



# WAITAKI POWER TRUST

## ANNUAL REPORT

For the year ended 31 March 2022



# 2022 ANNUAL REPORT

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## DIRECTORY

### TRUSTEES:

John Clements (Chairman)  
Dr Helen Brookes (to May 2021)  
Doreen Cleave  
Herbert Tonkin  
John Webster  
Lichelle Guyan (from July 2021)

### SECRETARY:

Faye Ormandy

### SOLICITORS:

Berry & Co  
Eden Street  
Oamaru

### BANKERS:

ANZ  
The Octagon  
Dunedin 9054

### AUDITORS:

Nathan Wylie  
PricewaterhouseCoopers  
Dunedin

### WEBSITE:

[www.waitakipowertrust.co.nz](http://www.waitakipowertrust.co.nz)

## 2022 REVIEW

### OWNERSHIP REVIEW

Under the Trust Deed, the Trustees must review the type of organisation consumers/beneficiaries consider best suited to hold the shares in Network Waitaki by consulting with them under the terms and conditions of the share ownership review set out in the Waitaki Power Trust Deed.

The Ownership Review took place over the period July 2021 – October 2021. Reports were obtained from our Board of Directors and from Deloitte highlighting the pros and cons of different ownership structures. These reports were made available to our consumers who were able to make submissions as part of the consultative process. One hundred and ninety-nine submissions were received. All but one of these submissions were in favour of remaining a Consumer Owned Trust whereby the Trustees hold the shares of Network Waitaki Ltd on behalf of the consumers. Three consumers spoke to their submissions at the Open Meeting explaining why they felt it was important Network Waitaki remained with its current ownership structure and outlined the benefits of Consumer Owned Trusts.

The final part of the consultative process was simple when such a resounding message from our consumers was received, and we will continue as a Consumer Owned Trust.

It is worth remembering that under the Trust Deed of Waitaki Power Trust, a Trustee is:

- always acting in the best interests of the consumer/beneficiaries of the Trust and never from self-interest;
- ensuring that the benefits of trustee ownership of the shares in the Company are returned to Network Waitaki consumers in their capacity as beneficiaries;
- encouraging Network Waitaki to be a successful business while minimising risk to the Trust Fund;

### BENEFITS OF TRUST OWNERSHIP

Each year the Trust agrees the objectives of Network Waitaki with the Board through the setting of a Statement of Corporate Intent (SCI). The SCI seeks to achieve a balance between financial performance of the business and to make an appropriate return on investment to fund the required growth and replacement of the network, ensure reliability of supply and the return of benefits to consumers.

Network Waitaki strives to strengthen a positive connection and engagement with the community and one way of achieving this through the annual community sponsorship programme. This year we have been delighted to see \$120,000 allocated to 45 local groups ranging from areas of community health care, maintenance/upgrading sports facilities, disability, the arts and education as well as initiatives focused on public safety and energy efficiencies. The important corporate sponsorship of the Otago Rescue Helicopter of \$25,000 per annum continues until 2023.

Network Waitaki, with the full support of the Waitaki Power Trust, confirmed naming rights sponsorship of the new Network Waitaki Event Centre. This is a 10-year sponsorship arrangement, and we are proud to support an initiative that will bring many benefits to Oamaru and the wider Waitaki district.

They continue to offer opportunities such as career expos, the gateway programme, apprenticeships, and scholarships to pupils from local schools. There are currently eleven apprentices and one graduate engineer working in the business. These initiatives assist building capability required for the future workforce.

Discounts on electricity bills continue to be one of the more substantial ways in which we share the benefit of trust ownership and this year \$1.0m of discounts were distributed to our connected customers. As in previous years, eligibility of a discount and the amount paid meet certain criteria which are set out in NWL's Discount Methodology and are available from NWL's website.

Network Waitaki in conjunction with the Waitaki District Libraries launched the Healthy Home Toolbox in March 2022. The kit includes tools to measure air temperature and moisture levels, find heat loss due to poor insulation or air leaks, measure water temperature and flow, and check the moisture levels of firewood and the power consumption of appliances. This enables people to check the health and performance of their home, to ensure they are using energy efficiently and to identify areas they can improve. The toolbox is available from libraries across the district and has proved very popular.

Meanwhile, Network Waitaki's line charges have remained consistently competitive with other lines companies, and it continues to provide good service at a reasonable rate.

## Annual Review (continued)

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### APPOINTMENT OF DIRECTORS

In 2021 there were three applications for directorships on the Network Waitaki Ltd board. As a result of the interviews Tony Wood (Oamaru) and Mike Underhill (Wellington) were both reappointed for a further three-year period. The unsuccessful applicant was also of a very high standard, the Trustees considered whether an extra director could be appointed, however it was decided to keep numbers to the status quo.

The Trustees are very happy with the current performance of the Network Waitaki Board which has a very high standard of directors who participate actively throughout the year. The quality of the board has certainly set a very high standard of governance and there is no doubt that recruiting directors from wider New Zealand and not just within Network Waitaki's distribution area does add real benefit.

However, the Waitaki Power Trustees believe that the chairperson of the board should be resident within Network Waitaki's distribution area. It is therefore important that the Trustees recruit local directors very carefully taking into account the needs of this philosophy.

### VIEW FROM A NEW TRUSTEE

In July, Lichelle Guyan was appointed as Trustee with big shoes to fill after the passing of long-term Trustee and advocate Dr Helen Brookes.

There is more to this role than attending meetings and now is a very interesting time to be part of the electricity industry – even as a Trustee. Trustees are responsible for approving the Company's Statement of Corporate Intent, appointing directors to the Board, amending the company's constitution and assessing the company's performance annually in relation to its objectives. We also have a key role in advocating on behalf of consumer/beneficiaries' best interests.

To do this, it is imperative to be well informed and that has been challenging with conferences being cancelled due to COVID. However, there is plenty of reading material available to gain an overview and there is good knowledge around the Trustee table.

The industry is considering the impacts of climate change, major regulatory reform and locally establishing a New Grid Exit Point from Transpower which will guarantee electricity to the Network for many years to come. This project has been discussed for around 20 years and it is exciting to be here as it progresses.

Trustee elections are held every three years and there is an election in August 2022. It is important for Trustees to have a range of complementary skills and I encourage anyone interested in considering becoming a Trustee to talk with one of us.

### NETWORK WAITAKI'S PERFORMANCE

The performance of Network Waitaki during the year has been remarkable considering the challenges that they have been faced with.

Like every business, COVID-19 continues to impact on the operations of the business, in particular meaning changes to work practices over the course of the year to ensure that people were kept safe, and the lights stayed on. Fortunately, the impact on staff health was not significant and nobody got very sick as a result.

Network Waitaki continues to expand to meet demand and now employs over 84 staff. It also has a focus on offering opportunities for the upskilling of young people in our area – the business currently has 11 trainees and graduates.

The Trust appreciates the continuity of long-term strategic goals which are necessary when dealing with infrastructure that will have a useful life of 50 years or more. In a time where climate change is bringing more challenges to our infrastructure in terms of extreme weather, we are grateful for the field crews who go out in all conditions to keep the power on.

Health and Safety remains a focus for the business, and the identification and management of critical risks is a key part of this. The company did experience one lost time injury (LTI) during the year – unrelated to a critical risk area – which pushed the LTI and TRIFR measures slightly above the SCI targets, although the business compared favourably to industry averages.

The network performed slightly unfavourably to the SCI targets for unplanned (fault) outages owing to a number of high impact faults in the year, although total fault numbers were within 10% of target.

Construction and maintenance programmes progressed well despite the interruptions caused by COVID and the challenges of various operating restrictions, with a particular focus on managing network defects and red tagged poles.

Network capital investment of \$8.3m was completed during the year, including the completion of the \$3.5m Five Forks to Maheno sub transmission line which increases the security of supply to the south-eastern part of the network including Maheno, Herbert, Hampden and Moeraki. A further \$3.1m was invested in property, plant and equipment.

## Annual Review (continued)

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### NETWORK WAITAKI'S PERFORMANCE (continued)

Following a comprehensive technical and economic study, a decision has been made to develop a new transmission Grid Exit Point in the Black Point area to increase capacity and address a long-standing transmission constraint into the region. This significant project is expected to be completed by 2027 and will secure supply into the region for decades to come.

