WAIPA NETWORKS TRUST

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2022

INDEX

DIRECTORY

ADDRESS:	Waipa Networks Trust P O Box 34 Te Awamutu	
TRUSTEES:	Mr C T Sanders	(Chairman)
	Mrs S Matthews	(Deputy Chairman)
	Mr R Milner	(Trustee)
	Mr M Gower	(Trustee)
	Mrs J Bannon	(Trustee)
	Mr D McLean	(Trustee)
SECRETARY/ TREASURER:	K Heeringa PO Box 34 Te Awamutu	
BANKERS:	Westpac Alexandra Street Te Awamutu	
SOLICITORS:	Henry Brandt-Giesen KensingtonSwan Auckland	
ACCOUNTANTS:	gfa Chartered Accountants Ltd 242 Bank Street Te Awamutu	
AUDITORS:	Audit New Zealand	

APPROVAL OF FINANCIAL REPORT

The Trustees are pleased to present the approved financial report including the historical financial statements of Waipa Networks Trust for the year ended 31 March 2022.

APPROVED
For and on behalf of the Trustees

Craig Sanders
____
C T Sanders
Trustee
Dated: 11 August 2022

SJMatthews
____
S J Matthews
Trustee
Dated: 11 August 2022

WAIPA NETWORKS TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Group		Parent	
		2022	2021	2022	2021
		$	$	$	$
Revenue	2	42,121,775	38,350,814	-	-
Less Discounts		5,461,755	5,747,845	-	-
Net Revenue		36,660,020	32,602,969	-	-
Operating Expenses	3	27,648,038	25,221,551	287,272	213,219
Profit from Operations		9,011,982	7,381,418	(287,272)	(213,219)
Net Gain (Loss) on investments		(908,659)	-	-	-
Investment Income		1,220	3,026,805	143,665	153,917
Net Gain / (Loss) on Disposal of Assets		4,352	80,272	-	-
Profit / (Loss) before Interest and Tax		8,108,896	10,488,495	(143,606)	(59,302)
Finance Costs	20	52,330	811,360	1,004	-
Share of Net Profit / (Loss) of Subsidiary *		-	-	7,132,478	36,181,263
Gain on disposal of associates	18	740,516	29,141,052		-
Profit / (Loss) before Tax		8,797,082	38,818,188	6,987,868	36,121,961
Less Tax Expense	4	1,809,214	2,696,227	-	-
Profit/(Loss) for the year		6,987,868	36,121,961	6,987,868	36,121,961
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		6,987,868	36,121,961	6,987,868	36,121,961

STATEMENT OF MOVEMENTS IN EQUITY
AS AT 31 MARCH 2022

		Group		Parent	
		2022	2021	2022	2021
		$	$	$	$
Trust Capital		100	100	100	100
Retained Earnings *		178,038,153	141,916,192	178,038,153	141,916,192
Equity as at 1 April		178,038,253	141,916,292	178,038,253	141,916,292
Profit / (Loss) for the Year		6,987,868	36,121,961	6,987,868	36,121,961
Other Comprehensive Income for the Year		-	-	-	-
Total comprehensive Income for the Year		6,987,868	36,121,961	6,987,868	36,121,961
Trust Capital	6	100	100	100	100
Retained Earnings*	7	185,026,021	178,038,153	185,026,021	178,038,153
Equity as at 31 March		185,026,121	178,038,253	185,026,121	178,038,253

The accompanying notes form part of these financial statements.

WAIPA NETWORKS TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	Group		Parent	
		2022	2021	2022	2021
		$	$	$	$
ASSETS					
Property, Plant and Equipment	**15**	148,858,830	137,583,653	1,445	240
Right of use assets	**16**	151,991	174,234	-	-
Intangible Assets	**17**	7,177,327	5,382,513	-	-
Prepayments		265,267	274,972	-	-
Loans to Shareholders	**18**	-	-	-	-
Investment in Waipa Networks Ltd	**18**	-	-	182,086,686	174,954,208
Loan to Waipa Networks Ltd		-	-	3,000,000	3,051,819
TOTAL NON CURRENT ASSETS		156,453,415	143,415,372	185,088,131	178,006,267
Cash and Cash equivalents	**8**	1,393,818	1,708,680	62,363	76,833
Investments	**22**	65,363,746	66,272,406	-	-
Trade and other receivables	**10**	4,415,127	4,478,588	-	-
Income tax receivable		585,908	-	-	-
Inventories	**11**	2,283,248	1,733,561	-	-
TOTAL CURRENT ASSETS		74,041,847	74,193,235	62,363	76,833
TOTAL ASSETS		230,495,262	217,608,607	185,150,494	178,083,100
EQUITY					
Trust Capital	**6**	100	100	100	100
Retained earnings	**7**	185,026,021	178,038,153	185,026,021	178,038,153
TOTAL EQUITY		185,026,121	178,038,253	185,026,121	178,038,253
LIABILITIES					
Employee Entitlements	**14**	161,133	190,099	-	-
Lease Liabilities		138,219	157,232	-	-
Capital Contributions in Advance	**13**	8,392,603	8,470,747	-	-
Deferred Taxation	**5**	23,306,943	22,894,633	-	-
TOTAL NON CURRENT LIABILITIES		31,998,898	31,712,711	-	-
Trade and Other Payables	**12**	3,483,576	3,527,274	43,586	44,847
Capital Contributions in advance	**13**	5,213,909	3,168,404	-	-
Borrowings	**9**	4,050,000	-	-	-
Lendings		-	-	80,788	-
Lease Liabilities		19,014	17,801	-	-
Derivative Financial Instruments	**22**	-	-	-	-
Employee Entitlements	**14**	703,745	652,832	-	-
Income Tax Payable		-	491,332	-	-
TOTAL CURRENT LIABILITIES		13,470,244	7,857,643	124,374	44,847
TOTAL LIABILITIES		45,469,142	39,570,354	124,374	44,847
TOTAL EQUITY AND LIABILITIES		230,495,262	217,608,607	185,150,494	178,083,100

For and on behalf of the Trustees

Craig Sanders

C T Sanders, Trustee

11/08/2022

Date:

SJMatthews

S J Matthews, Trustee

11/08/2022

Date:

The accompanying notes form part of these financial statements

WAIPA NETWORKS TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Group		Parent	
		2022	2021	2022	2021
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		31,890,174	29,348,640	-	-
Payments to suppliers and employees		(22,483,076)	(21,020,305)	(288,166)	(197,597)
Net GST		248,550	(73,556)	-	-
Cash generated from operations		9,655,648	8,254,779	(288,166)	(197,597)
Interest Received		971	15,917,053	143,665	153,917
Interest paid		(49,734)	(2,238,733)	-	-
Taxes Paid		(2,474,144)	(1,423,925)	-	-
Net Cash Flows from Operating Activities	**21**	7,132,741	20,509,174	(144,501)	(43,680)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of Property, Plant and Equipment		124,414	154,826	-	-
Loan - Waipa Networks Ltd		-	-	131,603	96,103
Capital contributions		6,029,746	5,740,003	-	-
Purchase of Property, Plant and Equipment		(16,106,616)	(9,421,959)	(1,572)	(4,723)
Purchase of intangible assets		(1,888,612)	(837,629)	-	-
Proceeds from sale of investment in associate		361,017	35,020,279	-	-
Proceeds from settlement of loan to associate		-	76,947,296	-	-
Purchase of investments		(1,372,989)	(65,632,516)	-	-
Distribution of investments		1,372,989	522,733	-	-
Net cash flows from investing activities		(11,480,051)	42,493,033	130,031	91,380
CASH FLOW FROM FINANCING ACTIVITIES					
Increase/(decrease) in borrowings		4,050,249	(61,393,897)	-	-
Principal portion of the lease liability		(17,801)	(2,649)	-	-
Net cash flows from financing activities		4,032,448	(61,396,546)	-	-
		-	-		
Net increase (decrease) in cash held		(314,862)	1,605,661	(14,470)	47,700
Cash & cash equivalents at 1 April		1,708,680	103,018	76,833	29,132
Cash & cash equivalents at 31 March		1,393,818	1,708,679	62,363	76,832
CASH BALANCES IN THE FINANCIAL POSITION		1,393,818	1,708,680	62,363	76,833

The accompanying notes form part of these financial statements

WAIPA NETWORKS TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Waipa Networks Trust (the Trust) is a trust established in terms of a trust deed dated 30 April 1993. It is also referred to as the parent.
The group consists of Waipa Networks Trust and its wholly owned subsidiary, Waipa Networks Limited.
The Trust and Group financial statements have been prepared in accordance with the Trust deed and section 46A of the Energy Companies Act 1992 & Trusts Act 2019.

Statement of Compliance

The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The Financial Statements comply with the New Zealand Equivalent to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

Basis of Preparation

The functional and reporting currency used in preparation of the Financial Statements is New Zealand dollars. They are prepared on a historical cost basis. The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated exclusive of GST with the exception of receivables and payables which include GST invoiced.
These Financial Statements have been prepared in accordance with NZ IFRS that are effective or available.
These general purpose financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993.

