $0.0m to the Group for the period from 24 February 2023 to 31 March 2023. If the businesses were acquired by the Group at 1 April 2022, they could have contributed $3.8 million of revenue and $1.6 million of net profit after tax.

No material contingent liabilities were noted during the due diligence process or since acquisition. Should any future contingent liabilities arise, they will be disclosed in future Group Financial Statements.

The acquisition of the remaining shares in QRCC & KKFI have been accounted for as business combinations in accordance with NZ IFRS 3 - Business Combinations. The assets and liabilities of the acquired businesses have been recognised as at the date of settlement and the operating results have been consolidated from that point forward.

On the acquisition date, the Group revalued its equity interest in the acquiree to fair value. This resulted in $6.7m gain recognised as a result of remeasuring the equity interest in the acquirees to fair value. This gain is recognised as revaluation of equity interest in joint ventures prior to acquisition in the Statement of Comprehensive Income.

16 COMMITMENTS

Capital commitments

At balance date, there was $3.50m commitments contracted for and approved by the Group (2022:$1.08m)

	2023 $000	2022 $000
Distribution network	**1,893**	878
Intangible assets	**-**	202
Investment property	**1,511**	-
Other property, plant and equipment	**100**	-
	3,504	1,080

All capital commitment expenditure will be incurred when the work is completed (estimated to be over the next 12 months).

17 LEASES

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

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

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

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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.

	Land buildings & improvement	Vehicles	Other plant & equipment	Total
Right of use assets	$000	$000	$000	$000
Opening net book value 1 April 2021	3,623	356	20	3,999
Additions / Remeasurements	229	805	60	1,094
Disposals	-	-	-	-
Depreciation for the period	(340)	(247)	(30)	(617)
Carrying amount 31 March 2022	**3,512**	**914**	**50**	**4,476**
Additions/Remeasurements	145	-	-	145
Acquisition in Business Combination	-	-	167	167
Disposals	(141)	-	-	(141)
Depreciation for the period	(351)	(300)	(31)	(682)
Balance as at 31 March 2023	**3,165**	**614**	**186**	**3,965**
Cost	4,409	1,261	580	6,250
Accumulated Depreciation	(1,244)	(647)	(394)	(2,285)
Balance as at 31 March 2023	**3,165**	**614**	**186**	**3,965**

	Minimum lease payments	Interest	Present value
Lease liability maturity analysis	$000	$000	$000
Within 1 year	932	299	633
1 - 5 years	2,522	909	1,613
Beyond 5 years	2,740	540	2,200
Total	**6,194**	**1,748**	**4,446**
Current Portion			**633**
Non-current Portion			**3,813**
Total			**4,446**

Lease expense included in profit and loss	
Short term leases (less than 12 months)	85
Low value assets	-
Interest on leases included in interest expense	339
Total cash outflow in relation to leases	1,032

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.

18 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.

19 STATEMENT OF CASH FLOWS

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

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

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

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

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

	2023	2022
	$000	$000
Reported profit / (loss) after tax	**5,296**	110
Adjustments for non cash items:		
Depreciation and amortisation	**15,816**	15,880
Doubtful debt provision movement	**232**	62
Bad debts written off and bad debts provision	**542**	-
Gain / (loss) on sale of investment	**-**	1,273
Revaluation of equity interest in joint ventures prior to acquisition	**(6,681)**	-
Change in fair value of investment property	**809**	-
Loss on fair value of financial liabilities	**2,021**	-
Goodwill impairment	**2,417**	-
Gain on bargain purchase	**(6,998)**	-
Impairment of equity receivable	**3,336**	-
Non-cash revenue from assets transferred to the Group	**(3,517)**	(2,355)
Stock obsolescence	**480**	45
Share of profit in joint ventures	**273**	(2,132)
IRFS - 16 Interest (Lease)	**-**	364
Fixed Assets write-off	**1,537**	497
Interest - others	**(142)**	(447)
Deferred Management Fees	**(211)**	-
Tax expense recognised in profit or loss (including from discontinued operations)	**34**	(511)
Finance Receivable & Interest Accrued	**-**	(1,221)
Movements in working capital:		
Increase / (decrease) in accounts payable and other provisions	**621**	933
(Increase) / decrease in trade receivables	**(653)**	33
(Increase) / decrease in finance receivables	**-**	1,985
(Increase) / decrease in inventory and work in progress	**(259)**	441
Income taxes paid	**(379)**	(371)
Net cash inflow from operating activities	**14,574**	14,586