In late 2021, Fire and Emergency New Zealand released their report into the devastating Lake Ōhau fire. The company strongly disagrees with their findings and continues to work through this matter. It is pleasing to see the Ōhau community rebuilding. Network revenue of \$20.9 million (2021: \$21.5 million) outperformed budgets, however, was down on the exceptional result from the previous year, largely due to a very wet summer leading to reduced irrigation demand.

Capital Contributions of \$2.39 million (2021: \$2.07 million) reflect the network's growth and continue to be a major factor in the profitability of the company.

The Contracting business continues to grow and following the addition of an electrical services team and a vegetation management team in the previous year, has a broader scope of services offered and led to increased overall revenue. The Contracting business was also successful in obtaining Approved Contractor status with Aurora Energy and has completed work for them in Dunedin and Central Otago which has seen external revenue rise to \$4.06 million (2021: \$3.64 million) and external revenue now makes up around 40% of Contracting revenue.

## FINANCIAL PERFORMANCE

### Network Waitaki's Performance against the 2022 Statement of Corporate Intent

The key performance measures for the company are set out in the SCI, which include health and safety, financial and network performance targets.

Waitaki Power Trust appreciates the Health and Safety reporting within the Statements of Service Performance. The overall net result was very pleasing when compared to the Statement of Corporate Intent and the staff of Network Waitaki are to be congratulated.

Overall, the company is in a very sound, and positive position to move forward in 2022/2023.

### STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 MARCH 2022

	ACTUAL \$	SCI \$	VARIANCE \$
<b>Statement of Comprehensive Income</b>			
Revenue Excluding Capital Contributions	26,894,977	25,638,686	1,256,291
Capital Contributions	2,389,224	1,618,939	770,285
<b>Total Revenue</b>	<b>29,284,201</b>	<b>27,257,625</b>	<b>2,026,576</b>
Less Expenses Excluding Depreciation	(16,458,632)	(15,529,109)	(929,524)
Less Depreciation	(5,325,419)	(5,218,518)	(106,901)
<b>Net Profit before Discount, Tax and Interest Expense</b>	<b>7,500,150</b>	<b>6,509,999</b>	<b>990,151</b>
Less Interest Income / (Expense)	(78,905)	(107,181)	28,276
Less Discount	(991,290)	(1,000,000)	8,710
<b>Net Profit Before Taxation</b>	<b>6,429,955</b>	<b>5,402,818</b>	<b>1,027,137</b>
Less Taxation	(1,815,713)	(1,512,789)	(302,924)
<b>Net Profit After Discount and Taxation</b>	<b>4,614,242</b>	<b>3,890,029</b>	<b>724,213</b>

#### Comment

Strong revenue was achieved through increased contributions from both the Network and Contracting sides of the company, this has resulted in an increased net profit after taxation, well ahead of SCI target.

### BALANCE SHEET AS AT 31 MARCH 2022

	ACTUAL \$	SCI \$	VARIANCE \$
<b>Shareholders' Equity</b>	<b>107,527,888</b>	<b>105,712,165</b>	<b>1,815,723</b>
Current Assets	11,940,138	5,413,451	6,526,687
Current Liabilities	(4,220,080)	(2,861,184)	1,358,896
Working Capital	7,720,058	2,552,267	5,167,791
Non-Current Assets	118,204,582	121,920,882	(3,716,300)
Non-Current Liabilities	(18,396,752)	(18,760,984)	(364,232)
<b>Total Net Assets</b>	<b>107,527,888</b>	<b>105,712,165</b>	<b>1,815,723</b>

#### Comment

The year ended with higher than expected working capital with an increased cash reserve (up \$4.1million) due to the lower than planned capital investment for the year (down \$5.8million).

### Key Financial Reporting Measures

	ACTUAL	SCI	VARIANCE
NPBT to Shareholder Funds	5.98%	5.11%	0.87%
Net Assets per Share	\$7.68	\$7.55	\$0.13
NPBT Earnings per Share in Cents	45.93	38.59	7.34
Ratio of Shareholders' Funds to Total Assets	82.62%	83.02%	(0.40%)
Rate of Return After Tax on Shareholder Funds	4.29%	3.68%	0.61%

## Annual Review (continued)

### Comments

The majority of the key financial measures were favourable to target due to the increased profit for the year. An increase in Net Assets per share metric is due to the increased cash on hand (due to reduced capital investment) and increased inventory (due to managing supply chain constraints) with no debt held at year end.

## NON-FINANCIAL PERFORMANCE

### Non-Financial Performance Measures

Reliability	ACTUAL	SCI	VARIANCE
SAIDI minutes (unplanned)	75.27	45.0	(30.27)
SAIDI minutes (planned)	91.67	105.0	13.33
<b>SAIDI minutes total</b>	<b>166.94</b>	<b>150.0</b>	<b>(16.94)</b>
SAIFI minutes (unplanned)	1.65	0.80	(0.85)
SAIFI minutes (planned)	0.31	0.40	0.09
<b>SAIFI total</b>	<b>1.96</b>	<b>1.20</b>	<b>(0.76)</b>

### Comments

Whilst our overall reliability statistics for our network were higher than (and unfavourable to) target, this was largely due to several high impact unplanned outages impacting on a greater number of our customers rather than any material increase in the number of fault outages. The favourable result planned for planned outages reflects both the reduced number of major projects undertaken (which contributed to the lower capital investment level) and also our increased focus on planning our works to minimise effects on our customers through the use of generation and live work methods.

### Health and Safety

Lost Time Injury Frequency Rate (LTIFR*)	1.26	1.20	(0.06)
Total Recordable Injury Frequency Rate (TRIFR*)	1.26	2.40	1.14
Public Safety Management System Accreditation (NZS7901)	Achieved	Achieved	-
Review of Critical Risks	4	4	-
WorkWell (Health and Wellbeing) Programme Accreditation	Awaiting Assessment	Bronze	-
SiteSafe Contractor Accreditation	Achieved	Achieved	-

### Comments

The lost time injury rates were slightly above target due to one lost time injury which occurred during the year where a team member suffered a strain injury. That injury carries over to the Total Recordable Injury Frequency Rate which accounts for the same rate, with no other notable recordable injuries leading to a favourable position compared to target.

\* Hours worked used in the calculation of LTIFR and TRIFR is based on actual hours worked for waged employees and estimated as 40 hours per work for salaried employees.



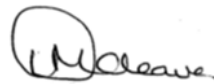
## ACKNOWLEDGEMENTS

As Chairman of the Trust, I would like to thank my fellow Trustees for their input, attention to detail and for always remembering our Consumers.

To the Network Waitaki staff, Directors and Chief Executive a very sincere 'thank you' for the work you do for the Company and our community, and finally we would like to thank Faye Ormandy, our Waitaki Power Trust Secretary for her nineteen years of hard work, dedication and valuable contribution to the Waitaki Power Trust. We welcome Sandra Tonkin to her role as secretary.



.....  
Chairman, John Clements



.....  
Trustee, Doreen Cleave



.....  
Trustee, John Webster



.....  
Trustee, Herbert Tonkin



.....  
Trustee, Lichelle Guyan

# Trustees' Report

## GENERAL DISCLOSURES

The Trustees present their Annual Report together with Audited Financial Statements for the year ended 31 March 2022.

## PRINCIPAL ACTIVITIES

To hold the shares in Network Waitaki Limited for the benefit of the consumers of Network Waitaki Limited.

## REVIEW OF FINANCIAL PERFORMANCE

The Trust had a profit for the year of \$18,054 (loss for 2021 was \$69,897).

## DONATIONS

No donations were made during the 2021 or 2022 years by the Trust; however donations were made by Network Waitaki Limited. Donations made by Network Waitaki Limited amounted to \$142,813 (excluding GST) in 2022 and \$157,386 in 2021.

## REMUNERATION OF TRUSTEES AND DIRECTORS

### Remuneration paid to Trustees:

	Trustee Fees
Dr. Helen Brookes	\$ 3,650
Doreen Cleave	\$16,799
John Clements	\$21,838
Herbert Tonkin	\$16,799
John Webster	\$16,799
Lichelle Guyan	\$12,436
<b>Total Trustees' fees</b>	<b>\$88,321</b>

### Remuneration paid to Directors:

Shareholders authorised total Directors' remuneration of \$257,482 for activities undertaken by Directors on behalf of the company.