Purpose of Entity

The object of the Trust is to hold shares in the Waipa Networks Ltd on behalf of the connected consumers. Every 3 years connected consumers (the 27,000 or so customers Waipa Networks delivers power to) vote for up to six members for the trust. The Trust in turn appoints the Company's Directors, who are responsible for the running of the Company.

Covid-19 Impacts

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. At the commencement of the financial year, the country was at Alert Level 1.
During the financial year the country moved through the various Alert Levels 1 – 4. On 22 November the country moved to the Covid-19 Protection Framework "Traffic Light System". As at 31 March 2022 the Group operational region was on "Orange".
During Traffic Light "Red", office based staff worked remotely and field staff worked in "bubbles". At "Orange" most staff have returned to the office and business has continued to operate with minimal disruption. The Trust continued to operate as normal, other than the location of the regular meetings which were required to be held via Zoom during higher alert levels.
In the current environment it is challenging to predict the potential future effects. The Directors believe that any potential negative effects would likely be limited, unless there is a sustained economic downturn, which has been predicted by some economic commentators. In that event, Directors believe the effect on the key elements in the financial statements would be:

1. Network Line revenue. Waipa Networks has a mix of customers that provides diversity however, line services income is 84% variable based on consumption. Directors consider that even in a sustained downturn it is highly unlikely consumption would be down more than 5%.
2. Contracting Sales revenue. The Group has a diverse mix of customers for its contracting services and it is unlikely this will be affected in the 2022/23 financial year as we have not experienced any significant changes since the pandemic was declared. Any negative effect on future income is possible but considered remote.

3. Capital contributions revenue is a function of Network Expansion. A sustained economic downturn would likely impact capital contributions however in the period post lock-down the Group has experienced significant levels of contribution and show no indicators of being disrupted by Covid-19.

1 STATEMENT OF ACCOUNTING POLICIES (Cont)

Critical Accounting Estimates and Adjustments

The preparation of Financial Statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Impairment

The carrying amounts of the Group's assets other than deferred tax assets and inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated, being the greater of the net selling price 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 an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

In accordance with its policy, the Group has made an assessment of indicators that are most relevant to the Group's asset base and the risks of impairment, including whether:

- The network assets are able to meet its service performance expectations
- The Group's operational activities are, and forecast to be, profitable and therefore, financially sustainable. The directors forecast income and cash flows into the medium to long term, and make comparison of budget to actual on regular basis to monitor the Group's financial viability
- The assets are deteriorating faster than the expected useful lives, refer (ii) below.
- The impact of external events indicate specific impairment risks. We specifically considered the impact of Covid-19 and the forecast economic environment and have not determined any impairment risk, refer to the Covid-19 note.

Our assessment did not identify any indicators of material impairment across the property, plant and equipment or intangible assets of the Group, including easements.

(ii) Useful lives of property, plant and equipment

Useful lives are determined on an asset by asset basis and set in the Group's depreciation policies, revisited annually and adjusted if there is evidence that the useful lives are no longer as expected. The policy rates consider the nature of the assets, and the pattern by which the Group will realise value from the assets, their economic use, within the Group's strategic purpose and expected operating activities.

The condition of assets operating to plan, and thus the accuracy of the useful life assumption is monitored by asset inspections, systems and processes to capture information on asset condition (surveying, GIS and SCADA) and having an asset maintenance program in place. KPIs that monitor compliance to program provide reassurance that assets are sufficiently maintained to that the estimate is a materially accurate reflection of their actual lives. The Directors monitor progress against targets of the annual capital and maintenance plans, system reliability and performance targets to help form their judgment on the appropriateness of useful lives estimates.

1 STATEMENT OF ACCOUNTING POLICIES (Cont)

Changes in Accounting Policies

New and amended standards and interpretations.

The following new or amended standards and interpretations effective in the current financial reporting period did not have a material impact on the Group's financial statements:

Covid-19 Related Rent Concessions

Interest rate benchmark reform - Phase 2

There have been no changes in accounting policies. The accounting polices set out below have been applied consistently to all periods presented in these financial statements.

a) Consolidation

Where the Trust has control over an investee, it is classified as a subsidiary. The Trust controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Trust and its subsidiaries (''the Group'') as if they formed a single entity. Inter-entity transactions and balances between group entities are therefore eliminated in full. Associates are entities in which the Trust has significant influence but not control over the operating and financial policies. Investments in associates and subsidiaries are accounted for using the equity method. The investment is initially recognised at cost and adjusted thereafter by the trusts share of the net profit recognised in the income statement.

The investment is initially recognised at cost and adjusted thereafter by the Trust's share of the net profit, recognised in the income statement. The Trust's share of any other gains and losses of associates charged directly to equity is recognised in other comprehensive income. Dividends received from associates are credited to the carrying amount of the investment in associates in the financial statements. Loans to associates are recorded at original investment plus any capitalised interest.

Waipa Networks Trust conducts regular ownership reviews; no less than every five years. Trustees of Waipa Networks Trust make the final decision following any review and ownership control of the Group is unable to change without the majority of Trustees deciding to do so. Changes in ownership or loss of control could affect group performance, voting rights and the ability to direct the activities of the Group including pricing decisions, network performance, customer discounts, network maintenance, community activities and energy efficiency initiatives.

Waipa Networks Trust is able to direct activities of the Group through Director selection and the Statement of Corporate Intent process; where Waipa Networks Trust can direct asset and liability decisions of the Group. There are no significant restrictions on the ability of Waipa Networks Trust ability to direct the activities of the the Group.

1 STATEMENT OF ACCOUNTING POLICIES (Cont)

b) Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Network Line Services
Revenue recognised over time:
The Group's obligation is to provide a single performance obligation of continuous service to which the customer benefits incrementally over time as the service is delivered. The Group invoices its customers (predominately electricity retailers) monthly for electricity delivery services across the region's lines network. No customers have significant payment terms or extended credit

The Group's revenue is predominantly sourced from Electricity Retailers who are invoiced monthly for the delivery services to their connected customers (ICPs) in accordance with standard industry protocols. There are three ICPs who have a direct contractual relationship with the Group for delivery services and those are invoiced direct accordingly. No customers have significant payment terms or extended credit. ICPs have price categories and plans allocated in accordance with the Waipa Networks Limited Pricing Methodology. The majority of services are charged on a cost-recovery model, composed of fixed and volumetric charges. Fixed charges for Residential customers are set at the Low Fixed Charge (LFC) regulated rate and General fixed charges set at twice the LFC rate. Volumetric charges for Residential and General are set at the same rates. Most ICPs have a volumetric price plan based on a single rate regardless of the time of day that electricity is used. In 2016 the Group introduced Advanced Uncontrolled price plans (and later adding Advanced All Inclusive) offering rates dependent in which time period (Peak/Off Peak/Shoulder) electricity was used. All ICP's to move to a form of Advanced pricing from 1 April 2022.

Large low voltage ICPs have the option of a 400V Capacity Contract price plan, where costs are recovered through both a maximum demand charge and volumetric Advanced pricing. The maximum demand charge automatically increases in keeping with any increase in maximum demand from the previous month, however any reduction in maximum demand does not result in reduced charges until that reduced maximum demand has been sustained for a full 12 month period. Large 11kV ICPs are charged on a similar basis as the 400V Capacity Contract ICPs, with the exception of the three direct-billed customers who have individual fixed monthly invoices, reviewed annually.
Revenue comprises amounts received and receivable at balance date for network services supplied to customers in the ordinary course of business, including estimated amounts for accrued sales.

Contracting Sales
Revenue recognised over time:
Contracting sales include charges to retailers for ongoing service arrangements. Revenue is recognised over time by reference to completion of the actual service provided as a proportion of the total services to be provided.
Revenue recognised at a point in time:
The majority of point in time contracting sales include charges to customers for electrical servicing on customer-owned assets such as upgrading street light or overhead lines. Deposits of 50% taken are deferred income within balance sheet liabilities until the obligation is complete. Other contracting sales include charges to customers in response to call outs and customer faults. These works are invoiced after the service is provided based on a standard charge out rate for time and materials incurred. For both, revenue is recognised in the statement of comprehensive income on completion of the works.
Across all contracting sales, no customers have significant payment terms or extended credit. The company provides a 3 year warranty on materials and labour for electrical works performed as an assurance that the products sold comply with agreed-upon specifications. No provision for the warranty has been provided as any future claims on work performed are not expected to be material.
Capital Contributions
Revenue recognised over time:
Contributions received from local authorities and other third parties towards the cost of additions or modifications to the Reticulation Assets are invoiced in advance of works being performed and recognised in the balance sheet initially as deferred income. When the asset improvements are completed, the Group has performed the conditions attached to the income and the revenue is recognised in the statement of comprehensive income as operating income on a straight-line basis over a period of up to 40 years that reflects the useful lives of the asset and the benefit to the customer.