20 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 its 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 2023 $000**	**Impairment 2023 $000**	Gross 2022 $000	Impairment 2022 $000
Not past due	**3,578**	**-**	3,096	-
Past due 0 - 30 days	**127**	**-**	135	-
Past due 31 - 60 days	**17**	**-**	9	-
Past due more than 60 days	**990**	**(422)**	948	(190)
Total trade receivables	**4,712**	**(422)**	4,188	(190)

No interest is charged on trade receivables outstanding.

Movement in impairment allowance for expected credit losses	**2023 $000**	2022 $000
Balance at beginning of year	**(190)**	(201)
Amount charged to the Statement of Comprehensive Income	**(232)**	-
Provisions reversed	**-**	11
	(422)	(190)

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

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

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

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

2023

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

2022

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, Senior Trust Retirement Village Income Generator Limited 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 2023

	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		4,985	4,985	-	-
Term deposits held as cash and cash equivalents	5.20	2,000	2,000	-	-
Trade and other receivables		5,138	5,138	-	-
Finance receivables		289	-	-	289
Total financial assets measured at amortised cost		**12,412**	**12,123**	**-**	**289**
Financial assets measured at fair value through profit or loss					
Investments		2,650	-	-	2,650
Total financial assets measured at fair value through profit or loss		**2,650**	**-**	**-**	**2,650**
Financial liabilities					
Trade and other payables		7,573	7,573	-	-
Debt finance	2.84-10.75	102,850	153	26,697	76,000
Refundable occupation right agreements		76,655	76,655	-	-
Other financials liabilities*		2,080	-	-	2,080
Total financial liabilities at amortised cost		**189,158**	**84,381**	**26,697**	**78,080**

* Other financial liabilities consists of a preference share liability in Quail Ridge Country Club Limited to former shareholders of the entity. These financial liabilities were measured at fair value plus or minus transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, these financial liabilites have been subsequently measured at amortised cost.

Movement in interest rates	1% Increase	1% Decrease
Impact on profit and loss from a 1% increase/decrease in interest rates	(895)	895

As at 31 March 2022

	Int Rate %	Total $000	0-12 mths $000	1-2 years $000	>2 years $000
Financial assets					
Cash and cash equivalents		8,008	8,008	-	-
Term deposits held as cash and cah equivalents	2.01	5,000	5,000	-	-
Trade and other receivables		8,975	8,975	-	-
Finance receivables		3,612	3,612	-	-
Total financial assets at amortised cost		**25,596**	**25,596**	**-**	**-**
Financial assets measured at fair value through profit or loss					
Investments		2,650	-	-	2,650
Total financial assets measured at fair value through profit or loss		**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 financial liabilities		-	-	-	-
Total financial liabilities at amortised cost		**82,096**	**6,096**	**-**	**76,000**

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 $125m (USD), a short-term working capital facility with ANZ of $6m (NZD) and a loan facility acquired during the year with Senior Trust Retirement Village Income Generator Limited of $27m (NZD). The Senior Trust facility security is limited to Quail Ridge's assets. 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, $0m from ANZ and $26.7m from Senior Trust (2022: $76m from Pricoa, $0m from ANZ and $0m from Senior Trust).