	Total Directors' fees paid
Chris Bailey	\$38,239
Michael de Buyzer	\$38,239
Chris Dennison	\$66,287
Jonathan Kay	\$38,239
Mike Underhill	\$38,239
Tony Wood	\$38,239
<b>Total Directors' fees</b>	<b>\$257,482</b>

## EMPLOYEE REMUNERATION

The Companies Act 1993 requires the number of employees receiving remuneration greater than \$100,000 to be disclosed. Details of remuneration ranges for employees of Network Waitaki Limited are:

Remuneration Range	Number of Employees
\$100,000 - \$109,999	8
\$110,000 - \$119,999	8
\$120,000 - \$129,999	3
\$130,000 - \$139,999	3
\$140,000 - \$149,999	1
\$150,000 - \$159,999	3
\$330,000 - \$339,999	1

## EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in this report that has significantly affected or may significantly affect the operation of Network Waitaki Limited, the results of those operations or the state of affairs of Network Waitaki Limited.

## Trustees' Report (continued)

### USE OF TRUST INFORMATION

There were no notices from Trustees of Waitaki Power Trust requesting to use Trust information received in their capacity as Trustees which would not otherwise have been available to them.

### TRUSTEES' AND DIRECTORS' BENEFITS

No Trustee or Director has received, or become entitled to receive, any additional benefit.

### TRUSTEES' AND DIRECTORS' INDEMNITY LIABILITY INSURANCE

A liability insurance cover is in place for Trustees, Directors and Officers.

### SPONSORSHIPS AND DONATIONS

Network Waitaki Limited has supported the community by providing the following sponsorships and donations:

Albion Cricket Club	1,000.00	Oamaru Athletic Marist R.F.C	1,500.00
Awamoa Bowling Club	888.89	Oamaru Blue Light	1,500.00
Awamoa Football Club	2,000.00	Oamaru Combined Churches Christmas Parcels Trust	2,000.00
CCS Disability Action Waitaki	650.00	Oamaru Free Kindergarten Association	1,297.70
Dunroon Home & School	2,000.00	Oamaru Intermediate School	1,445.00
Excelsior Rugby and Associated Sports Club	2,573.99	Oamaru Old Boys Rogby Football Club Inc	2,000.00
Football Waitaki Inc	1,500.00	Oamaru Performing Arts Society	3,000.00
Hampden Community Energy Society Inc	1,800.00	Oamaru Playcentre	3,799.93
Harbour Street Jazz and Blues Festival	4,500.00	Oamaru Rowing Club	2,120.00
Kakanui School	766.61	Oamaru Steam & Rail Restoration Society Inc	1,000.00
Kurou Rugby Football Club (Inc)	2,000.00	Oamaru Whitestone Civic Trust	6,956.52
Lower Waitaki Playcentre	1,000.00	Otago Rescue Helicopter Trust	25,000.00
Maheno Netball Club	2,500.00	Royal New Zealand Plunket Trust	2,000.00
McGeown Taekwondo	500.00	Saints Trampoline Club	2,000.00
North Otago Arts Society	1,862.88	Special Olympics New Zealand	5,000.00
North Otago Basketball Assn	3,500.00	Sport Otago	4,600.00
North Otago Cricket Assn Inc	5,000.00	Tokarahi Golf Club Incorporated	2,545.00
North Otago Harrier & Amateur Athletic Club (Inc)	500.00	UC IEEE Student Branch	400.00
North Otago NZRDA	1,000.00	Union Cricket Club (Oamaru) Inc	1,000.00
North Otago Primary School Music Festival Association	3,700.00	Valley Rugby Football Club Inc	2,000.00
North Otago Recreational Turf Trust	8,000.00	Waitaki Community Recreation Centre	3,000.00
North Otago Rugby Football Union	8,000.00	Waitaki Menzshed	2,500.00
North Otago Sports Bodies	5,000.00	Waitaki Road Safe	1,000.00
North Otago Toy Library Inc	1,000.00	Weston School	2,500.00

The activities of each of these groups help in the promotion of the North Otago Community and the growth of the local economy.

### AUDITORS

The Auditor for the Trust is PricewaterhouseCoopers. In accordance with Section 45 of the Energy Companies Act 1992, PricewaterhouseCoopers, on behalf of the Controller and Auditor-General, is the Auditor of Network Waitaki Limited.

For and on behalf of the Trust,



Chairman  
13 July 2022



Trustee  
13 July 2022

## Comprehensive Income

for the year ended 31 March 2022

	Notes	GROUP 2022 \$	2021 \$	TRUST 2022 \$	2021 \$
Operating revenue	1	29,284,201	29,119,630	-	-
Customer discount		(991,290)	(1,481,696)	-	-
Dividend received		-	-	120,000	-
		<u>28,292,911</u>	<u>27,637,934</u>	<u>120,000</u>	<u>-</u>
<i>Less</i>					
Operating expenses	2	(8,093,379)	(6,496,999)	(153,580)	(124,643)
Transmission		(4,231,177)	(4,082,500)	-	-
Employee costs		(4,287,062)	(3,759,949)	-	-
Depreciation, amortisation and impairment	3	(5,326,039)	(5,014,548)	(620)	-
Operating profit		<u>6,355,254</u>	<u>8,283,938</u>	<u>(34,200)</u>	<u>(124,643)</u>
Finance income		9,879	118,041	52,254	54,746
Finance costs		(37,124)	(41,618)	-	-
Finance income net		<u>(27,245)</u>	<u>76,423</u>	<u>52,254</u>	<u>54,746</u>
Profit before tax		6,328,009	8,360,361	18,054	(69,897)
Taxation	18	1,815,713	(2,180,705)	-	-
		<u>4,512,296</u>	<u>6,179,656</u>	<u>18,054</u>	<u>(69,897)</u>
<b>Net profit/(loss) for the year</b>		<u>4,512,296</u>	<u>6,179,656</u>	<u>18,054</u>	<u>(69,897)</u>
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income/(loss)</b>		<u>4,512,296</u>	<u>6,179,656</u>	<u>18,054</u>	<u>(69,897)</u>

## Changes in Equity

for the year ended 31 March 2022

GROUP	Trust Equity	Retained Earnings	Total Equity
Balance at 1 April 2020	14,500,100	83,588,737	98,088,837
Profit for the year, being total comprehensive income	-	6,179,656	6,179,656
Balance at 31 March 2021	<u>14,500,100</u>	<u>89,768,393</u>	<u>104,268,493</u>
Balance at 1 April 2021	14,500,100	89,768,393	104,268,493
Profit for the year, being total comprehensive income	-	4,512,296	4,512,296
Balance at 31 March 2022	<u>14,500,100</u>	<u>94,280,689</u>	<u>108,780,789</u>
TRUST	Trust Equity	Retained Earnings	Total Equity
Balance at 1 April 2020	14,500,100	804,644	15,304,744
Loss for the year, being total comprehensive loss	-	(69,897)	(69,897)
Balance at 31 March 2021	<u>14,500,100</u>	<u>734,747</u>	<u>15,234,847</u>
Balance at 1 April 2021	14,500,100	734,747	15,234,847
Profit for the year, being total comprehensive profit	-	18,054	18,054
Balance at 31 March 2022	<u>14,500,100</u>	<u>752,801</u>	<u>15,252,901</u>

*These financial statements should be read in conjunction with the attached notes.*

