NORTHPOWER
ELECTRIC POWER TRUST

Annual Report 2024

Hon Phil Heatley Chairman

Sheena McKenzie Deputy Chair

Chris Biddles

Irene Durham

Tim Wilson

Paul Yovich

Erc Angelo

NORTHPOWER ELECTRIC POWER TRUST

CHAIRMAN
Hon P R Heatley M Hort Sc (Agr Eng) Hons.
Fellow IPENZ Member IoDNZ - Whangārei

DEPUTY CHAIR
S K McKenzie - Kaipara

OTHER TRUSTEES
C H Biddles - Kaipara
I M Durham BBM, Grad Dip (Fin) - Whangārei
T G Wilson CA, MInstD - Whangārei
P M W Yovich CA, MInstD - Whangārei
E A Angelo FCA - Whangārei

SECRETARIAT
B A Martin CA, MInstD
Plus Chartered Accountants Limited - Whangarei

BANKERS
ASB - Whangārei

AUDITOR
BDO Northland - Northland

Northpower

CHAIR
M D Trigg B Eng Chemicals and Materials

DIRECTORS
R C Booth MBA, Dip Ag
P G Hutchings B.Eng (Hons), Dip Bus Admin
L Kubiak MAICD, GAICD, MInstD
M K Kong BA (Hons I), LLB, L.Mus.A
K M Drinkwater BCom, CA
K M Friend CAANZ, CMInstD, AICD, BMS
D J Prentice B.Eng. (Hons), PhD (Eng), MInstD, CPEng

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NORTHPOWER
ELECTRIC POWER TRUST

+ Annual Report

FOR THE YEAR ENDED 31 MARCH 2024

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+ Trustees' Report

Chair and Deputy Chair Report

As we reflect on the past year, it has again been positive to see the Northpower Team investing strongly in its electricity network, despite the disruption and damage to the region from Cyclone Gabrielle, along with continued stormy weather in the winter of 2023.

Such investments help ensure safe, secure and resilient supply of electricity to the throughout Kaipara and Whangārei and that benefits us all in the community.

As Trustees, and on behalf of our consumer beneficiaries, we want to pay tribute to the efforts of all Northpower staff, particularly during in the aftermath of Cyclone Gabrielle in early 2023.

As noted in our 2023 Annual Report, they worked extremely hard at the time to safely and meticulously restore electricity across Kaipara and Whangārei – and they have continued that mahi with repairs, maintenance and network upgrades up until now. In total $40m of capital investments have been delivered in the past year.

Those efforts have, and continue to, ensure a safe, secure and resilient supply of electricity to the Northpower network footprint for the good of our community.

Through our interaction with Northpower consumer shareholders, we continue to receive extensive positive feedback from Northlanders stating their appreciation for the efforts of Northpower's frontline staff who always work cheerfully and tirelessly in often challenging conditions 24/7 to keep the power on – and to get the power back on in times of outages.

Again, we are aware of how carefully and detailed the planning is required to ensure that the safety of staff and members of the public is always a priority.

We would also like to acknowledge the Northpower team for the successful construction of Te Puna Mauri ō Omaru. This is Northpower's first grid scale solar farm at Ruawai and is on track to generate 29GWh per year, supplying approximately 3,000 homes by Christmas 2024.

We see it as a positive step towards Northland realising its renewable generation potential,and is somewhat symbolic given the origins of Northpower started out in Dargaville over 90 years ago when the North Auckland Electric Power Board was established.

During 2023, consumers also benefitted from a fifth consecutive Pricing Discount courtesy of Northpower and the Northpower Electric Power Trust. Around $14.1 million was paid to Northpower's electricity consumers through a Pricing Discount in November 2023, an increase of increase of $1.7 million from 2022 which is reflective of another solid performance from the company.

From an industry perspective, as Trustees, it is important we continually collaborate with others in the New Zealand electricity sector and we do this through working with Energy Trusts of New Zealand (ETNZ). We attend conferences twice yearly with ETNZ - a body which represents the interests of all electricity trusts in Aotearoa New Zealand.

Importantly, ETNZ helps influence regulators to provide a cost-effective clear regime for the energy sector that guides quality service to consumers, without imposing unnecessary additional costs.

"We look forward to continuing working hard as Trustees for the forthcoming financial year."

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Trustees also keep abreast of regulatory and industry issues through focus meetings with industry representatives, regular contact with Directors on significant issues as they arise and via ETNZ.

As always, Trustees work closely with the Northpower Board of Directors and Executive Officers throughout the year and that regular contact helps us be abreast of any significant issues as they arise.

We value their dedication, professionalism, openness and clarity, just as we strive to do our best because all Northpower Trustees are equally passionate about their roles in representing the community for the good of Te Taitokerau.

We look forward to continuing working hard as Trustees for the forthcoming financial year.

Hon Phil Heatley
Chair, Northpower Electric Power Trust

Sheena McKenzie
Deputy Chair, Northpower Electric Power Trust

Northpower Pricing Discount benefits consumer beneficiaries five consecutive years

Northpower and the Northpower Electric Power Trust ensured around $14.1 million was given to Northpower's electricity consumers through a Pricing Discount in November 2023.

The figure was a substantial increase of $1.7 million from what was paid in 2022, and the fifth consecutive year the consumer discount has increased.

The Northpower Pricing Discount is made possible with the support of the Northpower Electric Power Trust, which owns Northpower on behalf of consumers connected to the Northpower electricity network.

The Northpower Trust sees the discount as a practical mechanism which the Company and Trust can use to ensure financial returns flow directly back to electricity consumers in Kaipara and Whangarei.

"We are very pleased to offer this discount back to Northpower's consumer owners, as we know what a difference it makes to so many households, especially in today's climate," Northpower Chair Mark Trigg said when the discount was announced.

Most residential and business electricity customers connected to Northpower's network received a discount of $285.41 (including GST) in November or December 2023, while those who used between 1kWh and 2,000 kWh for the prior year received a discount of $106.55 (including GST).

The discount is shown as a credit on customers' November or December electricity bills and benefitted more than 62,000 customer connections on the Northpower network.

Northpower and the Northpower Electric Power Trust will have given back over $278 million to electricity consumers in Kaipara and Whangarei in various forms since 1993.

For the year commencing 1 April 2024, Northpower announced it will provide a discount through two payments, benefitting Northpower consumers by around $15 million in total.

It will be a discount on Northpower's distribution charges and the amount which each consumer receives for each eligible ICP will be determined by the usage between 1 April 2024 to 30 September 2024 for the first payment and 1 October 2024 to 31 March 2025 for the second payment (based on information supplied to Northpower by the electricity retailers). The amount will be calculated using the discount rates in the full pricing schedule available on Northpower's website.

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+ Trustees' Report continued

The discount will be capped to a maximum payment of $130.34 (plus GST) per payment (a total of $260.68 (plus GST), for the full year, per eligible ICP.