Revenue recognised at a point in time:
Other contributions towards the cost of additions or modifications to the Reticulation Assets are invoiced when received and recognised in the balance sheet initially as deferred income. The revenue is recognised in the statement of comprehensive income as operating income when the works have been completed.
Asset title and obligation to maintain resides with the Group and the asset is capitalised as part of the electricity reticulation asset.

Interest Income
Interest income is recognised in the statement of comprehensive income as it accrues.

Rental Income
Rental Income is recognised as part of Sundry income within in the statement of comprehensive income on a straight line basis over the course of the lease term.

Loss rental rebates
Revenue recognised over time:
The Group recognises their allocation of Loss rental rebates as they accrue, which is over the time that the lines services are being provided. The Loss rental rebate is received from Transpower and represents the difference between the price and quantity of electricity generated and the price and quantity of electricity received.

Discounts
Revenue discount recognised over time:
The Group pays discounts to its customers twice a year through their Retailer electricity bill, however as the discount relates to a price adjustment to the lines revenue, it is recognised over the time period that the lines services are being provided. Discounts are calculated based on the electricity usage using discount allocation methodology. The final amount of the discount is determined by the Waipa Networks Board. In addition to the discounts, the Group distributes to customers the Loss rental rebates received for the period. Any discounts unpaid at year end are accrued.

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
2 REVENUE				
Network line services	34,730,169	31,947,217	-	-
Contracting sales	2,202,028	2,521,259	-	-
Capital contributions	4,062,385	2,824,855	-	-
Embedded Network	79,485	45,540	-	-
Sundry income	213,928	234,568	-	-
Loss rental rebates	833,780	777,375	-	-
Total Revenue	42,121,775	38,350,814	-	-
Assumptions disclosed in Statement of accounting policies (j)				
Revenue recognised over time				
Network line services	34,730,169	31,947,217	-	-
Contracting sales	288,028	877,290	-	-
Capital contributions	302,472	296,720	-	-
Embedded Network	79,485	45,540	-	-
Sundry income	137,827	142,202	-	-
Loss rental rebates	833,780	777,375	-	-
Total Revenue recognised over time	36,371,761	34,086,344	-	-
Revenue recognised at a point in time				
Contracting sales	1,914,000	1,643,969	-	-
Capital contributions	3,759,913	2,528,135	-	-
Sundry income	76,101	92,366	-	-
Total Revenue recognised at a point in time	5,750,014	4,264,470	-	-
Total Revenue	42,121,775	38,350,814	-	-

Revenue of $1,702,772 (2021 $855,524) was included in Capital Contributions in advance at the end of the previous financial year.

WAIPA NETWORKS TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

		Group		Parent	
		2022	2021	2022	2021
		$	$	$	$
3 OPERATING EXPENSES					
Audit fees for these financial statements		104,153	91,473	30,213	17,632
Audit fees for prior year		6,914	123	2,414	123
Audit fees for disclosure financial statements		32,100	30,000	-	-
Trustees Fees		93,000	96,869	93,000	96,869
Depreciation		-	-	-	-
Buildings		28,523	28,297	-	-
Buildings fitout		66,772	171,463	-	-
Reticulation Assets		3,819,049	3,640,830	-	-
Other Electrical Assets		114,238	106,028	-	-
Motor Vehicles		414,431	408,225	-	-
Plant, Furniture and Fittings		265,860	198,626	367	4,912
Right of use assets		22,243	3,558	-	-
Amortisation of intangible assets		93,798	34,613	-	-
Transmission charges		8,298,042	7,877,709	-	-
Employee benefits					
Superannuation - defined contribution plans	19	196,391	168,757	-	-
Other Employee benefits	19	7,325,836	6,472,484	32,706	28,228
Directors' fees		224,708	270,135	-	-
Materials and Contractors		1,434,954	1,598,235	-	-
Inventories		748,486	921,505	-	-
Bad debts		120,091	2,388	-	-
Change in Provision for Doubtful Debts		(52,000)	259,000	-	-
Other expenses		4,290,449	2,841,233	128,572	65,455
Total Expenses		27,648,038	25,221,551	287,272	213,219

4 TAX

The income tax on the profit or loss for the year includes both current and deferred tax. The income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly to equity, in which case the income tax is recognised in equity. Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at the Balance Sheet date together with any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the Balance Sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	Group 2022	Group 2021	Parent 2022	Parent 2021
Profit/(Loss) Before Tax	8,798,086	38,818,187	(143,606)	36,121,961
Income Tax @ 28% (Trust 33%)	2,503,674	10,869,092	(47,390)	10,114,149
Tax effect of non assessable revenue	(973,266)	(8,502,366)	47,390	(10,114,149)
Tax effect of expenses that are non deductible	278,806	329,098	-	-
Tax Expense	1,809,214	2,695,824	-	-
Under / (over) provision previous year	-	-	-	-
Adjustments Previous Years	-	403	-	-
The Tax charge comprises:				
-current tax	1,396,903	2,056,349	-	-
-prior period adjustments to current tax	-	-	-	-
-deferred tax on temporary differences	412,311	639,878	-	-
Total Tax Expense	1,809,214	2,696,227	-	-
All temporary differences have been recorded in the financial statements				
Total Tax Expense	1,809,214	2,696,227	-	-

FOR THE YEAR ENDED 31 MARCH 2022

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
5 DEFERRED TAX				
Balance at 1 April	22,894,633	22,254,754	-	-
Deferred portion of current year tax expense	412,310	639,879	-	-
Balance at end of year	23,306,943	22,894,633	-	-
The Deferred Taxation liability comprises of ;				
Tax Effect on Timing differences	(35,276)	(9,389)	-	-
Tax effect on the Reticulation Assets being the difference between IRD Cost and IRD current Value.	17,074,078	15,709,928	-	-
Tax effect of the difference between the carrying amount of the Reticulation Assets and the IRD Cost of the Reticulation Assets.	6,268,141	7,194,094	-	-
Tax effect of the carrying amount of the Building partly constructed as at 20 May 2010 as building depreciation is non deductible for tax purposes.	-	-	-	-
	23,306,943	22,894,633	-	-

A deferred tax asset has not been recognised in relation to tax losses of $653,270 (2021:$511,627) for the parent.

	Group 2022	Group 2021	Parent 2022	Parent 2021
Deferred tax Property, plant and equipment				
Balance at 1 April	23,455,345	22,954,822	-	-
Charged to statement of comprehensive income	51,717	500,523	-	-
Charged to equity	-	-	-	-
Balance at 31 March	23,507,062	23,455,345	-	-
Deferred tax employee entitlements				
Balance at 1 April	(171,547)	(158,687)	-	-
Charged to statement of comprehensive income	(7,548)	(12,860)	-	-
Charged to equity	-	-	-	-
Balance at 31 March	(179,095)	(171,547)	-	-
Deferred tax other				
Balance at 1 April	(389,165)	(541,381)	-	-
Charged to statement of comprehensive income	368,141	152,216	-	-
Charged to equity	-	-	-	-
Balance at 31 March	(21,024)	(389,165)	-	-
Deferred tax total				
Balance at 1 April	22,894,633	22,254,754	-	-
Charged to statement of comprehensive income	412,310	639,879	-	-
Charged to equity	-	-	-	-
Balance at 31 March	23,306,943	22,894,633	-	-
6 TRUST CAPITAL				
Balance at beginning of year	100	100	100	100
Balance at end of year	100	100	100	100

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
7 RETAINED EARNINGS				
Balance at beginning of year	178,038,153	141,916,192	178,038,153	141,916,192
Net Surplus after Taxation	6,987,868	36,121,961	6,987,868	36,121,961
Balance at end of year	185,026,021	178,038,153	185,026,021	178,038,153

The Group retained earnings, and opening and closing equity in the statement of movements in equity have been restated for the year ended 31 March 2021 by reducing them by $138,722,946. The restatement occurred due to an error in the formulas when compiling the 31 March 2021 Financial Statements. Only the Statement of Movements in Equity was affected.

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
8 CASH AND CASH EQUIVALENTS				
Current Account	1,393,818	1,708,680	62,363	76,833
Short Term Investments	-	-	-	-
	1,393,818	1,708,680	62,363	76,833

Cash and cash equivalents comprise cash balances and deposits with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The carrying amount for cash and cash equivalents equals the fair value.

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
9 BORROWINGS				
Debt Facility	4,050,000	-	-	-
Related Party Borrowings	-	-	3,000,000	3,051,819
	4,050,000	-	3,000,000	3,051,819

During 2021 the Group used proceeds from the disposal of its interest in associate to repay the debt facility.
The Company continues to have access to a working capital facility of $10 million, which has a balance of $4.05 million at balance date (2021 $Nil).