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

Senior Trust Loan - Fixed Interest

Date Issues	Facility Limit NZD	Interest rate	Date of maturity
01/04/2021	$27m	10.75%	26/01/2025

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 2023	Int Rate %	Total $000	On call $000	0-12 months $000	1-2 years $000	>2 years $000
Financial assets						
Cash and cash equivalents		4,985	4,985	-	-	-
Term deposits held as cash and cash equivalents	5.20	2,000	-	2,000	-	-
Trade and other receivables		5,138	-	5,138	-	-
Investments		2,650	-	-	-	2,650
Finance receivables		289	-	-	-	289
Total financial assets		**15,062**	**4,985**	**7,138**	**-**	**2,939**
Financial liabilities						
Trade and other payables		7,573	-	7,573	-	-
Debt finance	2.84 - 10.75	102,850	-	153	26,697	76,000
Refundable occupation right agreements		76,655	-	76,655	-	-
Other financial liabilities		2,080	-	-	-	2,080
Total financial liabilities		**189,158**	**-**	**84,381**	**26,697**	**78,080**
As at 31 March 2022						
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		**28,245**	**8,008**	**17,587**	**-**	**2,650**
Financial liabilities						
Trade and other payables		5,984	-	5,984	-	-
Debt finance	1.49 - 3.58	76,112	-	112	-	76,000
Other financial liabilities		-	-	-	-	-
Total financial liabilities		**82,096**	**-**	**6,096**	**-**	**76,000**

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% (2022: 50%) of total assets.

The Group is subject to capital requirements imposed by lenders through covenants on the Pricoa private placement notes, ANZ working capital facility and Senior Trust loan agreement. All covenants have been met for the year ended 31 March 2023 and 31 March 2022.

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 indirectly (i.e. derived from prices)

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.

21 INVESTMENTS

Investments measured at fair value through profit or loss	Current		Non Current	
	2023 $000	2022 $000	**2023 $000**	2022 $000
Investment in Pulse Energy Alliance Partnership	**-**	-	**2,546**	2,546
Other investments	**-**	-	104	104
Total investments measured at fair value through profit or loss	**-**	-	**2,650**	2,650

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 (2022: nil). There was no revaluation of the Group's investment in Pulse Energy Alliance Limited Partnership for the year ended 31 March 2023 (2022: $Nil).

The Group also holds a 6.8% investment in Linax Limited, a local sustainable footwear company. The Group does not have significant influence over Linax Limited. There were no distributions of profits received from this investment in the year (2022: nil). During the year the Group has not revalued its investment in Linax Limited (2022: $64,000).

22 INVESTMENT IN JOINT VENTURES AND ASSOCIATES

The following table shows the summary of joint venture and associate values as at 31 March 2023.

Investment	Opening Equity	Group Share of Profit for the Year	Dividends and sale proceeds received	Revaluation of equity interest in joint ventures prior to acquisition	Consideration in business combination (refer note 15)	Year-end Equity
Quail Ridge Country Club Limited	2,470	(340)	-	7,521	(9,651)	-
Kerikeri Falls Investments Limited	707	133	-	(840)	-	-
Horowhenua Developments Limited	1,518	(66)	-	-	-	1,452
Total	**4,695**	**(273)**	**-**	**6,681**	**(9,651)**	**1,452**

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

Connect 8 Limited

On 31 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 $500,000 was received as part of the sale process.

	2023 $000	2022 $000
Opening carrying value of investment in Connect 8	-	12,232
Share of profits from joint venture	-	(395)
Net dividends received	-	(500)
Sale Proceeds	-	(10,000)
Loss on disposal	-	(1,337)
Carrying value of investment in Connect 8	**-**	-
Balance Sheet information for Connect 8:		
Current assets	-	20,392
Non-current assets	-	20,311
Total assets	**-**	40,703
Current liabilities	-	(9,620)
Non-current liabilities	-	(15,224)
Total liabilities	**-**	(24,844)
Equity	**-**	15,859
Equity accounted earnings comprise		
Revenues - 100%	-	23,338
Profits / (losses) from continuing operations - 100%	-	(790)
Profits / (losses) from continuing operations - Group's share	-	(395)

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

Quail Ridge Country Club Limited

The Group held a 49.9% shareholding in Quail Ridge Country Club Limited, a business involved in the operation of Quail Ridge retirement village. On 24 February 2023, the Group acquired the remaining 50.1% of shares in Quail Ridge Country Club for consideration of $1, refer note 15. There were no distributions of profits received from this investment prior to acquisition. The original purchase price for Quail Ridge was made up of a cash payment for $4.5m, and further shareholder loans. A purchase price washup of $4.04m was due to Electra in accordance with the Sale and Purchase Agreement, upon acquisition this has been subsequently converted to ordinary shares in Quail Ridge Country Club.