# Financial Position

as at 31 March 2022

	Notes	GROUP		TRUST	
		2022 \$	2021 \$	2022 \$	2021 \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	14	6,155,658	9,602,566	28,686	65,761
Short term deposits		70,000	30,000	70,000	30,000
Trade and other receivables	5	3,246,343	3,215,064	10,982	5,278
Inventories	6	2,546,655	2,008,970	-	-
Work in progress		31,150	190,409	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>12,049,806</b>	<b>15,047,009</b>	<b>109,668</b>	<b>101,039</b>
<b>NON-CURRENT ASSETS</b>					
Investments	9	-	-	14,000,000	14,000,000
Loan to Network Waitaki Limited	10	-	-	1,150,000	1,150,000
Property, plant and equipment	11	117,181,171	110,759,673	10,487	-
Right-of-use assets	12	692,104	890,230	-	-
Intangible assets	13	341,794	452,425	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>118,215,069</b>	<b>112,102,328</b>	<b>15,160,487</b>	<b>15,150,000</b>
<b>TOTAL ASSETS</b>		<b>130,264,875</b>	<b>127,149,337</b>	<b>15,270,155</b>	<b>15,251,039</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	7	3,179,068	4,011,615	17,254	16,192
Employee entitlements	8	706,893	688,144	-	-
Lease liabilities	12	191,959	191,960	-	-
Tax payable		159,415	1,406,507	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,237,335</b>	<b>6,298,226</b>	<b>17,254</b>	<b>16,192</b>
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	12	549,155	741,113	-	-
Deferred tax	18	16,697,597	15,841,505	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>17,246,752</b>	<b>16,582,618</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>21,484,087</b>	<b>22,880,844</b>	<b>17,254</b>	<b>16,192</b>
<b>EQUITY</b>					
Trust equity	15	14,500,100	14,500,100	14,500,100	14,500,100
Retained earnings	16	94,280,689	89,768,393	752,801	734,747
<b>TOTAL EQUITY</b>		<b>108,780,789</b>	<b>104,268,493</b>	<b>15,252,901</b>	<b>15,234,847</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>130,264,875</b>	<b>127,149,337</b>	<b>15,270,155</b>	<b>15,251,039</b>

For and on behalf of the Trust,



Chairman  
13 July 2022



Trustee  
13 July 2022

*These financial statements should be read in conjunction with the attached notes.*

# Cash Flows

for the year ended 31 March 2022

	Notes	GROUP 2022 \$	2021 \$	TRUST 2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash was provided from:</i>					
Receipts from customers		28,267,336	27,787,651	-	-
Interest received		9,528	120,128	51,903	56,834
Dividend received		-	-	120,000	-
		<u>28,276,864</u>	<u>27,907,779</u>	<u>171,903</u>	<u>56,834</u>
<i>Cash was disbursed to:</i>					
Payments to suppliers and employees		(16,599,814)	(14,352,515)	(154,701)	(116,714)
Income tax (paid)/received		(2,206,712)	(959,350)	-	-
Interest paid		(37,124)	(41,618)	-	-
Net GST (paid)/received		350,828	(131,558)	(3,170)	(5,254)
		<u>(18,492,820)</u>	<u>(15,485,041)</u>	<u>(157,871)</u>	<u>(121,968)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	4	9,784,044	12,422,738	14,033	(65,134)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash was provided from:</i>					
Transfer from term deposits		30,000	8,065,000	30,000	115,000
		<u>30,000</u>	<u>8,065,000</u>	<u>30,000</u>	<u>115,000</u>
<i>Cash was applied to:</i>					
Transfer to term deposits		(70,000)	(30,000)	(70,000)	(30,000)
Purchase of property, plant and equipment		(12,998,993)	(10,881,234)	(11,108)	-
		<u>(13,068,993)</u>	<u>(10,911,234)</u>	<u>(81,108)</u>	<u>(30,000)</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u>(13,038,993)</u>	<u>(2,846,234)</u>	<u>(51,108)</u>	<u>85,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash was applied to:</i>					
Principal elements of lease liabilities		(191,959)	(183,538)	-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>(191,959)</u>	<u>(183,538)</u>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		<u>(3,446,907)</u>	<u>9,392,966</u>	<u>(37,074)</u>	<u>19,866</u>
Cash and cash equivalents at beginning of the year		9,602,566	209,600	65,761	45,895
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<u>6,155,658</u>	<u>9,602,566</u>	<u>28,686</u>	<u>65,761</u>

*These financial statements should be read in conjunction with the attached notes.*

# Notes to the Financial Statements

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## REPORTING ENTITY

Waitaki Power Trust (the Trust), and its subsidiary (together the Group) is the owner of an electricity distribution network in North Otago. The Group also undertakes contracting services. The Group's registered office is at 10 Chelmer Street, Oamaru, New Zealand.

The principal function of the Waitaki Power Trust is to hold the shares of Network Waitaki Limited for the benefit of the consumers of Network Waitaki Limited.

## DATE OF APPROVAL

These financial statements have been approved for issue by the Trustees on 7 July 2022.

## BASIS OF PREPARATION

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for profit-orientated entities. The Trust is eligible and has elected to report in accordance with Tier 2 for profit accounting standards NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR) on the basis that the Trust has no public accountability and is not a large for profit public sector entity.

The financial statements have been prepared in accordance with the requirements of Clause 12.5 of the Trust Deed, the Companies Act 1993 and the Energy Companies Act 1992.

The financial statements for the 'Trust' are for the Waitaki Power Trust as a separate legal entity.

The financial statements for the Group are for the economic entity comprising Waitaki Power Trust and its subsidiary.

Waitaki Power Trust's subsidiary, Network Waitaki Limited, is:

- a New Zealand-registered company under the Companies Act 1993;
- an energy company as defined in the Energy Companies Act 1992.

Waitaki Power Trust is a profit-oriented entity for the purpose of complying with NZ IFRS RDR. In adopting NZ IFRS RDR, the Trust has taken a number of disclosure concessions.

The consolidated financial statements are prepared by combining the financial statements of the entities that comprise the consolidated entity, being the parent entity, and its subsidiary as defined in NZ IAS 27 Consolidated and Separate Financial Statements. Reliance for the consolidated figures has been placed on Network Waitaki Limited's audited accounts.

## Subsidiary

The subsidiary is the entity over which the Group has control. The Trust is deemed to have control since it has the ability to appoint or remove members of the Board of Directors of the subsidiary.

The Group financial statements incorporate the financial statements of the entities that comprise the consolidated group, being the Parent, Waitaki Power Trust and its subsidiary, Network Waitaki Limited. Consistent accounting policies are used in preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value 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 value of the identifiable net asset acquired exceeds the cost of acquisition, the deficiency is credited to profit or loss in the period of acquisition.

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

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

## Functional and presentation currency

The Group's financial statements are presented in whole New Zealand dollars, rounded to the nearest dollar, which is the Group's functional and presentation currency.

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

Exchange differences on foreign currency balances are recognised in the Statements of Comprehensive Income in the period that they occur.

## Notes to the Financial Statements (continued)

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### GST

The Waitaki Power Trust was registered for GST effective 1 April 2018. Waitaki Power Trust's financial statements were previously prepared inclusive of GST. The Group's Statements of Comprehensive Income and Statements of Cash Flows were previously prepared so that Parent components were stated inclusive of GST and the Subsidiary's components stated exclusive of GST.

All items in the Statements of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

### Measurement base

The financial statements have been prepared on the historical cost basis and its modification by the revaluation of certain assets, as identified in specific accounting policies below.

Accounting policies adopted and applied ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

### Use of accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS RDR requires management to make certain critical accounting estimates and judgements that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances.

These estimates and judgements form the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying judgements are regularly reviewed. Any changes to estimates are recognised in the period if the change affects that period, or in future periods if it also affects future periods.

In the process of applying the Group's accounting policies, management has made the following estimates and judgements that have had the most significant impact on the amounts recognised in these financial statements:

- Network reticulation assets are depreciated at the rates determined by the Commerce Commission in the Electricity Distribution Services Input. These rates are considered a reasonable estimate of useful lives. Depreciation rates applied are outlined in Note 11
- Lease Liabilities. Key accounting estimates have been applied in respect of the useful life, recoverable amount and incremental borrowing rates applied to the valuation of lease liabilities. These are outlined in Note 12.
- Long service leave entitlements are recognised on a proportional basis as probability of entitlement increases. This is outlined in Note 8.

### New and amended standards adopted by the Group

No new or amended standards have been adopted by the Group during the financial year.



## PERFORMANCE

### 1. OPERATING REVENUE

#### Investment income

- Interest is recognised using the effective interest method.
- Dividends are recognised when the right to receive payment is established.
- Rental income is recognised on an accrual basis, in accordance with the substance of the relevant agreements.

#### Lease income

Revenue from operating leases is recognised on a straight-line basis over the period between rental reviews.

#### Network lines revenue

The Group provides network lines services to customers allowing connection to the wider distribution network. Such services are recognised as a series of distinct goods or services and is recognised as one performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits of the service. Revenue is recognised as the service is being provided using an output method based on the actual delivery services provided on a daily basis.