Net debt reconciliation

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Opening Balance at 31 March	-	61,240,000	3,051,819	3,147,922
Drawdown of facility	4,050,000	240,850,000	-	-
Interest capitalised to related party borrowing	-	-	143,647	153,897
Repayment of related party borrowings	-	-	(195,466)	(250,000)
Related Party Borrowings	-	(302,090,000)	-	-
Closing Borrowings at 31 March 2022	4,050,000	-	3,000,000	3,051,819

The Debt Facility at year end relates to a multi option credit facility totaling $10 million (2021 $10 million). A facility fee rate is charged and the drawn balance is charged interest at a variable interest rate. The facility expires as follows:

Facility expiry date	Total Facility	Total Facility
31/05/2022 *(extension to 31 May 2025 approved on 30 May 2022)*	10,000,000	10,000,000
	10,000,000	10,000,000

The company is required to ensure that the following financial convenant ratios for unsecured debt facilities are achieved during the financial year:

the interest cover ratio (earnings to funding costs) will be greater than or equal to 3.0 to 1 at all times
the total leverage ratio (total permitted indebtedness to EBITDA) will be less than 4.0 to 1 at all times

The unsecured debt facilities become repayable on demand in the event those covenants are breached or if the company fails to make interest and principal payments when they fall due. The company complied with all covenants and borrowing repayment obligations during the period.

Loan from Waipa Networks to Waipa Networks Limited relates to a $3,000,000 (2021 $3,051,819) loan from Waipa Networks Trust. Interest is charged on the loan at 4.74% pa (2021 4.94% pa) and the loan has no predetermined settlement date. The loan is unsecured and the interest rates are as at balance date.

The amounts disclosed above are the undiscounted contracted cash flows.

The carrying amount for borrowings equals the fair value.

10 TRADE AND OTHER RECEIVABLES

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Trade receivables	4,234,636	4,588,357	-	-
Trade debtors from Related Parties	-	-	-	-
Provision for Doubtful Debts	(317,000)	(369,000)	-	-
	3,917,636	4,219,357	-	-
Accrued Income	-	-	-	-
Prepayments	117,992	259,231	-	-
Other Receivables	379,499	-	-	-
	4,415,127	4,478,588	-	-

Accounts receivables are stated at their expected realisable value after providing for doubtful debts. Bad debts are written off in the period they are identified.

Trade and other receivables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other receivables approximate their fair value. In accordance with the Group's response to Credit Risk in note 20 Financial Instruments, a provision has been made for expected credit losses for the sale of goods and services determined by reference to past default experience and the current economic climate. In making this assessment, the Group considers electricity retailers and individual customers separately, recognising a difference in credit risk between the two groups.

During FY21, the Group revised its expectations of collectability of significantly aged debt over 90 days due that is under management of debt collection agencies and now provides 100% for such circumstances.

The impact of Covid-19 and the forecast economic environment has not resulted in a significant change in expected lifetime credit losses as the electricity retailers that make up the largest concentration of the trade debtors are unaffected by the impact.

No allowance for expected credit losses for current to 60 days trade receivables has been applied due to a quantitively immaterial risk of uncollectability. As such, the Group rebuts the presumption in NZ IFRS 9 that there is a significant increase in credit risk when financial assets are more than 30 days past due. The percentage of ECL allowances to trade debtors for 61-90 days is 30% (2021 30%) and for over 90 days is 100% (2021 100%) for debtors relating to car accidents and all other debtors over 90 days are accessed individually on the likelihood of receipt of payment. These percentages were applied to the GST exclusive amount of the balance.

As at 31 March 2022 the ageing analysis of trade receivables is as follows:	Gross	Impairment	Gross	Impairment
0 - 30 days	3,765,409	-	4,074,977	-
31 - 60 days	56,382	-	78,870	-
61 - 90 days	9,194	2,758	9,759	2,928
91 days plus	403,651	314,242	424,751	366,072
	4,234,636	317,000	4,588,357	369,000

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Movements in the provision for doubtful debts:				
Balance as at 1 April	369,000	110,000	-	-
Additional provisions made during the year	-	259,000	-	-
Reversal of provision during the year	(52,000)	-	-	-
Balance as at 31 March	317,000	369,000	-	-

11 INVENTORIES

Inventories are stated at the lower of weighted average cost and net realisable value.
Cost of work in progress and finished goods includes the cost of direct materials, direct labour and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Stock	2,215,855	1,670,858	-	-
Work in Progress	67,393	62,703	-	-
	2,283,248	1,733,561	-	-

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$

12 TRADE AND OTHER PAYABLES

Trade payables and other accounts payable are recognised when the group becomes obligated to make future payments resulting from the purchase of goods and services.

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Accounts payable and accruals-trade	3,483,576	3,527,274	43,586	44,847
	3,483,576	3,527,274	43,586	44,847

Accounts payable and accruals - trade, are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximate their fair value.

13 CAPITAL CONTRIBUTIONS IN ADVANCE

Capital Contributions from Local Authorities

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Balance as at 1 April	8,767,467	3,988,748	-	-
Less Recognised as revenue in the current year	302,472	296,720	-	-
Balance remaining from 1 April	8,464,995	3,692,028	-	-
Contributions received in the current year	230,080	5,075,439	-	-
Balance as at 31 March	8,695,075	8,767,467	-	-
Current Capital Contributions in advance	302,472	296,720	-	-
Non current Capital Contributions in advance	8,392,603	8,470,747	-	-
Total Capital Contributions in advance	8,695,075	8,767,467	-	-

The revenue is recognised in the statement of comprehensive income as operating income over the projected useful life of the asset that the contribution was provided for, on a straight-line basis of up to 40 years.

Capital Contributions from other customers

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Balance as at 1 April	2,871,684	4,735,256	-	-
Less Recognised as revenue in the current year	1,702,772	2,528,135	-	-
Balance remaining from 1 April	1,168,912	2,207,121	-	-
Contributions received in the current year	3,742,525	664,563	-	-
Current Capital Contributions in advance as at 31 March	4,911,437	2,871,684	-	-
Total Capital Contributions in advance				
Current Capital Contributions in advance	5,213,909	3,168,404	-	-
Non current Capital Contributions in advance				
Over 1 but less than 5 years	1,101,578	1,186,879		
> 5 and < 10 years	1,241,586	1,212,826		
> 10 and < 40 years	6,049,439	6,071,042	-	-
Total Capital Contributions in advance	13,606,512	11,639,151	-	-

14 EMPLOYEE ENTITLEMENTS

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, sick leave and gratuities when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured as the amount unpaid at balance sheet date at current pay rates in respect of the employees' service up to that date.

Provisions made in respect of employee benefits not expected to be settled within 12 months are measured as the amount of future benefit that employees have earned in return for their service in the current and prior periods up to the balance sheet date. The obligation is calculated using the projected unit credit method and is discounted to its present value.

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
Current employee entitlements	703,745	652,832	-	-
Non current employee entitlements	161,133	190,099	-	-
Total employee entitlements	864,878	842,931	-	-

15 PROPERTY, PLANT & EQUIPMENT

Items of property plant and equipment are stated at cost less accumulated depreciation and impairment losses.
The cost of purchased property plant and equipment is 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 use.
The cost of the assets constructed by Waipa Networks, including capital works in progress, includes the cost of all materials used in construction, direct labour and other directly attributable costs, which have been incurred to bring the assets to the location and condition necessary for their intended use. Borrowing costs are capitalised in respect of qualifying assets which take three months or more to construct.

Certain items of property plant and equipment that had been revalued to fair value on or prior to 1 April 2006, the date of transition to NZIFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.
Where parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.
Subsequent expenditure incurred to replace a component of an item of property plant and equipment, that extends the estimated life of the asset, is capitalised. All other expenditure is recognised in the statement of comprehensive income as an expense as incurred.

Depreciation
Depreciation is charged to the statement of comprehensive income on a straight-line basis so as to allocate the cost of the assets over the estimated useful lives of each part of an item of property plant and equipment. Land is not depreciated.
The range of annual depreciation rates for each classification of property plant and equipment is as follows;

Buildings	1% to 7%
Buildings fitout	0% to 21%
Reticulation System	1% to 3%
Other Electrical	1% to 5%
Motor Vehicles	10% to 20%
Computer Equipment	20% to 50%
Plant, Furniture and Fittings	6.5% to 50%

Asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

	Group		Parent	
	2022	2021	2022	2021
Freehold Land	$	$	$	$
Cost to 1 April	1,252,334	1,252,334	-	-
Current year additions	6,170,897	-	-	-
Current year disposals	-	-	-	-
Cost to 31 March	7,423,231	1,252,334	-	-
Freehold Buildings				
Cost to 1 April	2,804,237	2,804,237	-	-
Accumulated Depreciation to 1 April	299,268	270,972	-	-
Net Book Value 1 April	2,504,969	2,533,265	-	-
Current year additions	989,192	-	-	-
Current year disposals	-	-	-	-
Current year depreciation	28,523	28,297	-	-
Cost to 31 March	3,793,429	2,804,237	-	-
Accumulated Depreciation to 31 March	327,791	299,268	-	-
Net Book Value	3,465,638	2,504,969	-	-
Building Fitout				
Cost to 1 April	3,229,822	3,229,822	-	-
Accumulated Depreciation to 1 April	2,374,412	2,202,949	-	-
Net Book Value 1 April	855,410	1,026,873	-	-
Current year additions	22,974	-	-	-
Current year disposals	-	-	-	-
Current year depreciation	66,772	171,463	-	-
Cost to 31 March	3,252,795	3,229,822	-	-
Accumulated Depreciation to 31 March	2,441,183	2,374,412	-	-
Net Book Value	811,612	855,410	-	-