	2023 $000	2022 $000
Opening carrying value of investment in Quail Ridge Country Club Limited	**2,470**	43
Amount converted to equity from finance receivables	**-**	1,640
Related party receivable movement	**-**	(203)
Share of profits from joint venture	**(340)**	990
Revaluation of equity interest in joint ventures prior to acquisition	**7,521**	-
Carrying value of investment in Quail Ridge Country Club Limited prior to acquisition (refer note 15)	**9,651**	2,470
Balance Sheet information for Quail Ridge Country Club Limited:		
Current assets	**119**	87
Non-current assets	**137,771**	111,378
Total assets	**137,890**	111,465
Current liabilities	**(90,180)**	(18,382)
Non-current liabilities	**(35,274)**	(89,842)
Total liabilities	**(125,454)**	(108,224)
Equity	**2,559**	3,241
Equity accounted earnings comprise		
Revenues - 100%	**3,710**	2,829
Profits / (losses) from continuing operations - 100%	**(682)**	1,984
Profits / (losses) from continuing operations - Group's share	**(340)**	990

The summarised information for 2023 is up to the point of acquisition.

Kerikeri Falls Investments Limited

The Group held a 49.9% shareholding in Kerikeri Falls Investments, a business involved in the construction of the retirement village operated by Quail Ridge Country Club Limited. On 24 February 2023, the Group acquired the remaining 50.1% of shares in Kerikeri Falls Investments Limited for consideration of $1, refer note 15. There were no distributions of profits received from this investment prior to acquisition. After the initial investment, interim shareholder loans were provided in the previous years which have been converted to preference shares as part of the aquisition of Kerikeri Falls Investments Ltd and Quail Ridge Country Club Limited, refer to note 9 & 24.

	2023 $000	2022 $000
Opening carrying value of investment in Kerikeri Falls Investment Limited	**707**	619
Share of profits from joint venture	**133**	88
Revaluation of equity interest in joint ventures prior to acquisition	**(840)**	-
Carrying value of investment in Kerikeri Falls Investments Limited prior to acquisition (refer note 15)	**-**	707
Balance Sheet information for Kerikeri Falls Investments Limited:		
Current assets	**5,460**	5,870
Non-current assets	**1,268**	1,534
Total assets	**6,728**	7,404
Current liabilities	**(8,397)**	(9,221)
Non-current liabilities	**(94)**	(211)
Total liabilities	**(8,491)**	(9,432)
Equity	**(1,763)**	(2,028)
Equity accounted earnings comprise		
Revenues - 100%	**12,224**	13,772
Profits from continuing operations - 100%	**265**	178
Profits from continuing operations - Group's share	**133**	88

The summarised information for 2023 is up to the point of acquisition.

Horowhenua Developments Limited

The Group holds a 25% shareholding in Horowhenua Developments Limited, a business which is involved in land development within the Horowhenua and Kapiti Coast. There were no distributions of profits received from this investment in the year (2022: $750,000).

	2023 $000	2022 $000
Opening carrying value of investment in Horowhenua Developments Limited	**1,518**	819
Share of profits from associate	**(66)**	1,449
Net dividends received	**-**	(750)
Carrying value of investment in Horowhenua Developments Limited	**1,452**	1,518
Balance Sheet information for Horowhenua Developments Limited:		
Current assets	**736**	5,529
Non-current assets	**3,626**	-
Total assets	**4,362**	5,529
Current liabilities	**(353)**	(1,065)
Non-current liabilities	**-**	-
Total liabilities	**(353)**	(1,065)
Equity	**4,009**	4,463
Equity accounted earnings comprise		
Revenues - 100%	**20**	12,298
Profits / (losses) from continuing operations - 100%	**(262)**	5,794
Profits / (losses) from continuing operations - Group's share	**(66)**	1,449