The discount payment will be applied as a credit on the electricity bill from the ICP's current electricity retailer during November or December 2024 for the first payment and May or June 2025 for the second payment. This is a change to prior years when the discount was entirely paid around November or December.

To qualify as an eligible ICP, an ICP must be supplied from the Northpower electricity network with a registry status of "active" (connected) on 1 November 2024 for the first payment and 1 May 2025 for the second payment - and have a current customer of an electricity retailer on that date for the respective discount payment.

The Role of Trustees

The Trustees' responsibilities are governed by the Trust Deed. They are required to provide for the short and long-term interests of the beneficiaries and must adhere to the requirements of the Trustee Act 2019, the Commerce Act 1986 and the Electricity Industry Act 2010.

Trustees' responsibilities cover:

- holding the shares in Northpower Limited on behalf of the electricity consumers of the Kaipara and Whangārei Districts;
- commenting to the Directors on Northpower's Statement of Corporate Intent (SCI);
- appointing Directors of Northpower Ltd and monitoring their performance with respect to the company's SCI;
- exercising the rights and responsibilities of diligent shareholders;
- meeting with the Directors on a regular basis to consider the performance of Northpower Ltd and reporting annually to the Trust's beneficiaries.

Seven Trustees are elected every three years by the public of the Kaipara and Whangārei Districts to hold the shares in Northpower Ltd on behalf of the Trust's beneficiaries, who are the electricity consumers of the two districts. The Northpower Electric Power Trust was registered in 1993.

Directorship

At each Annual General Meeting of Northpower Ltd, the Company's constitution requires that one third of the Directors will retire and may seek reappointment.

In the past financial year Mark Trigg was reappointed as Director and remains Chair, while Phil Hutchings, Richard Booth and Laurie Kubiak were also reappointed as Directors and in February 2024, David Prentice was appointed as a new Director to Northpower Ltd. We farewelled Michael James as a Director during this period.

We thank all for their efforts and dedication.

The selection and appointment of the Directors of Northpower Ltd is a critical role of the Trustees' responsibilities.

Trustees seek regular external perspectives on the performance of the Northpower Directors, the results of which have confirmed that Northpower Ltd continues to be governed by an excellent Board of Directors.

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Working with Directors

To fulfil statutory obligations, Northpower Electric Power Trust Trustees meet with the Board of Directors consistently throughout the year. Matters raised include any issues that have the potential to affect the value of Northpower Ltd. Trustees also receive and review the company interim financial reports for discussion with Directors.

The relationship between the Chair of the Trust and the Chair of the Board of Directors is extremely important and enables Trustees to effectively undertake the monitoring process required by the Trust Deed and the Company's Statement of Corporate Intent.

Regulatory and industry specific issues

Energy Trusts of New Zealand (ETNZ) is the body which represents the interests of electricity trusts throughout the country.

ETNZ supports members to get the best outcomes for their consumers and communities through efficient and innovative power distribution, unimpeded by unnecessary rules.

ETNZ seeks policy outcomes that deliver supply reliability, lowest reasonable costs and positive reliable outcomes, while also assisting Trustee members in meeting their responsibilities in providing effective, informed governance of the assets they are entrusted to protect.

ETNZ advocates on behalf of consumer-owned member trusts on the issues that matter to them most.

Consumer contact

All Trustees are privileged to represent the electricity consumers of Northpower Ltd as consumer beneficiaries of the Trust and to fulfil their responsibility to act in the capacity of shareholders of Northpower Ltd.

Trustees are always available to discuss matters involving the electricity industry in general, along with local issues that may also affect ownership issues and responsibilities. Trustees connect with the consumer beneficiaries of Northpower Ltd whenever the opportunity arises and are happy to be approached.

Financial report

The Trusts' 2024 financial statements are required to be consolidated with those of Northpower Ltd. The Trust's results are presented in the 'Parent' column while the 'Consolidated' column reflects the results of the Company and the Trust.

BDO Northland has completed the audit of the Trust's financial report and consumers will have the opportunity to approve the appointment of BDO Northland as the Trusts' auditors for the year ending 31 March 2025, at the 2024 AGM at Sporstville, Memorial Park, Logan Street, Dargaville at 1.00pm, on Wednesday 31 July 2024.

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+ Trustees' Statement

The Trustees present the summary annual report of the Northpower Electric Power Trust, incorporating the summary financial statements for the year ended 31 March 2024.

The full annual report and audited financial statements are available at Northpower's website: www.northpower.com/company/about-us/ownership

Principal activities

The principal business of the Trust is holding shares in Northpower Ltd on behalf of the consumer beneficiaries. The nature of the Trust's business has not changed during the year.

Trustees holding office during the year

The following Trustees held office during the year:

Hon Phil Heatley
Sheena McKenzie
Ercoli Angelo
Chris Biddles
Irene Durham
Paul Yovich
Timothy Wilson

Trustee remuneration and meeting fees paid were as follows:

	2024	2023
Phil Heatley	52,864	37,462
Sheena McKenzie	37,729	38,136
Ercoli Angelo	29,542	44,943
Chris Biddles	30,422	29,982
Irene Durham	30,422	29,982
Paul Yovich	30,202	29,542
Tim Wilson	30,422	9,700
Total	**241,603**	**224,857**

The appointed auditor of the Trust for the year ended 31 March 2024 is BDO Northland.

Consumers will have the opportunity to approve the appointment of BDO Northland as the Trusts' auditors for the year ending 31 March 2025 at the 2024 AGM in Dargaville on 31 July. In accordance with section 101 (3) of the Electricity Industry Act 2010, a motion will be put to the Annual Meeting of beneficiaries authorising the Trust to fix the fees and expenses of the auditors for the ensuing year.

For and on behalf of the Board of Trustees,

Hon Phil Heatley
Chairman

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NORTHPOWER
ELECTRIC POWER TRUST

Consolidated Financial Statements

FOR THE YEAR ENDED 31 MARCH 2024

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+ Profit and Loss - Trust Only

NORTHPOWER ELECTRIC POWER TRUST
For the year ended 31 March 2024

	2024	2023
Other Income		
Dividend Received	800,000	600,000
Interest Received	157,544	75,470
Total Other Income	**957,544**	**675,470**
Operating Expenses		
Advertising	437	0
AGM Expense	17,304	8,475
Audit Fees	24,550	20,413
Bank Charges	40	60
Conference Expenses & Travel	8,855	4,525
Consumer Call Centre	591	585
Director Recruitment	32,483	70,234
Election Expense	0	180,083
ETNZ Levy	30,527	19,954
General Expenses	0	320
Insurance	12,382	10,855
Interest - Overdraft	0	138
Legal Expenses	48,498	0
Meeting Expenses	2,025	2,648
Ownership Review Expenses	0	31,590
Secretarial Expenses	54,457	48,300
Subscriptions	3,327	2,726
Trustee Fees & Allowances	241,603	239,150
Trustee Travel Expenses	20,228	7,287
Total Operating Expenses	**497,308**	**647,340**
Net Profit	**460,235**	**28,129**