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
15 PROPERTY, PLANT & EQUIPMENT (Cont)				
Reticulation Assets				
Cost to 1 April	170,683,864	162,656,659	-	-
Accumulated Depreciation to 1 April	43,218,665	39,633,190	-	-
Net Book Value 1 April	127,465,199	123,023,469	-	-
Current year additions	7,199,833	8,121,834	-	-
Current year disposals	16,262	36,956	-	-
Current year depreciation	3,819,049	3,640,830	-	-
Cost to 31 March	177,849,046	170,683,864	-	-
Accumulated Depreciation to 31 March	47,019,325	43,218,665	-	-
Net Book Value	130,829,721	127,465,199	-	-
Other Electrical Assets				
Cost to 1 April	4,984,987	4,769,405	-	-
Accumulated Depreciation to 1 April	2,116,069	2,010,041	-	-
Net Book Value 1 April	2,868,918	2,759,364	-	-
Current year additions	129,259	215,581	-	-
Current year disposals	-	-	-	-
Current year depreciation	114,238	106,028	-	-
Cost to 31 March	5,114,246	4,984,987	-	-
Accumulated Depreciation to 31 March	2,230,307	2,116,069	-	-
Net Book Value	2,883,939	2,868,918	-	-
Motor Vehicles				
Cost to 1 April	5,535,060	5,497,727	-	-
Accumulated Depreciation to 1 April	3,913,573	3,909,544	-	-
Net Book Value 1 April	1,621,487	1,588,183	-	-
Current year additions	858,671	460,581	-	-
Current year disposals	10,087	19,051	-	-
Current year depreciation	414,431	408,225	-	-
Cost to 31 March	6,185,187	5,535,060	-	-
Accumulated Depreciation to 31 March	4,129,547	3,913,573	-	-
Net Book Value	2,055,640	1,621,487	-	-
Plant, Furniture and Fittings				
Cost to 1 April	4,061,594	3,746,323	9,803	5,080
Accumulated Depreciation to 1 April	3,046,257	2,907,602	9,562	4,650
Net Book Value 1 April	1,015,336	838,721	240	430
Current year additions	733,284	393,788	1,572	4,722
Current year disposals	93,711	18,547	-	-
Current year depreciation	265,860	198,626	367	4,912
Cost to 31 March	4,655,090	4,061,593	11,375	9,802
Accumulated Depreciation to 31 March	3,266,040	3,046,257	9,929	9,562
Net Book Value	1,389,049	1,015,336	1,445	240
Total Net Book Value	148,858,830	137,583,653	1,445	240
Capital work in progress in cost & net book value of reticulation assets	4,443,724	4,467,456	-	-

16 RIGHT OF USE LEASE ASSETS AND LIABILITIES

The Group has a small number of lease contracts. Rental contracts are typically made for fixed periods, but may have extension options as described below. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.
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 payment 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 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 a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or 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.
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 asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.
Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are
leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

16 RIGHT OF USE LEASE ASSETS AND LIABILITIES (cont)

The balance sheet shows the following amounts relating to leases:

	Group		Parent	
	2022	**2021**	**2022**	**2022**
	$	**$**	**$**	**$**
Cost				
Opening balance at 1 April	177,942	-	-	-
Additions	-	177,942	-	-
Closing balance at 31 March	-	177,942	-	-
Accumulated depreciation				
Opening balance at 1 April	3,707	-	-	-
Depreciation	22,243	3,707	-	-
Closing balance at 31 March	25,950	3,707	-	-
Right of use lease assets				
Cost	177,942	177,942	-	-
Less Accumulated depreciation	25,950	3,707	-	-
Net book value	151,992	174,235	-	-
Lease liabilities - current	19,014	17,801	-	-
Lease liabilities - non-current	138,219	157,232	-	-
	157,233	175,033	-	-

There were no additions to right of use assets during the year (2021 $177,942).
During the year the Group entered into an agreement to lease land from a third party that enables the Group to complete operating activities in that area. The lease is effective for a term of at least 5 years, with three further rights of renewal of one year each. The Group has included all rights of renewal in determining the period of the lease term as the lease gives the Waipa to right to access a customer's premises for sale of services that are expect to be required until at least the end of the contractual lease period.

The right of use asset was initially measured at the net present value of future lease repayments over the lease term, discounted at a rate of 2% implicit in the lease. It is depreciated on a straight line basis over the lease term.

	Group		Parent	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Amounts recognised in the statement of profit or loss				
Depreciation charge of right-of-use assets	22,243	3,558	-	-
Finance costs	3,339	591	-	-
Expense for short-term leases, low value or variable lease cost	-	-	-	-
The total cash outflow for leases in the year	25,582	4,149	-	-

17 INTANGIBLE ASSETS

Goodwill on acquisitions of businesses is included in 'intangible assets'. Goodwill is carried at cost less accumulated impairment losses. At balance date, the group assesses whether there is any indication that goodwill may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs units that are expected to benefit from the synergies of the business combination.

Computer software assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight-line basis so as to allocate the cost of the assets over the estimated useful lives. The useful lives and associated amortisation rates have been estimated as follows;

Computer software	5 - 15 years

Acquired easement rights are capitalised on the basis of the direct costs incurred including injurious affection payments. Easements are deemed to have an indefinite useful life, as the contracts do not have a maturity date and the Group expects to use the easements indefinitely. Therefore, easements are not amortised. Where the rights have an expiration date, amortisation is charged to the statement of comprehensive income on a straight-line basis so as to allocate the cost of the assets over the useful life.
Annually, the Group assesses the risk of impairment on its intangible assets. Intangible assets form part of the Group single cash generating unit over which an impairment assessment has been made. Further information is included in Critical Accounting Estimates and Judgments. Intangibles with an indefinite useful life, Easements, do not have an expiration date and provide access to land areas necessary for delivering network services now, and in the future. These assets are therefore assessed for impairment as part of the single cash generating unit assessment.

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
Software				
Cost to 1 April	1,322,880	505,239	-	-
Accumulated Amortisation to 1 April	454,365	419,752	-	-
Net Book Value 1 April	868,515	85,487	-	-
Current year additions	1,881,345	817,641	-	-
Current year amortisation	93,798	34,613	-	-
Cost to 31 March	3,204,225	1,322,880	-	-
Accumulated Amortisation to 31 March	548,163	454,365	-	-
Net Book Value	2,656,062	868,515	-	-
Goodwill				
Cost to 1 April	62,020	62,020	-	-
Accumulated impairment to 1 April	62,020	62,020	-	-
Net Book Value 1 April	-	-	-	-
Current year additions	-	-	-	-
Current year amortisation	-	-	-	-
Cost to 31 March	62,020	62,020	-	-
Accumulated Impairment to 31 March	62,020	62,020	-	-
Net Book Value	-	-	-	-
Easements				
Cost to 1 April	4,513,998	4,494,009	-	-
Accumulated impairment to 1 April	-	-	-	-
Net Book Value 1 April	4,513,998	4,494,009	-	-
Current year additions	7,267	19,988	-	-
Current year impairment	-	-	-	-
Cost to 31 March	4,521,265	4,513,997	-	-
Accumulated Impairments to 31 March	-	-	-	-
Net Book Value	4,521,265	4,513,997	-	-
Capital work in progress included in cost and net book amount	-	-	-	-
Total Net Book Value	7,177,327	5,382,512	-	-
Capital work in progress included in cost and net book amount	1,525,327	665,592		

Capital work in progress relates to the ongoing development of I.T. systems across finance and operational services, including network asset management and health and safety. The development of these assets generate benefit to support its carrying value through improvements in the quality, efficiency and effectiveness of our corporate services, network asset and people performance, ensuring the Group is fit for purpose and resilient to demands from future technological changes and compliance requirements. To assess capital WIP for the risk of impairment, the Group considered the realisation of intended benefit in the business case initially approved will still be achieved and does not present an indicator of impairment.

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	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
18 INVESTMENTS				
Investments in Associates carried at cost	-	-	-	-

Associates are entities in which the Group has significant influence but not control over the operating and financial policies. Investments in associates are accounted for using the equity method. The investment is initially recognised at cost and adjusted thereafter by the Group's share of the net profit, recognised in the income statement. The Group's share of any other gains and losses of associates charged directly to equity is recognised in other comprehensive income. Dividends received from associates are credited to the carrying amount of the investment in associates in the financial statements.

Shareholding in Associates	**Percentage Held**			
UFF Holdings Limited	0%	0%	-	-

UFF Holdings was formed to construct and operate an ultra-fast broadband (UFB) network, these activities are not related to the Group's activities. During the year, the Group disposed of its investment.