23 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	2023	2022
Electra DNZ Limited	Non Trading	Subsidiary	100.0%	100.0%
Electra Finance Limited	Non Trading	Subsidiary	100.0%	100.0%
Electra Generation Limited	Non Trading	Subsidiary	100.0%	100.0%
Electra Services Limited	Alarm Monitoring	Subsidiary	100.0%	100.0%
Horowhenua Wind Energy Limited	Non Trading	Subsidiary	100.0%	100.0%
Kerikeri Falls Investments Limited	Building Company for Quail Ridge	Subsidiary	100.0%	49.9%
Quail Ridge Country Club Limited	Retirement Village Operations	Subsidiary	100.0%	49.9%
Pulse Energy Alliance Limited Partnership	Electricity Retailing	Investment	4.0%	4.0%
Linax Limited	Consumer Goods	Investment	6.8%	6.8%
Horowhenua Developments Limited	Property Development	Associate	25.0%	25.0%

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

On 24 February 2023, the Group acquired the remaining 50.1% share of Quail Ridge Country Club Limited (“QRCC”) and Kerikeri Falls Investments Limited (“KKFI”). Refer to note 15 for more details.

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

24 TRANSACTIONS WITH RELATED PARTIES

The following transactions occured with related parties:	**2023 $000**	2022 $000
Quail Ridge Country Club Limited (transactions & balances prior to acquisition)		
Transactions		
Interest income	**22**	60
Directors fees	**33**	36
Alarm monitoring revenue	**77**	70
Balances		
Equity receivable*	**700**	4,036
Loans	**2,091**	-
Kerikeri Falls Investments Limited (transactions & balances prior to acquisition)		
Transactions		
Interest income	**359**	359
Balances		
Loans	**3,971**	3,612
Horowhenua Developments Limited		
Transactions		
Contracting revenue	**-**	540
Other related parties		
Transactions		
Short-term employment arrangements with close family members of key management personnel	**22**	22
Consulting expenses with Armstrong Business Services	**40**	-

* During the financial year, $4.0m of equity receivable was impaired by $3.3m based on the expected credit loss prior to acquisition of Quail Ridge Country Club Limited.

25 KEY MANAGEMENT PERSONNEL

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

	2023 $000	2022 $000
Short-term employee benefits	**1,831**	1,894
Defined contribution plans	**95**	76
	1,926	1,970

Directors are appointed by our shareholder, Electra Trust. They are appointed as directors of Electra Limited, and all subsidiaries listed in Note 23 excluding Quail Ridge Country Club Limited and Kerikeri Falls Investments Limited. Directors' fees are paid by Electra Limited to the directors, as the directors of the Group. Total fees paid were $310,806 (2022: $334,544). There are no separate fees paid to these directors in respect of Electra Services Limited. Directors' fees paid to the directors of Quail Ridge Country Club Limited and Kerikeri Falls Investments Limited after Electra's acquisition were $21,160 (2022: N/A).

26 SUBSEQUENT EVENTS

A net dividend of $330,000 was paid to the Electra Trust on 12 May 2023 in respect of the financial year end 31 March 2023.

There have been no other events subsequent to 31 March 2023 that materially impact on the results reported.

27 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

The Group aims to maintain consolidated shareholders' funds at not less than 50% of consolidated total assets. This target was not met in 2023 due to the acquisition of Quail Ridge Country Club Limited and Kerikeri Falls Investments Limited.

	Actual	Target
Consolidated shareholders funds to total assets percentage	46%	>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 2023. Actual SAIDI was above target for the year, due to storm events that occurred in May and June 2022.

	Actual	Target
Minutes per year (SAIDI)	102.0	83.0
Times per year (SAIFI)	1.35	1.66

2) Profit Targets

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

	Actual	Target
Group Net Profit after Tax	$5.3m	($2.2m)
Subsidiaries & Investments Net Profit / (Loss) after Tax	$0.7m	($1.6m)
Group Return on Equity (post discount & tax)	3.0%	-1.3%
Group Return on Equity (pre discount & tax)	5.8%	1.1%

3) Revenue Targets

In 2023 there was a change in the pricing methodology which set the discount relative to an estimate of volume. The actual volume, adjusted for those eligible for the discount, was lower than estimated at the time the pricing methodology was set. This resulted in the discount payment being lower than target.