Pricing is determined annually and retailers are charged based on a published price schedule and quantities delivered. Pricing includes a transmission and distribution charge relating to the operation of the network. Payment is due in respect of the network line service in the month following the service being provided. A receivable is recognised by the Company reflecting the amount owing for services provided.

As the delivery services are a promise to transfer a series of distinct services that are substantially the same, revenue is recognised based on a measure of progress for the single performance obligation that best depicts the transfer of services to the customer. It is therefore appropriate for revenue to be recognised in line with billing, as this best reflects the transfer of value to the customer. Revenue will be recognised over time.

#### Capital contributions revenue

The Group constructs assets and provides related electrical connection services to customers to enable a connection to the wider distribution network. Such contracts are not considered to have an enforceable right to payment for the performance obligation until the connection is complete. This single performance obligation is satisfied at a point in time when the electrical connection work is complete.

Pricing is determined with reference to the time and material associated with a specific contract for electrical work and is based on the level of activity required to enable a connection. Payment is generally based on 50% deposit and the remainder due at the completion of the connection. A contract asset is recognised by the Company reflecting the amount owing for services provided.

As a practical expedient in line with NZ IFRS 15, the Group has not adjusted the promised amount of consideration for any deposit received in respect of electrical contract works for a significant component. This is due to the period between when the Group transfers the electrical work to the customer and when the customer pays for the electrical work being less than one year.

#### Contracting revenue

The Group provides contracting services to a range of customers including the provision of labour to other electricity distribution businesses. Such contracts are not considered to have an enforceable right to payment for the performance obligation until the contracted work is complete. This single performance obligation is satisfied at a point in time when the contracted work is complete.

Pricing is determined with reference to the time and material associated with a specific job. Payment is due in respect of contracting services in the month following the service being provided. A receivable is recognised by the Group reflecting the amount owing for services provided.

#### Metering revenue

Revenue received from the rental of meters is recognised in accordance with the relevant agreements.

# Notes to the Financial Statements (continued)

## 1. OPERATING REVENUE (continued)

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
<i>Operating revenue comprises:</i>				
<b>Revenue recognised over time</b>				
Network lines revenue	20,679,311	21,407,778	-	-
Private network revenue	183,167	44,434	-	-
	<b>20,862,478</b>	<b>21,452,212</b>	-	-
<b>Revenue recognised at a point in time</b>				
Capital contributions	2,389,224	2,075,307	-	-
Contracting	4,057,070	3,639,890	-	-
Fault recoveries	466,700	358,165	-	-
	<b>6,912,994</b>	<b>6,073,362</b>	-	-
<b>Other Revenue</b>				
Metering	423,504	554,106	-	-
Bad debts recovered	653	2,500	-	-
Fibre rent received	425,506	414,109	-	-
Rent received	15,808	20,674	-	-
Loss rental rebate	507,462	530,804	-	-
Other income	135,796	71,863	-	-
	<b>1,508,729</b>	<b>1,594,056</b>	-	-
	<b>29,284,201</b>	<b>29,119,630</b>	-	-

- (i) As at 31 March 2022, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) is \$536,735 (2021 \$414,505), of which 100% will be recognised as revenue during the next reporting period.

## 2. OPERATING EXPENSES

*Operating expenses comprise:*

Operating costs	4,706,598	4,643,273	44,627	35,853
Consumer Asset Costs	838,788	424,516	-	-
Directors' fees	257,482	230,426	-	-
Insurance	553,264	261,738	8,092	4,552
Professional Fees	1,342,565	547,565	5,540	166
Trustee fees	88,321	78,072	88,321	78,072
Donations	142,813	157,386	-	-
Audit fees – PwC	80,900	76,900	7,000	6,000
Audit Disbursements (Financial Statements)-PwC	4,445	6,974	-	-
Taxation Services – Other Firms	11,000	9,150	-	-
Other regulatory audits – PwC	50,811	56,161	-	-
Other regulatory audits –other firms	8,687	4,838	-	-
Bad debts written off	7,705	-	-	-
	<b>8,093,379</b>	<b>6,496,999</b>	<b>153,580</b>	<b>124,643</b>

# Notes to the Financial Statements (continued)

## 3. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
<i>Depreciation of PPE comprises:</i>				
Buildings	108,664	88,417	-	-
Core reticulation network	3,273,345	3,147,824	-	-
Private reticulation network	54,138	14,118	-	-
Meters and relays	575	3,396	-	-
Plant and equipment	973,789	888,735	620	-
Fibre network	182,308	182,308	-	-
Intangibles	154,205	194,080	-	-
Total depreciation of PPE	4,747,024	4,518,878	620	-
Loss on disposal of property, plant and equipment	380,889	297,544	-	-
<b>Total depreciation, amortisation and impairment of PPE</b>	<b>5,127,913</b>	<b>4,816,422</b>	<b>620</b>	<b>-</b>
<i>Depreciation of right-to-use assets comprises:</i>				
Network reticulation system	173,581	173,581	-	-
Plant and equipment	24,545	24,545	-	-
<b>Total depreciation of right-to-use assets</b>	<b>198,126</b>	<b>198,126</b>	<b>-</b>	<b>-</b>
<b>Total depreciation, amortisation and impairment</b>	<b>5,326,039</b>	<b>5,014,548</b>	<b>620</b>	<b>-</b>

## 4. RECONCILIATION OF NET PROFIT WITH CASHFLOW FROM OPERATING ACTIVITIES

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Net profit/(loss) for the year</b>	<b>4,512,296</b>	<b>6,179,656</b>	<b>18,054</b>	<b>(69,897)</b>
<b>Add / (less) non-cash items:</b>				
Depreciation and amortisation	5,326,039	5,014,548	620	-
Deferred taxation	856,092	385,212	-	-
	6,182,131	5,399,760	620	-
<b>Add / (less) movements in working capital items:</b>				
(Increase) / decrease in trade and other receivables	(31,278)	153,165	(5,703)	3,448
(Increase) / decrease in inventories	(537,685)	(74,084)	-	-
(Increase) / decrease in work in progress	159,259	(178,246)	-	-
Increase / (decrease) in tax payable	(1,247,094)	836,144	-	-
Increase / (decrease) in trade and other payables	727,667	(6,473)	1,063	1,315
Increase / (decrease) in employee entitlements	18,749	112,816	-	-
	(910,383)	843,322	(4,640)	4,763
<b>Net cash flows from operating activities:</b>	<b>9,784,044</b>	<b>12,422,738</b>	<b>14,034</b>	<b>(65,134)</b>

## WORKING CAPITAL

### 5. TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in the financial asset policy.

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade receivables	2,714,614	2,553,286	-	-
Loss allowance	(75,007)	(57,045)	-	-
Total receivables	2,639,607	2,496,241	-	-
Other receivables	3,219	344,537	487	36
Prepayments	597,001	370,840	3,979	1,796
GST	6,516	3,446	6,516	3,446
Balance at the end of the year	3,246,343	3,215,064	10,982	5,278
Less non-current trade receivables	-	-	-	-
<b>Current trade and other receivables</b>	<b>3,246,343</b>	<b>3,215,064</b>	<b>10,982</b>	<b>5,278</b>
Trade and other receivables less than 90 days old	3,223,678	3,158,019	10,982	5,278
Trade and other receivables greater than 90 days old	97,672	57,045	-	-
<b>Gross trade and other receivables</b>	<b>3,321,350</b>	<b>3,215,064</b>	<b>10,982</b>	<b>5,278</b>

### 6. INVENTORIES

Inventories are valued at the lower of cost and net realisable value, with additional allowance for obsolescence where necessary. The cost of finished goods comprises direct materials and, where applicable, direct labour and other direct variable costs incurred in order to bring inventories to their present location and condition. Costs are assigned to individual items of inventory on a weighted average cost basis.

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
Stores inventory	2,546,655	2,008,970	-	-

### 7. TRADE AND OTHER PAYABLES

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

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

# Notes to the Financial Statements (continued)

## 7. TRADE AND OTHER PAYABLES (continued)

	GROUP 2022 \$	2021 \$	TRUST 2022 \$	2021 \$
Trade payables	1,763,795	1,491,717	-	-
Accruals	449,969	2,030,822	17,254	16,192
Contract liability - capital contributions	536,735	414,505	-	-
GST payable	428,569	74,571	-	-
<b>Balance at end of year</b>	<b>3,179,068</b>	<b>4,011,615</b>	<b>17,254</b>	<b>16,192</b>

All trade and other payables have a maturity within one year.