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+ Consolidated Statement of Comprehensive Income

NORTHPOWER ELECTRIC POWER TRUST
For the year ended 31 March 2024

	Note	Group 2024 $000s	Group 2023 $000s	Parent 2024 $000s	Parent 2023 $000s
Revenue from contracts with customers	2	483,517	447,954	-	-
Other income		8,067	1,922	800	600
Materials and supplies		(220,591)	(201,836)	-	-
Employee benefits	6	(169,189)	(154,164)	-	-
Transmission costs		(18,226)	(17,929)	-	-
Depreciation and amortisation		(44,251)	(40,951)	-	-
Other expenses	3	(5,731)	(3,872)	(497)	(647)
Fair valuation gain on derivatives		(632)	1,790	-	-
Finance cost	4	(9,160)	(7,138)	158	75
Net Profit before tax		**23,804**	**25,776**	**461**	**28**
Income tax expense	10	(8,885)	(7,637)	-	-
Net profit after tax for the year		**14,919**	**18,139**	**461**	**28**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	17	(9)	-	-	-
Income tax relating to these items					
Items that will not be reclassified to profit or loss					
Net gain on revaluation of property, plant & equipment, net of tax	13, 17	-	-	-	-
Other comprehensive income/(loss) for the year, net of tax		**(9)**	**-**	**-**	**-**
Total comprehensive income for the year attributable to the owners of the parent		**14,910**	**18,139**	**461**	**28**

The above statement should be read in conjunction with the accompanying notes.

+ Consolidated Statement of Financial Position

NORTHPOWER ELECTRIC POWER TRUST
As at 31 March 2024

	Note	Group 2024 $000s	2023 $000s	Parent 2024 $000s	2023 $000s
Assets					
Current assets					
Cash and cash equivalents		6,189	1,285	2,930	170
Trade and other receivables	8	54,488	50,528	769	587
Short term investments		-	2,493	-	2,493
Contract assets	2	26,706	25,778	-	-
Tax receivable		144	111	144	111
Derivatives	19	413	88	-	-
Inventory	5	13,688	17,027	-	-
Total current assets		**101,628**	**97,310**	**3,843**	**3,361**
Non-current assets					
Intangible assets	12	30,409	25,907	-	-
Investment in subsidiary		-	-	35,989	35,989
Derivatives	19	1,635	2,235	-	-
Right of use assets	14	61,013	64,145	-	-
Property, plant and equipment	13	563,181	512,839	-	-
Total non-current assets		**656,238**	**605,126**	**35,989**	**35,989**
Total assets		**757,866**	**702,436**	**39,832**	**39,350**

The above statement should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position continued

NORTHPOWER ELECTRIC POWER TRUST
As at 31 March 2024

	Note	Group 2024 $000s	Group 2023 $000s	Parent 2024 $000s	Parent 2023 $000s
Liabilities					
Current liabilities					
Trade and other payables	9	30,753	30,657	47	26
Contract liabilities	2	15,854	17,630	-	-
Employee entitlements	6	19,969	18,745	-	-
Provisions	15	6,335	1,460	-	-
Provision for tax		1,970	2,893	-	-
Borrowings	18	10,000	18,800	-	-
Deferred income	7	247	248	-	-
Lease liabilities	14	16,195	15,443	-	-
Total current liabilities		**101,323**	**105,876**	**47**	**26**
Non-current liabilities					
Employee entitlements	6	671	1,101	-	-
Lease liabilities	14	49,023	51,516	-	-
Borrowings	18	127,878	84,683	-	-
Deferred income	7	6,431	6,452	-	-
Derivatives	19	366	10	-	-
Deferred tax	11	73,243	68,777	-	-
Total non-current liabilities		**257,612**	**212,539**	**-**	**-**
Total liabilities		**358,935**	**318,415**	**47**	**26**
Net assets		**398,931**	**384,021**	**39,785**	**39,324**
Equity					
Equity attributable to owners of the parent	17	398,931	384,021	39,785	39,324
Equity		**398,931**	**384,021**	**39,785**	**39,324**

The above statement should be read in conjunction with the accompanying notes.

These financial statements are authorised for issue on 22 July 2024, for and on behalf of the Board of Trustees.

Hon Phil Heatley, **Chairman**

Sheena McKenzie, **Deputy Chair**

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Consolidated Statement of Changes in Equity

NORTHPOWER ELECTRIC POWER TRUST
For the year ended 31 March 2024

Group	Ordinary Shares $000s	Retained Earnings $000s	Other Reserves $000s	Asset Revaluation Reserve $000s	Foreign Currency Translation Reserve $000s	Total $000s
Balance as at 1 April 2023	**35,989**	**298,654**	**-**	**52,317**	**(2,939)**	**384,021**
Net profit for the year	**-**	**14,919**	**-**	**-**	**-**	**14,919**
Revaluation gain on property, plant and equipment	-	-	-	-	-	-
Other comprehensive loss for the year	-	-	-	-	(9)	(9)
Total comprehensive income for the year, net of tax	**-**	**14,919**	**-**	**-**	**(9)**	**14,910**
Balance as at 31 March 2024	**35,989**	**313,573**	**-**	**52,317**	**(2,948)**	**398,931**
Balance as at 1 April 2022	35,989	280,515	-	52,317	(2,939)	365,882
Net profit for the year	-	18,139	-	-	-	18,139
Revaluation gain on property, plant and equipment	-	-	-	-	-	-
Other comprehensive loss for the year	-	-	-	-	-	-
Total comprehensive income for the year, net of tax	-	18,139	-	-	-	18,139
Balance as at 31 March 2023	35,989	298,654	-	52,317	(2,939)	384,021

Parent	Trust Capital $000s	Retained Earnings $000s	Total $000s
Balance as at 1 April 2023	**35,989**	**3,335**	**39,324**
Profit for the year	-	461	461
Total comprehensive income for the year, net of tax	-	461	461
Balance as at 31 March 2024	**35,989**	**3,796**	**39,785**
Balance as at 1 April 2022	35,989	3,307	39,296
Profit for the year	-	28	28
Total comprehensive loss for the year, net of tax	-	28	28
Balance as at 31 March 2023	35,989	3,335	39,324

The above statement should be read in conjunction with the accompanying notes.