	Group		Parent	
Investments in Associates	2022	2021	2022	2021
UFF Holdings Limited	$	$	$	$
Opening Balance as at 1 April	-	5,879,227	-	-
Profit / (Loss) during the year	-	-	-	-
De-recognition of associate	-	(5,879,227)		
Closing Balance as at 31 March	-	-	-	-
Loans to Associates				
UFF Holdings Limited				
Loans as at 1 April	-	90,809,949	-	-
Loans advanced during year	-	300,000	-	-
Loan repayments received	-	(76,947,296)	-	-
Interest charged	-	1,745,929	-	-
Interest received	-	(15,908,582)	-	-
Loans as at 31 March	-	-	-	-
	-	-	-	-

During the period interest was charged on the loan at 0% pa (2021 3.8% pa).

A gain of $29.1m was recognised as a gain on disposal in the statement of comprehensive income because of the disposal of the investment in UFF Holdings Limited (UFFH) during 2020/21. Further to the consideration received in 2020/21, the sale and purchase agreement allowed for additional consideration should UFFH (under the ownership of the new owner) be able to utilise tax losses earned during the period up to the date of disposal. The total value of tax losses available to UFFH was $6.8m of which 75% is payable to both WEL Networks Ltd (85%) and Waipa Networks Limited (15%) should it be utilised in full. Waipa Networks Limited (WNL) assessed the fair value of this consideration (financial asset) as at 31 March 2021 to be immaterial. This was assessed based on the probability of future cash flows arising from this consideration at that time.

In 2021/22 WNL received a payment of $361k as consideration for the utilisation of the tax losses of UFFH. In terms of the agreement a further period was allowed for the utilisation of the remaining tax loss and as a result WNL had to assess the fair value of this consideration given the current probability of utilisation. Based on WNL’s assessment, a further $404k is considered probable to be received in future. WNL discounted this to a present value based on a discount rate of 6.03% as this is only payable when the losses are expected to be utilised. As a result, WNL recognised an asset amounting to $380k. This resulted in a total gain on sale of associate amounting to $741k relating to tax losses available to UFFH recognised in the current year.

A gain of $29.1m was recognised in the profit and loss on disposal of the investment.

Proceeds of sale, net of transaction costs	740,516	35,020,279
De-recognition of associate	-	5,879,227
Gain on disposal	740,516	29,141,052

Investment - Shares Waipa Networks Ltd

The investment in the subsidiary is accounted for using the equity method. Application of the equity method is explained in note 1(a).

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	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
19 EMPLOYEE BENEFITS				
Superannuation - defined contribution plans	196,391	168,757	-	-
Other Employee benefits included in operating expenses	7,325,836	6,472,484	32,706	28,228
Other Employee benefits capitalised to Property, Plant and Equipment	589,967	534,410	-	-
Total Employee benefits	8,112,194	7,175,651	32,706	28,228
20 FINANCE COSTS				
Bank Borrowing costs	48,991	810,769	-	-
Interest on lease liability	3,339	591	-	-
Interest on lendings	-	-	1,004	-
Total Finance Costs	52,330	811,360	1,004	-
21 RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Reported Profit/(Loss) after tax	6,991,952	36,121,960	(140,526)	(59,302)
Add (Less) Non Cash Items:				
Depreciation	4,708,873	4,553,469	367	4,912
Depreciation Right Of Use assets	22,243	3,558	-	-
Amortisation of Intangible Asset	93,798	34,613	-	-
Unrealised Interest rate swaps-loss/(gain)hedges	-	(1,144,239)	-	-
Increase (Decrease) in deferred tax	412,310	639,879	-	-
Increase in Term Employee entitlements	(28,966)	(27,083)	-	-
	12,200,210	40,182,157	(140,159)	(54,390)
Add (Less) Movements in Working Capital Items				
Decrease (increase) in Tax Receivables	(1,077,240)	632,423	-	-
Decrease (increase) in Trade and Other Receivables	63,461	329,298	-	-
Decrease (increase) in Inventories	(549,687)	(203,978)	-	-
Increase (Decrease) in Trade and Other Payables	(49,375)	(1,432,492)	(4,342)	10,710
Increase (Decrease) in Capital Contributions	2,045,505	(1,715,508)	-	-
Increase (Decrease) in Interest Expense Accrual	2,596	(187,032)	-	-
Increase (Decrease) in Employee Entitlements	50,913	138,964	-	-
	486,173	(2,438,325)	(4,342)	10,710
	12,686,383	37,743,832	(144,501)	(43,680)
Add (Less) Items Classified as Investing Activities				
Net Loss on Disposal of Assets	(4,352)	(80,272)	-	-
Increase (Decrease) in Creditors for Property,	-	222,268	-	-
Share of net profit(loss) of associates	(361,017)	-	-	-
Gain on disposal of associate	908,659	(29,141,052)	-	-
Investment gains	(6,107,890)	(1,272,406)	-	-
Capital Contributions	9,705	(1,135,555)	-	-
Decrease/(Increase) in Prepayments	1,253	9,705	-	-
Capitalised interest receivable	-	14,162,654	-	-
	(5,553,642)	(17,234,658)	-	-
Add (Less) Items Classified as Financing Activities				
Interest added to Related Party Borrowings	-	-	-	-
	-	-	-	-
Net Cash Inflows from Operating Activities	7,132,741	20,509,174	(144,501)	(43,680)

22 FINANCIAL INSTRUMENTS

Financial assets

The Group classifies its financial assets in the following measurement categories:
> those to be measured subsequently at fair value (either through OCI or through profit or loss), and
> those to be measured at amortised cost.
The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as at amortised cost only if both of the following criteria are met: the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value. The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information. It has not made any such designation.

Recognition and derecognition
The Company recognises a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. The Company removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Measurement
At initial recognition, the Group measures financial liabilities at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Financial Instrument classification	**Group 2022**		**Group 2021**	
	At amortised Cost	Fair Value through P&L	At amortised Cost	Fair Value through P&L
Financial Assets				
Cash & cash equivalents	1,393,818	-	1,708,680	-
Investments	-	65,363,746	-	-
Trade and other receivable	4,035,628	379,499	4,478,588	66,272,406
Loan receivable	-	-	-	-
Total Financial Assets	5,429,446	65,743,245	6,187,268	66,272,406
Financial Liabilities				
Trade and other payables	3,483,576	-	3,527,274	-
Debt facility	4,050,000	-	-	-
Derivative Financial instruments	-	-	-	-
Lease liabilities	157,233	-	175,033	-
Total Financial Liabilities	7,690,809	-	3,702,307	-

22 FINANCIAL INSTRUMENTS (cont)

Financial Instrument classification

	Parent 2022		**Parent 2021**	
	At amortised Cost	Fair Value through P&L	At amortised Cost	Fair Value through P&L
Financial Assets				
Cash & cash equivalents	62,363	-	76,833	-
Trade and other receivable	-	-	-	-
Shares - Waipa Networks Ltd	182,086,686	-	174,954,208	-
Loan receivable	3,000,000	-	3,051,819	-
Total Financial Assets	185,149,049	-	178,082,860	-
Financial Liabilities				
Trade and other payables	43,586	-	44,847	-
Derivative Financial instruments	-	-	-	-
Lending from Subsidiary	80,788			
Lease liabilities	-	-	-	-
Total Financial Liabilities	124,374	-	44,847	-

Fair value hierarchy - Group	**Level 1**	**Level 2**	**Level 3**
As at 31 March 2022			
Investments	-	65,363,746	-
As at 31 March 2021	-	66,272,406	-
Derivative financial instruments			

There has been no transfers between financial instrument categories or between assets on different levels of the fair value hierarchy in the current year, or the prior year.

The fair value of all financial instruments approximates the carrying value recorded in the balance sheet. Fair value of the derivative instruments is the cash flows attributable to the hedged risk.

Credit Risk

Credit risk is the potential risk of financial loss arising from the failure of a customer or counterparty to settle its financial and contractual obligations to the Entity, as and when they fall due. The credit risk attributable to receivables and loans to associates are managed and monitored on an ongoing basis via the Group's management reporting procedures and internal credit review procedures.

Trade and other receivables

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In the normal course of its business, the Group incurs credit risk from trade receivables from customers. The Group largest customer accounts for 16% (2021 15%) of total sales and 13% (2021 11%) of trade receivables at balance date for which a bank performance bond is held. There are no other significant concentrations of credit risk and the Group generally does not require any collateral.

The Group does not provide any financial guarantees which would expose the Group to credit risk.

Details of ageing and impairment of trade receivables are in note 10.

Cash and cash equivalents and Investments

The Group places its cash, short term deposits and investments with high credit quality financial institutions with a recognised credit rating of A- or better and limits the amount of credit exposure to any one institution, as set forth by the Board of Directors. While the Group may be subject to credit losses up to the contract amounts in the event of non-performance by other parties, it does not expect such losses to occur.