	GROUP 2022 \$	2021 \$	TRUST 2022 \$	2021 \$
<b>Contract liability – capital contributions</b>				
Opening balance	414,505	385,917	-	-
Amount of transaction price received for unsatisfied performance obligations	2,511,454	2,103,895	-	-
Revenue recognised from performance obligations satisfied	(2,389,224)	(2,075,307)	-	-
<b>Closing balance</b>	<b>536,735</b>	<b>414,505</b>	<b>-</b>	<b>-</b>

## 8. EMPLOYEE ENTITLEMENTS

### Wages, salaries and annual leave

Employee entitlements to salaries, wages and annual leave are recognised when they accrue to employees.

### Sick and special leave

Employee entitlements to sick and special leave are recognised when taken by employees. A provision is made for the additional amount that the Group expects to pay as a result of unused sick or special leave that has accumulated at balance date.

### Long service leave

Long service leave is not recognised in the first 10 years of service. After 10 years of service, an allowance is made of 1/5 per year towards long service leave entitlement. This allowance is then discounted back to current value. Employees are entitled to long service leave after serving for 15 years.

Annual leave entitlements	661,922	607,972	-	-
Other entitlements	44,971	80,172	-	-
<b>Total employee entitlements</b>	<b>706,893</b>	<b>688,144</b>	<b>-</b>	<b>-</b>

## Non-current Assets

### 9. INVESTMENTS

Subsidiary Entity	Interest Held	Date Started Trading	Balance Date	Principal Activity
Network Waitaki Limited	100%	27 September 1999	31 March	Ownership and operation of a network reticulation system

# Notes to the Financial Statements (continued)

## 9. INVESTMENTS (continued)

### Waitaki Power Trust investment in Network Waitaki Limited

	Shares at cost \$
Opening balance as at 1 April 2020	14,000,000
Movement for the year	-
Closing balance as at 31 March 2021	<u>14,000,000</u>
Opening balance as at 1 April 2021	14,000,000
Movement for the year	-
Closing balance as at 31 March 2022	<u>14,000,000</u>

## 10. ADVANCES TO SUBSIDIARY

### Waitaki Power Trust Advance to Network Waitaki Limited

	\$
Opening balance as at 1 April 2020	1,150,000
Movement for the year	-
Closing balance as at 31 March 2021	1,150,000
Opening balance as at 1 April 2021	1,150,000
Movement for the year	-
Closing balance as at 31 March 2022	1,150,000

## 11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise mainly buildings, land, meters and relays, and office equipment. Buildings, meters and relays purchased prior to the adoption of NZ IFRS, 1 April 2006, are shown at 'deemed cost' less subsequent depreciation and impairment write-down. Land purchased prior to 1 April 2006 is shown at deemed cost.

**Property, plant and equipment** acquired subsequent to the adoption of 'deemed cost', after 1 April 2006, is recorded at the value of the consideration given to acquire the assets, plus the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service, less subsequent depreciation and impairment write-down.

**Network reticulation assets** comprises mainly low voltage, 11kV and 33kV conductor and associated transformers and substations. Reticulation assets are shown at deemed cost less subsequent depreciation and impairment write-down. Reticulation assets are depreciated at the rates provided by the ODV handbook issued by the Commerce Commission in 2004. These rates are considered a reasonable estimate of useful lives.

**Network reticulation assets** acquired subsequent to the adoption of 'deemed cost' are recorded at the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service less subsequent depreciation and impairment write-down.

**Capital contributions** are amortised over 10 years.

**Easements** are recorded at cost. Assets sited on easements will normally be renewed at the end of their economic life in the same location in which they are currently housed. On this basis, the easement itself has an indefinite life. Annually, easements are tested for signs of impairment.

**Contracting Equipment** comprises mainly plant and equipment used in the construction and repair of network reticulation systems. Items are recorded at the value of the consideration given to acquire the assets and the value of

# Notes to the Financial Statements (continued)

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service less subsequent depreciation and impairment write-down.

**Depreciation of Property, Plant and Equipment** is provided on all property, plant and equipment, other than freehold land, at rates that will allocate the assets' cost or valuation, to their residual values, over their estimated lives. All network reticulation system assets and contracting equipment assets are depreciated on a straight line basis; other assets are depreciated using both straight line and diminishing value.

The following depreciation rates have been used:

Item	Depreciation rate
Network reticulation system	1.0% to 10.0%
Fibre network	7.0%
Buildings	1.25% to 13.5%
Meters and relays	14.3% to 20.0%
Plant and equipment	5.0% to 67.0%

Gains and losses on disposal of property, plant and equipment are taken into account in determining the operating result for the year.

### WORK IN PROGRESS

Work in progress is stated at actual direct costs incurred, less non-recoverable amounts.

### IMPAIRMENT

Assets that have an indefinite useful life, for example easements, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### WAITAKI POWER TRUST

	Plant & Equipment	Total
	\$	\$
Additions	11,108	11,108
Disposals	-	-
Charge for the Year	(620)	(620)
<b>At 31 March 2022</b>	<b>10,488</b>	<b>10,488</b>

## Notes to the Financial Statements (continued)

### 11. PROPERTY, PLANT AND EQUIPMENT (continued)

#### GROUP

	Core Reticulation Network	Private Reticulation Network	Land & Buildings	Meters & Relays	Fibre Network	Plant & Equipment	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Gross Carrying Amount</b>							
At 1 April 2020	131,749,653	-	3,943,632	2,595,397	2,604,400	8,144,561	149,037,643
Additions	5,390,786	1,560,214	229,159	-	-	1,789,852	8,970,011
Disposals	(502,186)	-	-	-	-	(161,805)	(663,991)
At 31 March 2021	136,638,253	1,560,214	4,172,791	2,595,397	2,604,400	9,772,608	157,343,663
Additions	10,587,316	986,040	343,263	-	-	1,266,601	13,183,220
Disposals	(815,299)	-	-	-	-	(726,318)	(1,541,617)
Transfers	(239,397)	-	-	-	-	239,397	-
<b>At 31 March 2022</b>	<b>146,170,873</b>	<b>2,546,254</b>	<b>4,516,054</b>	<b>2,595,397</b>	<b>2,604,400</b>	<b>10,552,288</b>	<b>168,985,266</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2020	37,030,733	-	693,008	2,591,426	1,731,262	4,597,791	46,644,220
Charge for the Year	3,147,824	14,118	88,417	3,396	182,308	888,735	4,324,798
Disposals	(245,270)	-	-	-	-	(83,521)	(328,791)
At 31 March 2021	39,933,287	14,118	781,425	2,594,822	1,913,570	5,403,005	50,640,227
Charge for the Year	3,273,346	54,138	108,664	575	182,308	973,788	4,592,819
Disposals	(332,184)	-	-	-	-	(643,467)	(975,651)
Transfers	(160,030)	-	-	-	-	160,030	-
<b>At 31 March 2022</b>	<b>42,714,419</b>	<b>68,256</b>	<b>890,089</b>	<b>2,595,397</b>	<b>2,095,878</b>	<b>5,893,356</b>	<b>54,257,395</b>
<b>Net Book Values</b>							
At 31 March 2021	96,704,966	1,546,096	3,391,366	575	690,830	4,369,603	106,703,436
Work in Progress	3,274,435	181,742	552,013	-	-	48,047	4,056,237
	99,979,401	1,727,838	3,943,379	575	690,830	4,417,650	110,759,673
At 31 March 2022	103,456,454	2,477,998	3,625,965	-	508,522	4,658,932	114,727,871
Work in Progress	1,235,110	885	714,454	-	-	502,851	2,453,300
	<b>104,691,564</b>	<b>2,478,883</b>	<b>4,340,419</b>	<b>-</b>	<b>508,522</b>	<b>5,161,783</b>	<b>117,181,171</b>



## Notes to the Financial Statements (continued)

### 12. LEASES

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally not the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current	191,959	191,960	-	-
Non-current	549,155	741,113	-	-
<b>Total lease liabilities</b>	<b>741,114</b>	<b>933,073</b>	-	-

Interest expenses on these leases totalling \$36,526 (2021: 44,945) is included in finance costs in the income statement.