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Consolidated Cash Flow Statement

NORTHPOWER ELECTRIC POWER TRUST
For the year ended 31 March 2024

	Note	Group 2024 $000s	Group 2023 $000s	Parent 2024 $000s	Parent 2023 $000s
Operating activities					
Receipts from customers		478,992	443,670	-	-
Leave support income		-	315	-	-
Interest received		390	171	115	52
Income tax received		69	608	69	55
Dividends received		-	-	558	623
Payments to suppliers		(231,630)	(221,314)	(475)	(682)
Payments to employees		(168,513)	(154,045)	-	-
Interest paid		(10,619)	(7,499)	-	-
Income tax paid		(5,761)	(8,020)	-	-
Net cash inflows from operating activities	**16**	**62,928**	**53,886**	**267**	**48**
Investing activities					
Proceeds from sale of property, plant and equipment		311	133	-	-
Purchase of intangible assets		(2,402)	(1,940)	-	-
Purchase of property, plant and equipment		(66,175)	(36,512)	-	-
Acquisition of business	22	(8,967)	-	-	-
Short term investments		2,493	55	2,493	55
Net cash (outflows)/inflows from investing activities		**(74,740)**	**(38,264)**	**2,493**	**55**
Financing activities					
Drawdown of borrowings		473,400	519,378	-	-
Repayment of borrowings		(439,300)	(518,200)	-	-
Principal repaid on lease liability		(17,333)	(16,331)	-	-
Tax on dividends		(42)	-	-	-
Net cash (outflows)/inflows from financing activities		**16,725**	**(15,153)**	**-**	**-**
Net increase / (decrease)in cash and cash equivalents		4,913	469	2,760	103
Net foreign exchange differences		(9)	-	-	-
Cash and cash equivalents at the beginning of the year		1,285	816	170	67
Cash and cash equivalents at the end of the year		**6,189**	**1,285**	**2,930**	**170**

The above statement should be read in conjunction with the accompanying notes.

+ Notes to the Consolidated Financial Statements

NORTHPOWER ELECTRIC POWER TRUST
For the year ended 31 March 2024

1. General information and significant matters

General information
The Northpower Electric Power Trust (the Parent) was incorporated in New Zealand and established under the terms of the trust deed dated 29 March 1993. The Trust holds the entire share capital of Northpower Limited on behalf of the power consumers within the network area served by Northpower Limited. Northpower Limited (the Company) is a profit oriented limited liability company incorporated in New Zealand.

The Company was formed under the Energy Companies Act 1992 and registered under the Companies Act 1993. The financial statements presented are for Northpower Electric Power Trust Group (or "the Group") as at, and for the year ended 31 March 2023. The Group consists of Northpower Electric Power Trust, Northpower Limited and its subsidiaries. The principal activities of the Group are electricity distribution and contracting services. The principal activities of the subsidiaries are telecommunications and acoustic testing.

Basis of preparation
The consolidated financial statements ("financial statements") comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable Financial Reporting Standards, as appropriate for Tier 1 for-profit entities. They also comply with International Financial Reporting Standards. The financial statements have been prepared on a historical cost basis except for the revaluation of derivatives, distribution system assets, and land and buildings.

The presentation currency is New Zealand dollars (NZD), which is the company's functional currency. All financial information has been rounded to the nearest thousand unless otherwise stated. The consolidated statement of comprehensive income and consolidated statement of changes in equity are stated exclusive of GST. All items in the consolidated statement of financial position and consolidated cash flow statement are stated exclusive of GST except for trade receivables, trade payables, receipts from customers, and payments to suppliers which include GST. The parent is not registered for GST and therefore the parent financial statements are inclusive of any GST.

Certain prior year comparatives have been reclassified to better reflect the nature of those accounts.

Material accounting policies
Accounting policies, and information about judgements, estimations and assumptions that have had a material effect on the amounts recognised in the financial statements are disclosed in the relevant notes as follows:

- Revenue from contracts with customers (Note 2)
- Trade and other receivables (Note 20)
- Intangible assets (Note 12)
- Property, plant and equipment (Note 13)
- Provisions (Note 15)
- Financial risk management objectives and policies (Note 20)
- Related parties (Note 23)

Standards issued and effective
In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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Amendments to NZ IAS 1 Presentation of Financial Statements
The Group has adopted the amendments to NZ IAS 1 for the first time in the current year. The amendments change the requirements in NZ IAS 1 with regard to disclosure of accounting policies.

The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Amendments to NZ IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The Group has adopted the amendments to NZ IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to NZ IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in NZ IAS 12.

Amendments to NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors— Definition of Accounting Estimates
The Group has adopted the amendments to NZ IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

Standards issued but not yet effective
Certain new standards and interpretations are effective for annual periods beginning on or after 1 April 2024 and earlier application is permitted, however the Group has not early adopted the new or amended standards in preparing these financial statements. The new or amended standards and interpretations are not expected to have a material impact on the Group's financial statements.

2. Revenue from contracts with customers

	Note	2024 $000s	2023 $000s
Revenue recognised over time			
Electricity distribution revenue	i	74,683	67,289
Electricity generation	ii	1,134	1,724
Fibre telecommunication services	iii	17,236	15,538
Contracting revenue - electricity industry	iv	377,206	355,284
Contracting revenue - fibre telecommunications industry	v	157	177
Revenue recognised at a point in time			
Capital contributions	vi	13,101	7,942
Total		**483,517**	**447,954**

i. *Electricity distribution revenue*
The performance obligation is satisfied over time with the delivery of electricity and payment is generally due within 20 to 45 days from delivery. The Group adopts a practical expedient allowed by NZ IFRS 15 and recognises electricity distribution revenue when the right to invoice arises.

Part of the network charges is based on normalisation, where consumption is estimated to the end of the billing period based on historical actual meter readings. Occasionally the meter reading history data is not consistent and subsequent adjustments are made to customers' accounts, where further charges are applied or refunds given. These adjustment amounts are not significant compared with total network revenue.

The revenue disclosed above is net of a posted discount of $13.97 million paid during the year to the consumer owners (2023: $12.4 million), refer to Note 17.

ii. *Electricity generation*
The Group owns and operates an electricity power station at Wairua, Northland. The performance obligation of the supply of generated electricity is satisfied over time and pricing is based on the final electricity industry spot price, as defined by the Electricity Industry Participation Code. Payment is generally due 20 to 45 days from supply of the electricity.

iii. *Fibre telecommunication services*
The performance obligation is satisfied over time with the provision of fibre internet connectivity and payment is generally due 20 to 45 days from provision of the service. Revenue is recognised as the service is provided.

iv. *Contracting revenue – electricity industry*
The contracting division provides maintenance and construction services under fixed-price and variable price contracts. Revenue from these services is recognised in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual costs incurred relative to the total expected costs.