22 FINANCIAL INSTRUMENTS (cont)

Market Risk

Price Risk

The Group is exposed to price risk associated with the units invested through the Group's $65m managed fund investment. Investments comprise a single managed fund portfolio. After initial recognition in accordance with the financial instruments policy above, the Group subsequently measures the managed fund portfolio at fair value. Distributions from the investment is recognised in profit or loss as other income when the Group's right to receive payments is established. The investment is measured at fair value through profit or loss as the Group manages the investment seeking capital returns above and beyond payments of purely principal and interest.

Fair value of investments is measured using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates, specifically the use of quoted market prices or dealer quotes for similar instruments. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Changes in the fair value of financial assets at FVPL are recognised in gains/(losses) in the statement of profit or loss. The asset is categorised as being level 2 on the fair value hierarchy. Valuations for investments are provided by the investment manager and the group does not have access to the underlying valuation models to fully disclose sensitivities.

Currency Risk

The Group enters into forward exchange contracts for any significant capital transaction conducted in currency other than the New Zealand dollar to eliminate the effects of any currency fluctuations, these are recognised when the transaction occurs. There are no currency hedges as at 31 March 2022 (2021 Nil).

Interest Rate Risk

Exposure to interest rate risk is summarised below. If the Company were to experience an interest rate rise of +1%, it would have the following impact on profit:

	Group 2022		**Group 2021**	
Interest rate risk + 1%	Carrying Amount	Profit	Carrying Amount	Profit
Financial Assets				
Cash and cash equivalents	1,393,818	13,938	1,708,680	17,087
Investments	65,363,746	560,902	66,272,406	270,421
Trade and other receivables	4,415,127	3,795	4,478,588	-
Loans to associates	-	-	-	-
Financial Liabilities				
Trade and other payables	3,483,576	-	3,527,274	-
Debt Facility	4,050,000	(40,500)	-	-
Related Party Borrowings	-	-	-	-
Lease Liabilities	157,233	151,817	175,033	168,134
Total Increase / (decrease)		689,952		455,642

	Parent 2022		**Parent 2021**	
Interest rate risk + 1%	Carrying Amount	Profit	Carrying Amount	Profit
Financial Assets				
Cash and cash equivalents	62,363	624	76,833	768
Loans to subsidiary	3,000,000	30,000	3,051,819	30,518
Financial Liabilities				
Trade and other payables	43,586	-	44,847	-
Lendings	80,788	-	-	-
Total Increase / (decrease)		30,624		31,286

22 FINANCIAL INSTRUMENTS (cont)

The Group is most exposed to changes in the market interest rate relating to the Group's third party debt obligations. The interest rate on Related party borrowings is set at the Vanilla WACC cost of capital for EDBs as determined by the Commerce Commission so is not affected by market interest rate risk. The Group's policy is to manage third party borrowing interest rate risk by funding ongoing activities with short-term borrowings funded at fixed interest rates. Interest rate swaps are used to reduce the Group's exposure to interest rate risk on long term funding requirements. The Group borrowings are drawn to fund ongoing operations and capital expenditure programmes.

Derivative financial instruments

As at the reporting date, the company had the following balance of variable rate borrowing in place:

	Group 2022		Group 2021	
	Interest Rate	$	Interest Rate	$
Bank Borrowings	2.34%	4,050,000	0.00%	-
Nominal value debt with interest rate swaps	-	-	0.00%	-
Net exposure to cash flow interest rate		4,050,000		-

	Parent 2022		Parent 2021	
	Interest Rate	$	Interest Rate	$
Bank Borrowings	-	-	-	-
Nominal value debt with interest rate swaps	-	-	-	-
Net exposure to cash flow interest rate		-		-

Liquidity Risk

Liquidity risk is the risk that the Group may be unable to meet their financial obligations as they fall due. This risk is managed by maintaining sufficient cash and deposits together with access to committed credit facilities.

The Trust's access to committed credit facilities is disclosed in note 9.

The Trust's exposure to liquidity risk related to trade and other payables is disclosed in note 12.

Maturity Analysis

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

Year ended 31 March 2022	< 1 year	1-5 years	> 5 years	Total Contractual cash flows	Carrying Amount
Trade and other payables	3,483,576	-	-	3,439,990	3,483,576
Debt Facility	4,050,000	-	-	4,050,000	4,050,000
Related Party Borrowings	-	-	-	-	-
Lease liabilities	21,986	97,010	49,863	168,859	157,233
	7,555,562	97,010	49,863	7,658,849	7,690,809

Year ended 31 March 2021	< 1 year	1-5 years	> 5 years	Total Contractual cash flows	Carrying Amount
Trade and other payables	3,527,274	-	-	3,527,274	3,527,274
Debt Facility	-	-	-	-	-
Related Party Borrowings	-	-	-	-	-
Derivative financial instruments	21,140	93,361	75,498	189,999	189,999
	3,548,414	93,361	75,498	3,717,273	3,717,273

Parent

Year ended 31 March 2022	< 1 year	1-5 years	> 5 years	Total Contractual cash flows	Carrying Amount
Trade and other payables	43,586	-	-	-	43,586
Lendings	80,788	-	-	-	80,788
	124,374	-	-	-	124,374

Year ended 31 March 2021	< 1 year	1-5 years	> 5 years	Total Contractual cash flows	Carrying Amount
Trade and other payables	44,847	-	-	-	44,847
	44,847	-	-	-	44,847

WAIPA NETWORKS TRUST
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23 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities for the Group as at 31 March 2022 (2021: The Group had one contingent liability with an indicative capital expenditure of $1.5m to $2.7m and operational expenses of $60k to $85k arising from an agreement that was in place at 31 March 2021. There are no contingent liabilities for the Trust for 2021)

The Group has commitments for future capital expenditure of $1,651,237.42 as at 31 March 2022 (2021 $1,197,743). There are no commitments for the Trust."

24 CONTINGENT ASSETS

There are no contingent assets as at 31 March 2022 (2021:$Nil).

25 EVENTS SUBSEQUENT TO BALANCE DATE

The Trustees have authorised these financial statements for issue on 11 August 2022. The Directors of Waipa Networks Ltd authorised their financial statements for issue on 29 June 2022. There have been no significant events during the period since year end which have an impact on the information presented as at balance date.

26 RELATED PARTIES

At balance date, the Waipa Networks Trust held 100 per cent of the shares in Waipa Networks Limited.
As part of its everyday business Waipa Networks Ltd passes rebates to retail electricity users in its network. Directors and staff of Waipa Networks Ltd and Trustees of Waipa Networks Trust that are connected to the company's network have received these rebates calculated on the same basis as other retail electricity user rebates.

	2022	**2021**
Related Party Transactions with UFF Holdings Ltd:	**$**	**$**
Interest income (capitalised to loan)	-	1,745,929
Revenue received to make ready poles for attachment of fibre	-	-
Revenue received for pole rental	-	-
Trade Debtors	-	-
Loan		-
Related Party Transactions with Ultrafast Fibre Ltd:		
Revenue received to make ready poles for attachment to fibre	-	-
Revenue received for pole rental	-	15,469
Trade Debtors	-	-
Related Party Transactions with Waipa Networks Ltd:		
Interest charged	143,646	153,898
Borrowings	3,000,000	3,051,819
Lendings	79,784	-
Interest Income (capitalised to lendings)	1,004	-
Repayments received from WNL	(275,000)	(250,000)

The loan with Waipa Networks Ltd is on arms length and interest is calculated in accordance with the loan agreement.

There are no other related party transactions.
No related party debts were forgiven or written off during 2022 or 2021.

	Group 2022 $	**Group 2021 $**	**Parent 2022 $**	**Parent 2021 $**
Remuneration of Key Management Personnel				
Short term employee benefits	1,362,628	988,919	-	-
Termination benefits	195,000	50,000	-	-
Secretary & Trustees Fees	125,706	125,097	125,706	125,097
Director's Fees	224,708	270,135	-	-
	1,908,042	1,434,151	125,706	125,097

The remuneration of directors is determined by the Waipa Networks Trust. The remuneration of the Chief Executive Officer is determined by the Trustees having regard to the performance of the individual and market trends. The remuneration of other key management is determined by the Chief Executive Officer having regard to the performance of individuals and market trends.

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2022

PERFORMANCE MEASURES

All figures in the following supplementary information relates to Waipa Networks Limited (the Company).

Under Section 44 of the Energy Companies Act 1992, the Company is required to report its performance against targets set out in the Statement of Corporate Intent for the year. The performance of the business for the year ended 31 March 2022 is as follows:

	Target	2022	2021
Financial Performance Indicators			
Profit before interest expense and tax as a percentage of total assets	4.90%	3.64%	4.92%

Upon review the target set for 2022 has been identified as carried forward from the 2021 SCI. This reflects as not achieved, however when you review the finer detail of the SCI we performed better than anticipated with higher lines charges and other revenue but was partially offset by the loss incurred on the investment fund. Due to the unrealised loss on the investment fund in 2022 compared to the gain in 2021, this has resulted in the movement in the actuals between years. By excluding the investment gains/(losses) the comparable results would be 2022 4.04% (2021 4.33%).