### RIGHT-OF-USE ASSETS

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs

Right-of-use assets are generally depreciated over the shorter of the assets useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets useful life.

## Notes to the Financial Statements (continued)

### 12. LEASES (continued)

Right-of-use Assets (Group)	Reticulation Network	Plant & Equipment	Total
	\$	\$	\$
<b>Gross Carrying Amount</b>			
1 April 2020	1,228,833	88,549	1,317,382
New Leases	-	-	-
Variable Lease Adjustments	(28,876)	1,838	(27,038)
Terminated Leases	-	-	-
<b>At 31 March 2021</b>	<b>1,199,957</b>	<b>90,387</b>	<b>1,290,344</b>
New Leases	-	-	-
Variable Lease Adjustments	-	-	-
Terminated Leases	-	-	-
<b>At 31 March 2022</b>	<b>1,199,957</b>	<b>90,387</b>	<b>1,290,344</b>
<b>Accumulated Depreciation and Impairment (Group)</b>			
1 April 2020	177,942	24,046	201,988
Charge for the Year	173,581	24,545	198,126
Terminated Leases	-	-	-
<b>At 31 March 2021</b>	<b>351,523</b>	<b>48,591</b>	<b>400,114</b>
Charge for the Year	173,581	24,545	198,126
Terminated Leases	-	-	-
<b>At 31 March 2022</b>	<b>525,104</b>	<b>73,136</b>	<b>598,240</b>
<b>Net Book Values</b>			
At 31 March 2021	848,434	41,796	890,230
<b>At 31 March 2022</b>	<b>674,853</b>	<b>17,251</b>	<b>692,104</b>

The Trust has no right-of-use assets.

### LEASE INCOME

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial indirect costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective lease assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
No later than one year	445,385	424,885	-	-
Later than one year and no later than five years	1,755,472	1,673,472	-	-
Later than five years	3,780,993	4,022,459	-	-
	<b>5,981,850</b>	<b>6,120,816</b>	-	-

## Notes to the Financial Statements (continued)

### 13. INTANGIBLE ASSETS

Intangible assets consist solely of computer software, which is recorded at the value of the consideration given to acquire the assets plus the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Amortisation of intangible assets is provided for at rates that will allocate the assets' cost or valuation, to their residual values, over their estimated lives. All intangible assets are amortised on a straight-line basis.

Intangible assets are carried at cost less accumulated amortisation.

The following amortisation rates have been used:

<i>Item</i>	<i>Depreciation Rate</i>
Computer Software	15% to 40%

<b>GROUP</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Purchased Software</b>		
<b>Gross Carrying Amount</b>		
Opening Balance	1,662,204	1,470,469
Additions	205,550	191,735
Disposals	(454,253)	-
<b>Closing Balance</b>	<b>1,413,501</b>	<b>1,662,204</b>
<b>Accumulated Amortisation and Impairment</b>		
Opening Balance	1,371,756	1,177,676
Charge for Year	154,205	194,080
Disposals	(454,254)	-
<b>Closing Balance</b>	<b>1,071,707</b>	<b>1,371,756</b>
<b>Net Book Value</b>	<b>341,794</b>	<b>290,448</b>
Work in Progress	-	161,977
<b>Carrying Amount</b>	<b>341,794</b>	<b>452,425</b>

The Trust has no intangible assets.

## Net debt and equity

### 14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Foreign currency bank account balances are revalued to NZD at spot rate as at balance date.

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
NZD bank account	6,155,658	2,897,778	28,686	40,761
USD bank account	-	679,788	-	-
Term deposits (less than 90 days)	-	6,025,000	-	25,000
<b>Closing Balance</b>	<b>6,155,658</b>	<b>9,602,566</b>	<b>28,686</b>	<b>65,761</b>

All term deposits and bank accounts are interest bearing, except for the USD bank account.

#### Short term deposits

Short term deposits comprise cash deposits held with financial institutions with a maturity greater than three months and less than twelve months. Interest income is recognised using the effective interest method.

#### Financial assets

##### Classification

The only financial instruments that the Group has are loans, receivables and available for sale investment in subsidiary.

##### Amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Recognition and measurement

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

##### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, trade receivables and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group writes off a financial asset where there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or in the case of trade receivables when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries are recognised in the statement of comprehensive income.

# Notes to the Financial Statements (continued)

## Borrowings

Borrowings are initially measured at fair value plus transaction costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statements of Comprehensive Income over the period of the borrowings, using the effective interest method.

## Borrowing costs

Borrowing costs for assets are capitalised when the construction period for qualifying assets is greater than nine months. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the current borrowing from financial markets.

## 15. TRUST EQUITY

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
Fully paid-up trust equity	14,500,100	14,500,100	14,500,100	14,500,100

This is the Trust's equity and not that of Network Waitaki Limited.

## 16. RETAINED EARNINGS

Balance at beginning of the year	89,768,393	83,588,737	734,747	804,644
Net surplus / (deficit) for the year	4,512,296	6,179,656	18,054	(69,897)
<b>Balance at the end of the year</b>	<b>94,280,689</b>	<b>89,768,393</b>	<b>752,801</b>	<b>734,747</b>

## Capital risk management

The Group's objective when managing capital, which comprises share capital plus retained earnings, is to safeguard the ability to continue as a going concern and to provide acceptable returns to shareholders.

The Group is not subject to any externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of discount paid to consumers.

## Financial risk management

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates relevant financial risks and acts to manage these risks, where possible, within the parameters set out by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and credit risk.

### Market risk

#### (i) Foreign exchange risk

The Group's revenue is entirely denominated in New Zealand dollars and it has limited currency exposure in the foreseeable future. The Group may from time to time purchase assets denominated in foreign currency. Board approval is required for foreign currency-denominated contracts valued above a specified threshold, together with a recommendation on the manner in which the foreign currency exposure is to be managed, which may include the use of foreign exchange contracts.

#### (ii) Cash flow and fair value interest rate risk

The Group has no interest rate risk arising from long term borrowings. Board approval is required for borrowings, together with a recommendation on the manner in which the interest rate risk is to be managed.

## Credit risk for the subsidiary

Credit risk is managed by the Group under policy approved by the board. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions. Investments with approved counter parties are limited to a term of no more than 24 months. The company will diversify its investments, where it is economic to do so with no more than \$3 million or 25% of current investments, whichever is greater, in any one institution. Credit risk associated with trade receivables is limited through electricity retailer invoicing for line and metering charges rather than individual consumer invoicing for line and metering charges. Credit risk is also limited in trade receivables by the requirement of a 50% deposit of the total cost of new connections before work is started. Credit risk for contracting activities are assessed on a per contract basis.

## Credit risk for the Trust

For banks, only the ANZ Banking Group (New Zealand) Limited, Bank of New Zealand, National Australia Bank (NZ) Limited, The National Bank of New Zealand Limited, Westpac Banking Corporation, any member of Trust Bank group or any other bank listed in the register of registered banks referred to in Section 69 of the Reserve Bank of New Zealand Act 1989 are acceptable.

For other investments, only the shares or other equity securities or debt securities of Network Waitaki Limited or its successor company, or the stock, funds or other securities of the New Zealand Government are acceptable.

## Liquidity risk

Liquidity risk management has the objective of maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities to meet the short and long-term commitments of the Group as they arise in an orderly manner. Management monitors rolling forecasts of the Group's liquidity requirements on the basis of expected cash flow. The Board of Directors approves all new borrowing facilities for Network Waitaki Limited. Trustee approval is required for all new borrowing related to the Parent.

Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest-bearing call accounts and term deposits.

Note 17 analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period, at the statements of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analyses if their contractual maturities are essential for an understanding of timing of cash flows. The amounts disclosed in the table are contractual undiscounted cash flows.

## Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value for any financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

## 17. ANALYSES OF FINANCIAL LIABILITIES

	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>GROUP</b>				
<i>At 31 March 2021</i>				
Trade and Other Payables	4,011,615	-	-	-
Employee Entitlements	688,144	-	-	-
<i>At 31 March 2022</i>				
Trade and Other Payable	3,179,068	-	-	-
Employee Entitlements	706,893	-	-	-
<b>TRUST</b>				
<i>At 31 March 2021</i>				
Trade and Other Payables	16,192	-	-	-
<i>At 31 March 2022</i>				
Trade and Other Payable	17,255	-	-	-

## Other

### 18. INCOME TAX

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

**Current tax** is the amount of income tax payable on the taxable profit from the current year, plus any adjustments to income tax payable in respect of the prior year. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

**Deferred tax** is the amount of income tax payable or receivable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on the temporary difference arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Tax expense for period made up of:</b>				
Income tax expense	959,621	1,795,493	-	-
Deferred taxation expense	856,092	385,212	-	-
	<b>1,815,713</b>	<b>2,180,705</b>	-	-
Operating surplus before income tax	6,429,955	8,360,361	18,054	(69,897)
Prima facie taxation	1,806,345	2,337,406	5,958	(23,066)
<i>Movement in income tax due to:-</i>				
Non-deferred tax differences				
Non-deductible expenses	5,694	4,659	-	-
Prior period adjustment	9,632	(184,426)	-	-
Trust loss not recognised	(5,958)	23,066	(5,958)	23,066
	<b>15,326</b>	<b>(156,701)</b>	<b>(5,958)</b>	<b>23,066</b>
<b>Tax Expense</b>	<b>1,815,713</b>	<b>2,180,705</b>	-	-
Deferred tax movements				
Capital contributions	(85,426)	(64,428)	-	-
Prior period adjustments	(3,060)	276,712	-	-
Depreciation	(790,523)	(618,878)	-	-
Other	22,917	21,382	-	-
	<b>(856,092)</b>	<b>(385,212)</b>	-	-
<b>Current income tax expense</b>	<b>959,621</b>	<b>1,795,493</b>	-	-

#### GROUP DEFERRED TAX

##### Deferred Tax Liability

	Depreciation	Other	Total
Opening Balance as at 1 April 2020	13,186,075	2,270,218	15,456,293
Change in the Year	342,166	43,046	385,212
Closing Balance as at 31 March 2021	13,528,241	2,313,264	15,841,505
Opening Balance as at 1 April 2021	13,528,241	2,313,264	15,841,505
Change in the Year	793,583	62,509	856,092
<b>Closing Balance as at 31 March 2022</b>	<b>14,321,824</b>	<b>2,375,773</b>	<b>16,697,597</b>

Waitaki Power Trust tax loss carried forward for 2022 is \$1,101,456 (2021: \$1,119,510).

## Notes to the Financial Statements (continued)

### 19. RELATED PARTY TRANSACTIONS

#### *Payments from Waitaki Power Trust to Network Waitaki Limited*

The loan is interest only, with no maturity date; however, the Waitaki Power Trust has agreed to give Network Waitaki Ltd a minimum of 12 months' notice of the requirement to make any repayment of the advance outstanding or part thereof. Interest payable from the Borrower to the Lender on the balance of the loan outstanding is calculated at an interest rate equivalent to the prescribed rate for Fringe Benefit Tax

Loan Outstanding at Balance Date	1,150,000
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#### *Payments from Network Waitaki Limited to Waitaki Power Trust*

Interest	51,750
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#### *Payments from Network Waitaki Limited to A.J. Wood Chartered Accountants Limited*

A.J. Wood Chartered Accountants Ltd is related to Network Waitaki Limited through its director, Tony Wood, who is a shareholder and director of A. J. Wood Chartered Accountants Ltd.

Directors Fees	38,239
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#### *Payments from Network Waitaki Limited to Berry & Co*

Berry & Co is related to Network Waitaki Limited through its director, Michael de Buyzer, who is partner of Berry & Co.

Purchase of goods and services	5,774
Payable balance as at 31 March 2022	1,036
Unbilled Fees	5,100

#### *Payments from Network Waitaki Limited to Clements Electrical Limited*

Clements Electrical Limited is related to Network Waitaki Limited through John Clements being a trustee of the Waitaki Power Trust and being a shareholder of Clements Electrical Limited.

Contracting services	50,995
Payments outstanding at balance date – trade payables	1,637

#### *Payments from Clements Electrical to Network Waitaki Limited*

Clements Electrical Limited is related to Network Waitaki Limited through John Clements being a trustee of the Waitaki Power Trust and being a shareholder of Clements Electrical Limited.

Contracting services	2,681
Payments outstanding at balance date – trade receivables	-

#### *Payments from Network Waitaki Limited to Lone Wolf Enterprises Limited*

Lone Wolf Enterprises Limited is related to Network Waitaki Limited through its director, Jonathan Kay, who is a shareholder and director of Lone Wolf Enterprises Limited.

Directors Fees	38,239
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#### *Payments from Network Waitaki Limited to Original Performance Solutions Limited*

Original Performance Solutions Limited is related to Network Waitaki Limited through its director, Chris Bailey, who is a shareholder and director of Original Performance Solutions Limited.

Directors Fees	38,239
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## Notes to the Financial Statements (continued)

### 19. RELATED PARTY TRANSACTIONS (continued)

#### *Payments from Network Waitaki Limited to Whitestone Contracting Limited*

Whitestone Contracting Limited is related to Network Waitaki Limited through:

- its Director, Michael de Buyzer, who was Chairman and a Director of Whitestone Contracting Limited until 1 January 2022
- its Director, Jonathan Kay, who is a Director of Whitestone Contracting Ltd since 1 January 2022

Purchase of goods and services	682,190
Payables Balance as at 31 March 2022	151,976

#### *Payments from Network Waitaki Limited to key management personnel*

Payments to key management personnel are made in accordance with employment agreements.

Employee Costs	1,275,814
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### 20. CAPITAL COMMITMENTS

	GROUP		TRUST	
	2022	2021	2022	2021
	\$	\$	\$	\$
Network assets	578,558	879,883	-	-
Non-network assets	1,159,558	1,144,430	-	-
<b>Total</b>	<b>1,738,116</b>	<b>2,024,313</b>	<b>-</b>	<b>-</b>

### 21. CONTINGENT LIABILITIES

On 4 October 2020 a fire started in the Lake Ohau area. The fire spread over 5,000 hectares of land and destroyed 48 homes and buildings. The Insurance Council has estimated the cost of the fire was approximately \$35 million. In November 2021, Fire and Emergency New Zealand released a Wildfire Investigation Report into the origin and cause of the fire. They found the fire was accidentally caused by an electrical short circuit on a power pole on the company's network. The company disputes Fire and Emergency's findings. Given no claims have been received, and the company disputes the findings, no provision for claims is included in the financial statements at 31 March 2022.

Also on 4 October 2020, a vegetation fire occurred in McKenzie Road, Livingstone which spread over 948 hectares of land. Fire and Emergency New Zealand have concluded that the fire was most likely caused by a tree falling on and breaking 11kV conductors on the company's network. The damaged conductors then ignited vegetation. The company agrees with these conclusions. A nearby landowner has indicated they will claim against the company for the damage they suffered due to the fire. The landowner estimates this claim to be \$6.5 million. The company disputes liability to this landowner. To date, no claim has been filed in Court. Given no claims have been filed, and the company disputes the findings within the landowner's claim, no provision for claims is included in the financial statements at 31 March 2022.



## Independent auditor's report

To the Trustees of Waitaki Power Trust

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### Our opinion

In our opinion, the accompanying financial statements of Waitaki Power Trust (the Trust), including its subsidiary (the Group), present fairly, in all material respects, the financial position of the Group and the Trust as at 31 March 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

### What we have audited

The Group's and Trust's financial statements comprise:

- the financial position as at 31 March 2022;
- the comprehensive income for the year then ended;
- the changes in equity for the year then ended;
- the cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

### Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of compliance with the Electricity Distribution (Information Disclosure) Requirements 2012. The provision of this other service has not impaired our independence as auditor of the Group.

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### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.



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### **Responsibilities of the Trustees for the financial statements**

The Trustees are responsible, on behalf of the Trust, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

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### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, 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 is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/>

This description forms part of our auditor's report.

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### **Who we report to**

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

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The engagement partner on the audit resulting in this independent auditor's report is Nathan Wylie.

For and on behalf of:

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants  
13 July 2022

Dunedin