The Group determined that the input method is the best method of measuring progress of the services because there is a direct relationship between cost incurred and the transfer of service to the customer.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

v. *Contracting revenue – fibre telecommunications industry*
Revenue related to services to connect end users to the fibre network is recognised when the connection is complete. Revenue for maintenance services is recognised in the accounting period in which the services are rendered on the basis that the customer receives and uses the benefits simultaneously.

vi. *Capital contributions*
Capital contributions represents third party contributions towards the construction of distribution system and fibre network assets. Capital contribution revenue is recognised in the consolidated statement of comprehensive income when the asset is completed. Capital contribution revenue also includes capacity charges revenue, which is recognised when the invoice is issued.

Contract assets and contract liabilities
Amounts relating to contract assets are balances due from customers under construction contracts that arise when the performance obligations have been completed but not invoiced. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. The remaining performance obligations at balance date are part of contracts that are estimated to have a duration of one year or less. Hence the Group applied the practical expedient in NZ IFRS 15 in relation to the disclosure of information about remaining performance obligations at balance date. Contract liabilities are balances due to customers under construction contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-completion method. The revenue recognised during the year includes the contract liabilities balance at the beginning of the reporting period.

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3. Other expenses

Profit before income tax includes the following specific expenses:

	Group 2024 $000s	Group 2023 $000s	Parent 2024 $000s	Parent 2023 $000s
Fees to Deloitte:				
- Audit of financial statements	371	332	-	-
- Special audits required by regulators	137	212	-	-
Bad debts written off	-	162	-	-
Under provision of prior year audit fees	-	37	-	
Trust audit fees	25	20	25	20
Net loss on foreign exchange	(3)	50	-	-
Directors' fees	653	657	-	-
Trustees fees and allowances	243	239	243	239
Other trust expenses	229	388	229	388
Rental and lease costs	1,536	1,347	-	-
Impairment of assets	1,920	-	-	-

The rental and lease costs represent short-term leases, leases of low value assets and variable lease costs not included in NZ IFRS 16 costs.

4. Net finance cost

	Note	Group 2024 $000s	Group 2023 $000s	Parent 2024 $000s	Parent 2023 $000s
Interest income		433	194	158	75
Interest expense		(8,288)	(5,584)	-	-
Capitalised interest	13	1,544	641	-	-
Interest on leases	14	(2,849)	(2,389)	-	-
Net finance cost		**(9,160)**	**(7,138)**	**158**	**75**

Interest income and interest expense is recognised using the effective interest method. The gross interest costs of bank facilities excluding the impact of interest rate swaps was $8.8 million (2023: $4.8 million). Eligible borrowing costs were capitalised at an average interest rate of 6.7% (2023: 4.7%).

5. Inventory

Inventory is stated at the lower of cost and net realisable value. Inventory comprises of finished goods. The carrying amount of inventory held for distribution is measured on a weighted average cost basis. Inventory issued of $36.1 million was recognised in the profit or loss during the year (2023: $32.1 million). Inventory written off during the period amounted to $0.3 million (2023: nil). No inventory was pledged as securities for liabilities; however some inventory is subject to retention of title clauses.

6. Employee benefits and entitlements

Group	2024 $000s	2023 $000s
Salaries and wages	163,955	149,702
Defined contribution plan employer contributions	4,440	4,029
Movement in employee entitlements	794	433
Total employee benefit expenses	**169,189**	**154,164**

Group	2024 $000s	2023 $000s
Employee entitlements are represented by:		
Current		
Accrued salaries and wages	6,205	5,152
Annual leave	12,760	12,620
Sick leave	1,004	973
Total current portion	**19,969**	**18,745**
Non-current		
Retirement and long service leave	671	1,101
Total non-current portion	**671**	**1,101**
Balance as at 31 March	**20,640**	**19,846**

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

	Group 2024 $000s	2023 $000s	Parent 2024 $000s	2023 $000s
Short-term benefits	4,813	4,539	243	239
Termination benefits	-	-	-	-
Total compensation of key management personnel	**4,813**	**4,539**	**243**	**239**

The Group accrues for employee benefits which remain unused at balance date, and amounts expected to be paid under bonus and other entitlements. A liability for employee benefits is recognised when it is probable that settlement will be required and the amount is capable of being measured reliably.

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7. Deferred income

Group	2024 $000s	2023 $000s
Balance as at 1 April	6,700	6,919
Received during the year	223	122
Income recognised during the year	(245)	(341)
Balance as at 31 March	**6,678**	**6,700**
Current	**247**	**248**
Non-current	6,431	6,452
Balance as at 31 March	**6,678**	**6,700**

The Group received an interest-free loan from the Government for the construction of fibre network assets and the loan was recognised at its fair value when received, refer to Note 18. The difference between the amount received and the fair value is recognised as deferred income in accordance with NZ IAS 20. As the loan relates to the construction of property, plant and equipment it was included in deferred income in the statement of financial position and was recognised in the profit or loss over the periods necessary to match the related depreciation charges, or other expenses of the asset as they are incurred.

8. Trade and other receivables

		Group		Parent	
	Note	2024 $000s	2023 $000s	2024 $000s	2023 $000s
Trade receivables		52,008	47,682	750	564
Less provision for expected credit losses	20	(834)	(355)	-	-
Prepayments		3,314	3,201	19	23
Balance as at 31 March		**54,488**	**50,528**	**769**	**587**

The Group's exposure to credit risk and impairment losses related to trade receivables are disclosed in Note 20 in these financial statements.

9. Trade and other payables

	Group		Parent	
	2024 $000s	2023 $000s	2024 $000s	2023 $000s
Trade payables	21,515	20,476	47	26
Accrued payables	9,238	10,181	-	-
Balance as at 31 March	**30,753**	**30,657**	**47**	**26**

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10. Income tax expense

	Group 2024 $000s	2023 $000s	Parent 2024 $000s	2023 $000s
Net profit before tax	23,804	25,776	461	28
At New Zealand's statutory tax rate of 33% (2023: 33%)	7,855	8,506	152	9
Effect of lower tax rate in Company (28%)	(1,207)	(1,317)	-	-
Plus/(less) tax effect of:				
- Gross up of imputation credit	-	-	103	77
- Imputation credit attached to dividend received/declared	-	-	(311)	(233)
- Non-deductible expenses	375	464	-	-
- Non-taxable income	(66)	(100)	-	-
- Tax benefit not recognised	126	183	70	142
- Prior period adjustment	(370)	(99)	(14)	5
Deferred tax adjustment on building due to change in tax rules	2,172	-	-	-
	8,885	7,637	-	-
The taxation charge is represented by:				
- Current taxation	5,586	6,262	-	-
- Deferred taxation	3,655	1,479	-	-
- Prior period adjustment relating to current tax	(762)	(498)	-	-
- Prior period adjustment relating to deferred tax	406	394	-	-
	8,885	7,637	-	-
Imputation credits available for use in subsequent reporting periods	75,168	68,129	-	-

Income tax expense comprises current and deferred tax using tax rates and tax laws that have been enacted or substantively enacted at balance date. Current tax is the income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

On 28 March 2024, the Government passed the Taxation (Annual Rates for 2023–24, Multinational Tax, and Remedial Matters) Bill into law. The Bill included the removal of tax deductions for depreciation on non-residential buildings, effectively setting the tax depreciation rate to 0% for buildings with an estimated useful life of 50 years or more, with application from the 2024/25 income year.