	Target	2022	2021
Profit after tax as a percentage of equity	4.60%	3.92%	20.68%

In 2021 WNL sold their 15% share in UFFH, resulting in a gain on sale of $29m for FY21. As this was a one off transaction the percentage for FY21 was signifciantly higher in the prior year. As with profit as a percentage of total assets the unrealised loss on the investment fund in 2022 compared to the gain in 2021 reduces the the result. By excluding the investment gains/(losses) the comparable results would be 2022 4.42% (2021 19.95%) which are closer to target. Nil investment gain or loss is forecasted in the SCI.

	Target	2022	2021
Discounts Paid to Customers ($m)	5.15	5.46	5.75

For the purpose of the SCI Discount target an estimated Transpower loss rental rebate of $500k was included. Actual loss rental rebate of $834k for 2022 (2021 $777k).

Network Reliability performance measures

The Statement of Corporate Intent SAIDI and SAIFI targets are set by using one standard deviation of the average of the last five years actual performance adjusted to target a gradual improvement.

	Target	2022	2021
SAIDI (average minutes per customer)	244	340	257

Planned shutdowns accounted for 78 SAIDI minutes, related to high customer connection activity, network projects and defects repairs and renewal. Unplanned shutdowns totalled 262 minutes, with good performance seen throughout the year excluding the significant impact of Cyclone Dovi. The impact of Cyclone Dovi on the network was significant, with hundreds of customers unsupplied due to network damage from the high winds and rain over Sunday 13 February 2022. Damage included broken poles, cross arms and numerous fallen trees damaging the lines. The SAIDI impact of the storm was 114 SAIDI minutes, which is a significant portion of the annual unplanned targets. The large reliability impact was due to both the high volume of faults and the protracted restoration time, with faults still being restored on the Thursday following. Ignoring the impact of Cyclone Dovi, the SAIDI network target would have been achieved.

	Target	2022	2021
SAIFI (average interruptions per customer)	2.68	2.38	1.73

SAIFI was more favourable than target due to favourable weather conditions over the year in spite of Cyclone Dovi's impact of 0.43.

Definitions

SAIDI =The system average interruption duration index - the total average number of minutes that electricity was lost per customer. No normalisation was performed for major event days.

SAIFI = The system average interruption frequency index - the total average frequency of interruptions to electricity supply per customer. No normalisation was performed for major event days.

Successive interruptions greater than one minute within an event are treated as new interruptions. In circumstances where multiple interruptions occur as a result of a single initiating event, e.g. interruptions for fault finding; we count each interruption separately. This is consistent with the interpretation used in the prior year.

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2022

PERFORMANCE MEASURES (cont)

Customer, Community and Environment

As we are a community owned entity we have included new measures that focus on how connect and provide for stakeholders and how we monitor our overall impact on the environment.

Cambridge network Resilience	The target for 2022 was to secure a site for the new Cambridge GXP. The site purchase was finalised in January 2022. While we have secured the site, WNL is actively seeking resource consent.
Deliver a community energy project	Due to Covid-19 restrictions during the financial year a planned event was unable to go ahead. It is the intent that this event should be realised in FY23.
Climate Impact	While the measures for the Company's Carbon Footprint are still in development, WNL remain committed to the Toitū Enviromark certification. We have an opportunity to consider the carbon reduce programme offered by Toitū.

People	**Target**	**2022**	**2021**
Nil serious harm injuries ^	0.0	0.0	0.0

We have expanded our people measures and aligned our focus towards our critical risks to ensure that our Health & Safety system is producing the right outcomes to achieve our mantra of everyone home safe, everyday.

Incidents related to critical risks to be reduced by 10%	With the implemation of Assura (Health & Safety Management Tool) in July 2021 we are collecting data of incidents attributed to our eight critical Health & Saftey Risks. Evaluation of a reduction will be calculated in the current year once a full data set is available.

^ Serious harm is defined as a notifiable event under the Health and Safety at Work Act guidelines published by WorkSafe NZ.

COMPARISON OF STATEMENT OF CORPORATE INTENT AND FINANCIAL RESULTS

All figures in the following supplementary information relates to Waipa Networks Limited (the Company).

STATEMENT OF COMPREHENSIVE INCOME	**Target $**	**Actual $**
Line Charges	32,650,000	34,730,169
Less Discounts	5,150,000	5,461,755
Net line charges	27,500,000	29,268,414
Other Revenue	6,083,000	7,391,606
Net Revenue	33,583,000	36,660,020
Transmission	8,247,000	8,298,042
Operations	13,352,000	14,238,177
Depreciation	5,392,000	4,824,547
Operating Expenses	26,991,000	27,360,766
Profit from Operations	6,592,000	9,299,254
Net Gain (Loss) on investments	-	-908,659
Interest income	-	2,205
Net loss on disposal of assets	20,000	4,352
Profit before interest expense and tax	6,612,000	8,397,152
Finance Costs	148,000	195,976
Share of net profit / (loss) of associates	-	-
Gain on disposal of associates	-	740,516
Profit before tax	6,464,000	8,941,692
Tax	1,357,000	1,809,214
Profit after tax	5,107,000	7,132,478

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2022

COMPARISON OF STATEMENT OF CORPORATE INTENT AND FINANCIAL RESULTS (Cont)

Unit sales for the year of 417GWh were above the target of 399GWh. As a result, line charge revenue increased to $34.7m from a target of $32.7m. Consumer discounts increased $0.5m above target which included higher loss rental rebates from Transpower than targeted.

Operating expenses increased $0.4m above target.

The loss on investments of $0.9m was not included in the target. No gain/(loss) on investment was incorporated into the target.

	Target	Actual
	$	$
BALANCE SHEET		
Assets		
Property, Plant and Equipment	153,372,000	148,857,385
Right of Use assets	-	151,991
Intangible assets	5,496,000	7,177,327
Prepayments	-	265,267
Investments in associates	-	-
Loans to associates	-	80,788
Total non-current assets	158,868,000	156,532,758
Cash and cash equivalents	-	1,331,455
Investments	65,000,000	65,363,746
Trade and other receivables	2,598,000	4,297,135
Prepayments	280,000	117,992
Income tax receivable	-	585,908.00
Work in Progress	97,000	67,393
Stock	1,487,000	2,215,855
Total current assets	69,462,000	73,979,484
Total assets	228,330,000	230,512,242
Equity	183,287,000	182,086,686
Liabilities		
Employee entitlements	-	161,133
Lease liabilities		138,219
Capital Contributions in advance	9,379,000	8,392,603
Derivative financial instruments	-	-
Deferred tax liabilities	22,308,000	23,306,943
Borrowings	-	-
Total non-current liabilities	31,687,000	31,998,898
Trade and other payables and capital contributions	3,362,000	3,439,990
Capital Contributions in advance	-	5,213,909
Lase liabilities	8,841,000.00	7,050,000
Borrowings		19,014.00
Derivative financial instruments	-	-
Provisions	708,000	703,745
Income tax payable	445,000	-
Total current liabilities	13,356,000	16,426,658
Total liabilities	45,043,000	48,425,556
Total equity and liabilities	228,330,000	230,512,242

During the year the company has increased borrowings to fund network expansion, although borrowing levels are below target. Proceeds from the sale of UFFH in FY21 remain held in a managed investment fund making a loss of $0.9m in FY22. Current liabilities are above target due to the high balance of capital contributions in advance. For the purpose of the target all capital contributions and related party borrowings were allocated to non current liabilities.

All figures in the following supplementary information relates to Waipa Networks Limited (the Company).

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2022

	Target $	Actual $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	30,820,000	31,890,174
Payments to suppliers and employees	(20,579,000)	(22,194,910)
Net GST	94,000	248,550
Cash generated from operations	10,335,000	9,943,814
Interest Received	-	952
Interest paid	(148,000)	(193,380)
Taxes Paid	(1,802,000)	(2,474,144)
Net Cash Flows from Operating Activities	8,385,000	7,277,242
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	40,000	124,414
Capital contributions	3,127,000	6,029,746
Purchase of property, plant and equipment	(19,585,000)	(16,105,044)
Purchase of intangible assets	-	(1,888,612)
Proceeds from sale of investment in associate	-	361,017
Proceeds from settlement of loan to associate	-	-
Purchase of investments	-	(1,372,989)
Distribution of investments	-	1,372,989
Net cash flows from investing activities	(16,418,000)	(11,478,479)
Increase in borrowings	5,841,000	4,050,000
Loan to Shareholder	-	(79,535)
Repayment of borrowings	-	(51,819)
Principal portion of the lease liability	-	(17,801)
Net cash flows from financing activities	5,841,000	3,900,845
Net increase (decrease) in cash held	(2,192,000)	(300,392)
Cash & cash equivalents at 1 April	2,192,000	1,631,847
Cash & cash equivalents at 31 March	-	1,331,455
CASH BALANCES IN THE BALANCE SHEET	-	1,331,455

Increase in borrowings was below target due to spend on property, plant and equipment being lower than expected.