	Actual	Target
Price Discount	$4.7m	$5.1m
Number of Customer Connection Points	46,333	>46,600
Median price discount (excl GST) per customer connection point	$102	$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)	2	0

28 ASSETS HELD FOR SALE

Current and non-current assets held for sale	**2023 $000**	2022 $000
Carrying Value of Security Customers	**1,462**	1,462
Carrying Value of Medical Customers	**3,599**	-
Other Property, Plant & Equipment	**1,746**	-
Goodwill associated with the Security Customers	**649**	649
Total non-current assets held for sale	**7,456**	2,111
Inventory	**28**	513
Total current assets held for sale	**28**	513

In 2022, the Board decided to sell the security monitoring portion of Electra Services. Assets previously 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. During the current year, the Board expanded the sale offering to include the entire Electra Services business which includes both security and medical customers. As such all purchased customer lists, associated goodwill recognised on the purchase of security alarm monitoring businesses and alarm monitoring inventory owned by Electra Services have been reclassified as held for sale.

The Group has determined that the fair value less cost to sell the investment exceeds the carrying amount of the disposal group. Therefore no gain or loss was 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 2023

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 45 to 72, that comprise the consolidated statement of financial position as at 31 March 2023, 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 72.

In our opinion:

- the financial statements of the Group:
    - present fairly, in all material respects:
        - its financial position as at 31 March 2023; 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 2023.

Our audit was completed on 15 June 2023. 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.

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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 based on 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;

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- 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 3 to 42 and pages 77 and 78 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
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	$86,635
S R Armstrong	$43,318
C C Dyhrberg	$43,318
S A Houston	$43,318
M C Underhill	$43,318
J E Nichols	$25,630
M I D Gribben	$25,269
	$310,806

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 24 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-2023**	Year ended 31-Mar-2022
$100,000 - $110,000	15	16
$110,001 - $120,000	17	9
$120,001 - $130,000	9	12
$130,001 - $140,000	8	6
$140,001 - $150,000	8	7
$150,001 - $160,000	4	5
$160,001 - $170,000	5	-
$170,001 - $180,000	-	1
$180,001 - $190,000	-	1
$190,001 - $200,000	2	1
$200,001 - $210,000	1	1
$220,001 - $230,000	2	-
$230,001 - $240,000	-	1
$250,001 - $260,000	2	1
$290,001 - $300,000	1	-
$350,001 - $360,000	-	1
$480,001 - $490,000	1	-
$490,001 - $500,000	-	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.

Donations
During the year the Group made donations of Nil (2022: Nil).

DIRECTORY

Directors
Electra Limited

S A Mitchell-Jenkins, (Chair), BBS, FCA, CMinstD
C C Dyhrberg, BCom, LLB, MInstD
M C Underhill, BE(elect), MCom(Hons), DistFEngNZ, MInstD
S R Armstrong, BCA, MBA, CA
S A Houston
J E Nichols, FCA, CMInstD — Resigned 3/11/22
M I D Gribben, BA(Hons), MBA, CFInstD — Resigned 3/11/22

Executive

N P Simmonds (CE – Electra Group), JP, MBA, BE, FEngNZ
D Selby (CFO - Electra Group) BCom, CA, MInstD
R M Cranshaw (GM - People and Culture)
D M Andrews (COO - 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)
M Grover (GM - Information Technology)

Electra Trust Trustees

S M Crosbie (Chairperson), CNZM, OBE
L R Burnell, QSM
B J Duffy, ONZM, JP
R G Longuet, BE (Elec)
N F Mackay, BCA
J L Yeoman, BBS, ACA, FCG

Registered office

Electra Limited
Cnr Exeter & Bristol Sts
Levin

Postal Address

PO Box 244 Levin
Telephone 0800 353 2872

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 28 July 2023 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

15 June 2023

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 & Bristol Streets, PO Box 244, Levin 5540.

Registered office

Electra Limited
Cnr Exeter & Bristol Sts,
LEVIN

Postal address

P O Box 244, LEVIN
Telephone 0800 353 2872