This has resulted in additional deferred tax liability of $2.2 million being recognised.

11. Deferred tax

Group	Property, Plant & Equipment $000s	Employee Entitlements $000s	Provisions & other $000s	Tax losses $000s	Total $000s
Balance as at 1 April 2023	**(71,489)**	**4,199**	**(2,306)**	**819**	**(68,777)**
Charged to profit/(loss)	(4,357)	(76)	1,191	(819)	(4,061)
Charged directly to equity	-	-	-	-	-
Acquisition of business	(405)	-	-	-	(405)
Balance as at 31 March 2024	**(76,251)**	**4,123**	**(1,115)**	**-**	**(73,243)**
Balance as at 1 April 2022	(69,850)	4,134	(2,645)	1,457	(66,904)
Charged to profit/(loss)	(1,639)	65	339	(638)	(1,873)
Balance as at 31 March 2023	(71,489)	4,199	(2,306)	819	(68,777)

Deferred tax is the amount of income tax payable or recoverable 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. It is measured at tax rates that are expected to be applied to the temporary differences when they reverse.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

12. Intangible assets

Intangible assets are initially measured at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation expense of intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Easements are deemed to have an indefinite life, are not amortised, and are tested for impairment annually. There is no intangible asset whose title is restricted.

Software costs have a finite useful life and are amortised over a period of expected future benefit of 3 - 15 years on a straight line basis.

Goodwill arises on the acquisition of subsidiaries and business combinations. Goodwill is allocated to the Group's cash-generating units (CGU), being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets.

Goodwill is not amortised but is tested for impairment annually or whenever there is an indicator of impairment.

The recoverable amount was determined using the value in use model. The calculation of value in use in calculations for all cash-generating unit is most sensitive to movements in gross margin, discount rates and growth rates. Gross margins are based on the expected results as per next year's budget and future ten years' forecasts, which reflects the nature of energy infrastructure industry. Discount rates are based on the applicable weighted average cost of capital. The estimated recoverable amount of the CGU exceeded its carrying amount, hence there was no impairment loss at balance date.

The Directors have considered the variability of the key assumptions underlining the carrying amounts for the intangible assets set out above. The Directors believe that the range of reasonable variability would not cause a material change in these carrying amounts.

For Northpower Fibre Limited goodwill impairment testing, discount rate of 7.42% and growth rate of 1% was used.

	Goodwill $000s	Software $000s	Easements $000s	Customer relationship $000s	Carbon credits $000s	Capital work in progress $000s	Total $000s
Cost							
Balance as at 1 April 2023	12,358	40,229	453	-	-	1,292	54,332
Acquisition of business	4,390	-	-	1,725	-	-	6,115
Additions	-	-	-	-	656	3,540	4,196
Transfer between asset categories	-	754	92	-	-	(3,113)	(2,267)
Disposals	-	(1,229)	-	-	-	-	(1,229)
Balance as at 31 March 2024	**16,748**	**39,754**	**545**	**1,725**	**656**	**1,719**	**61,147**
Accumulated amortisation and impairment							
Balance as at 1 April 2023	(1,745)	(26,680)	-	-	-	-	(28,425)
Amortisation for the year	-	(3,185)	-	(173)	-	-	(3,358)
Transfer between asset categories	-	(172)	-	-	-	-	(172)
Disposals	-	1,217	-	-	-	-	1,217
Balance as at 31 March 2024	**(1,745)**	**(28,820)**	**-**	**(173)**	**-**	**-**	**(30,738)**
Net carrying amount as at 31 March 2024	**15,003**	**10,934**	**545**	**1,552**	**656**	**1,719**	**30,409**

Cost							
Balance as at 1 April 2022	12,358	38,249	453	-	-	1,624	52,684
Additions	-	-	-	-	-	1,940	1,940
Transfer between asset categories	-	1,980	-	-	-	(2,272)	(292)
Balance as at 31 March 2023	**12,358**	**40,229**	**453**	**-**	**-**	**1,292**	**54,332**
Accumulated amortisation and impairment							
Balance as at 1 April 2022	(1,745)	(23,375)	-	-	-	-	(25,120)
Amortisation for the year	-	(3,305)	-	-	-	-	(3,305)
Balance as at 31 March 2023	**(1,745)**	**(26,680)**	**-**	**-**	**-**	**-**	**(28,425)**
Net carrying amount as at 31 March 2023	**10,613**	**13,549**	**453**	**-**	**-**	**1,292**	**25,907**

Allocation of goodwill to cash-generating units

	2024 $000s	2023 $000s
Northern contracting	877	877
Central contracting	5,890	1,500
Northpower Fibre Limited	8,236	8,236
Balance as at 31 March	**15,003**	**10,613**

Cloud computing arrangements

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

If the configuration and customisation were performed by the cloud provider, and if the upfront service is distinct from the cloud computing arrangement, then the related costs may be initially treated as a prepayment and expensed over the term of the cloud computing arrangement. Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. The Group applies judgement to assess whether the criteria for capitalisation of the configuration and customisation costs, are met.

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13. Property, plant and equipment

	Freehold land $000s	Freehold buildings $000s	Distribution systems $000s	Fibre $000s
Cost or fair value				
Balance as at 1 April 2023	17,605	15,711	356,711	100,497
Acquisition of business	-	-	-	-
Additions	-	-	-	-
Transfer between asset categories	12,513	390	43,301	7,689
Disposals	-	-	(364)	-
Balance as at 31 March 2024	**30,118**	**16,101**	**399,648**	**108,186**
Accumulated depreciation & impairment				
Balance as at 1 April 2023	-	(596)	(10,328)	(10,679)
Depreciation charge for the year	-	(581)	(11,223)	(5,237)
Impairment	-	-	(1,644)	-
Transfers	-	(5)	43	18
Disposals	-	-	25	-
Balance as at 31 March 2024	**-**	**(1,182)**	**(23,127)**	**(15,898)**
Net carrying amount as at 31 March 2024	**30,118**	**14,919**	**376,521**	**92,288**
Cost or fair value				
Balance as at 1 April 2022	17,605	15,093	335,353	94,108
Additions	-	-	-	-
Transfer between asset categories	-	618	21,483	6,510
Disposals	-	-	(125)	(121)
Balance as at 31 March 2023	**17,605**	**15,711**	**356,711**	**100,497**
Accumulated depreciation				
Balance as at 1 April 2022	-	-	-	(5,469)
Depreciation charge for the year	-	(596)	(10,337)	(5,210)
Disposals	-	-	9	-
Balance as at 31 March 2023	**-**	**(596)**	**(10,328)**	**(10,679)**
Net carrying amount as at 31 March 2023	**17,605**	**15,115**	**346,383**	**89,818**

Generation $000s	Plant & equipment $000s	Motor vehicles $000s	Leasehold improvements $000s	Meters $000s	Capital work in progress $000s	Total $000s
15,879	47,042	4,031	3,705	308	19,034	580,523
-	184	2,524	174	-	-	2,882
-	-	-	-	-	75,116	75,116
1,744	3,951	96	135	3	(72,162)	(2,340)
-	(4,734)	(240)	(122)	-	-	(5,460)
17,623	**46,443**	**6,411**	**3,892**	**311**	**21,988**	**650,721**
(11,766)	(30,594)	(2,082)	(1,558)	(81)	-	(67,684)
(543)	(4,627)	(661)	(272)	(15)	-	(23,159)
-	(276)	-	-	-	-	(1,920)
(36)	138	9	3	2	-	172
-	4,822	138	66	-	-	5,051
(12,345)	**(30,537)**	**(2,596)**	**(1,761)**	**(94)**	**-**	**(87,540)**
5,278	**15,906**	**3,815**	**2,131**	**217**	**21,988**	**563,181**
15,879	43,341	3,575	3,573	308	10,114	538,949
-	-	-	-	-	42,212	42,212
-	4,074	767	132	-	(33,292)	292
-	(373)	(311)	-	-	-	(930)
15,879	**47,042**	**4,031**	**3,705**	**308**	**19,034**	**580,523**
(11,281)	(26,688)	(2,211)	(1,294)	(66)	-	(47,009)
(485)	(4,036)	(119)	(264)	(15)	-	(21,062)
-	130	248	-	-	-	387
(11,766)	**(30,594)**	**(2,082)**	**(1,558)**	**(81)**	**-**	**(67,684)**
4,113	**16,448**	**1,949**	**2,147**	**227**	**19,034**	**512,839**

The carrying value that would have been recognised had the following revalued assets been carried under the cost model would be as follows:

	Freehold land $000s	Freehold buildings $000s	Distribution systems $000s
2024			
Cost	18,917	20,302	455,230
Accumulated depreciation & impairment	-	(6,245)	(127,508)
Net carrying amount	**18,917**	**14,057**	**327,722**
2023			
Cost	6,223	19,538	412,586
Accumulated depreciation & impairment	-	(5,602)	(117,581)
Net carrying amount	**6,223**	**13,936**	**295,005**

Property, plant and equipment (PPE), except revalued assets are stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment loss. The cost of purchased PPE may include the initial purchase price plus directly attributable material, labour, finance costs, and other overheads incurred for bringing the assets to the location and condition necessary for their intended use. Finance costs incurred during the course of construction that are attributable to a project are capitalised using the finance rate applicable to the funding. Costs cease to be capitalised as soon as an asset is ready for productive use. Freehold buildings asset class includes buildings infrastructure assets of $5.0 million at balance date (2023: $4.8 million).

Revalued assets

Distribution system, land and buildings assets are revalued after initial recognition and are presented in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance sheet date. Additions between revaluations are recorded at cost. Depreciation on revalued assets is recognised in profit or loss. Land is not depreciated.

Asset revaluation reserve

Any revaluation increment is recorded in other comprehensive income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in the profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation at the date of the revaluation is transferred to the gross carrying amount of the asset and the asset cost is restated to the revalued amount. When revalued assets are disposed of, the amounts included in the asset revaluation reserve are transferred to retained earnings.

Revaluation

The fair value of the Group's land, and buildings is based on market values, being the price that would be received to sell land and buildings in an orderly transaction between market participants at the measurement date. Changes to market conditions or assumptions made in the estimation of fair value will result in changes to the fair value of the revalued assets.

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The most recent valuation for land and buildings was completed at 31 March 2022 by AON Risk Solutions, a registered independent valuer. The valuation was carried out in accordance with International Valuation Standards. Fair value was determined by direct reference to recent market transactions on arm's length terms. To establish the valuation of properties, the valuer used a combination of income capitalisation, market comparison and depreciated replacement cost approaches. Fair value was assessed with reference to the"highest and best use"being defined as "the most probable use of an asset that is physically possible, appropriately justified, legally permissible, financially feasible and results in the highest value". For the current year, the movement in the fair value of land and buildings was assessed at balance date. Accordingly, the land and buildings asset were not revalued during the year as the carrying value of land and buildings did not differ materially from its fair value.

Electricity distribution network assets are valued by an independent valuer. The revaluation exercise is performed every three years. The most recent valuation to determine the fair value of the electricity distribution network assets was completed at 31 March 2022 by PriceWaterhouseCoopers (PwC), an independent registered valuer. As the fair value of the assets was not able to be reliably determined using market-based evidence, the valuation was prepared using a discounted cash flow (DCF) methodology over a 10-year period, with a terminal value based on the estimated regulatory asset base. The assumptions mainly include estimated future revenues, operating costs and capital expenditure. A post tax nominal WACC of 6.3% was used. The posted discount was not included in the valuation cash flows for FY26 – FY34 as it only forms part of the contract price once declared.

The movement in the fair value of distribution systems was assessed at balance date. Accordingly, valuation movement during the year was not recognised as the carrying value did not differ materially from its fair value. The valuation was most sensitive to movements in discount rate and distribution revenue. A 5% movement in the discount rate would change the mid-point valuation by +/- 3%. A 5% movement in the distribution revenue would change the mid-point valuation by +/- 6%.

Insurance cover

The Group holds prudent insurance cover including for material damage to the substations, and other infrastructure within the distribution network. The distribution system network assets that are spread over a large area being the lines, poles and distribution transformers are uninsured as either the insurance cover is unavailable or is prohibitively expensive. The Group has prudent insurance cover for the non-network assets and appropriate contracting and liability insurances.

Depreciation

Depreciation is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:

Buildings - freehold	10 - 50 years
Distribution system	5 - 70 years
Fibre assets	5 - 50 years
Generation	5 - 50 years
Plant & equipment	3 - 20 years
Motor vehicles	5 - 15 years
Leasehold improvements	2 - 20 years
Meters	2 - 20 years

The estimation of useful lives of assets has been based on historical experience as well as manufacturers' warranties for plant and equipment, lease terms for leased assets and turnover policies for motor vehicles. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Gain/Loss on disposal of PPE

During the year a loss on disposal of PPE of $0.3 million (2023: $0.01 million gain) was recognised in the profit or loss within other income.

Impairment of non-financial assets other than inventory and goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where the carrying value of an asset exceeds its recoverable amount i.e. the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets or cash-generating unit to which it belongs for which there are separately identifiable cash flows.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. A reversal of an impairment loss is recognised in the consolidated statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase through other comprehensive income.

During the year, no impairment was recognised on intangible assets (2023: nil). Impairment provision of $1.6 million was recognised on distribution system assets and $0.3 million recognised on plant and equipment assets.

14. Leases

NZ IFRS 16 Leases establishes one sole accounting model for lessees, where the amounts in the consolidated statement of financial position are increased by the recognition of right of use assets and the financial liabilities for the future payment obligations relating to leases classified previously as operating leases. The right of use asset is initially measured at cost which is based on the amount of lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease and subsequently at cost less cumulative depreciation and impairment losses; adjustments are made for any new measurement of the lease liability due to the amendment or reassessment of the lease. The right of use asset is subsequently depreciated on a straight line basis from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The lease liability is measured using the present values of future lease payments. When calculating lease liabilities, the Group applied discount rates (incremental rate), depending on the lease terms.

The Group considers a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In determining the lease term, the non-cancellable period of the lease agreement and the periods covered by the option to extend the lease are taken into account, if the lessee is reasonably certain that they will exercise this option. Leases entered into and identified by the Group include property leases and vehicle leases.

The Group has also applied the practical expedient available from NZ IFRS 16 and excluded short- term leases and low value assets. The Group considers leases which has a duration of less than 12 months, unless there is reasonable certainty that they can be extended, as short-term leases.

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Right of use assets

	Buildings $000s	Vehicles $000s	Total $000s
Cost			
Balance as at 1 April 2023	33,776	88,834	122,610
Additions	3,309	10,509	13,818
Acquisition of business	1,243	-	1,243
Disposals	-	(288)	(288)
Remeasurement	760	-	760
Balance as at 31 March 2024	**39,088**	**99,055**	**138,143**
Accumulated amortisation and impairment			
Balance as at 1 April 2023	**(13,804)**	**(44,661)**	**(58,465)**
Amortisation	(3,907)	(13,827)	(17,734)
Impairment	(990)	-	(990)
Disposals	-	-	-
Other adjustments	-	59	59
Balance as at 31 March 2024	**(18,701)**	**(58,429)**	**(77,130)**
Net book value	**20,387**	**40,626**	**61,013**

Cost			
Balance as at 1 April 2022	33,079	78,449	111,528
Additions	244	10,238	10,482
Disposals	-	-	-
Remeasurement	453	147	600
Balance as at 31 March 2023	**33,776**	**88,834**	**122,610**
Accumulated amortisation			
Balance as at 1 April 2022	**(10,173)**	**(31,650)**	**(41,823)**
Amortisation	(3,631)	(12,953)	(16,584)
Disposals	-	-	-
Other adjustments	-	(58)	(58)
Balance as at 31 March 2023	**(13,804)**	**(44,661)**	**(58,465)**
Net book value	**19,972**	**44,173**	**64,145**

	2024	2023
Lease Liabilities		
Balance as at 1 April	**66,959**	**72,266**
Additions	13,818	10,482
Acquisition of business	1,243	-
Interest	2,849	2,389
Remeasurement	760	600
Termination	(307)	-
Payments	(20,137)	(18,517)
Other adjustments	33	(261)
Balance as at 31 March	**65,218**	**66,959**

Operating lease income

As lessor in operating leases, the aggregate minimum lease payments to be collected under non- cancellable operating leases are as follows:

Group	2024 $000s	2023 $000s
Non-cancellable operating lease		
Within one year	35	27
After one year but not more than five years	69	84
More than five years	68	75
Balance of non-cancellable operating leases	**172**	**186**

15. Provisions

Provision for onerous contracts of $6.3 million (2023: $1.5 million) at balance date relates to unavoidable costs of meeting the obligations under the contracts that were estimated to exceed the economic benefits expected to be received under it. In addition, there was a provision of $1.0 million impairment of right of use asset as part of the onerous contract assessment (Note 14). Accordingly, cumulative movement in the year through the consolidated statement of comprehensive income was $7.3 million. During the year $1.5 million provision was utilised (2023: $2.8 million).

The provision was measured as the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on estimated full costs necessary to fulfil the obligations under the contract. Any impairment losses associated with the contract are recognised before the provision for onerous contracts is established.

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16. Cash flow statement reconciliation

	Group 2024 $000s	2023 $000s	Parent 2024 $000s	2023 $000s
Reconciliation of net profit after tax to net cash flows from operations				
Net profit after tax	14,919	18,139	461	28
Adjustments for:				
- Depreciation & amortisation	44,251	40,951	-	-
- Loss/(gain) on sale of property, plant & equipment	330	(14)	-	-
- Deferred income release	(245)	(341)	-	-
- Non cash capital contribution revenue	(7,267)	(5,314)	-	-
- Fair valuation (gain)/loss on derivative financial instruments	632	(1,790)	-	-
- Capitalised interest	(1,544)	(641)	-	-
- Non cash interest	519	474	-	-
- Carbon Credits	656	-	-	-
- Provision for impairment of assets	1,920	290	-	-
Changes in assets & liabilities				
- Increase/(decrease) in trade & other payables	5,106	5,780	579	(34)
- Less related to property, plant and equipment	(1,806)	389	-	-
- Increase in contract liabilities	(2,195)	2,345	-	-
- Increase / (decrease) in provision	5,066	(2,855)	-	-
- Increase in contract assets	(25)	(1,973)	-	-
- Decrease in income tax	(970)	(1,713)	(33)	(57)
- Increase in trade & other receivables	(4,504)	(1,593)	(740)	111
- Decrease/(increase) in inventory	3,348	(555)	-	-
- Increase in deferred tax liabilities	4,061	1,873	-	-
- Increase in employee entitlements	676	434	-	-
Net cash inflows from operating activities	**62,928**	**53,886**	**267**	**48**

The table below sets out an analysis of the Group's liabilities for which cash flows have been, or will be, classified as financing activities in the consolidated cash flow statement.

	Group 2024				Parent 2023
	Cash and cash equivalents $000s	Lease liabilities $000s	Borrowings $000s	Total $000s	Cash and cash equivalents $000s
Net debt as at 1 April 2023	(1,285)	66,959	110,183	175,857	(170)
Cash flows	(4,913)	(17,333)	34,100	11,854	(2,760)
Non cash movements	9	15,592	273	15,874	-
Net debt as at 31 March 2024	**(6,189)**	**65,218**	**144,556**	**203,585**	**(2,930)**
Net debt as at 1 April 2022	(816)	72,266	108,871	180,321	(67)
Cash flows	(469)	(16,331)	1,178	(15,622)	(103)
Non cash movements	-	11,024	134	11,158	-
Net debt as at 31 March 2023	**(1,285)**	**66,959**	**110,183**	**175,857**	**(170)**

17. Equity

Trust capital

The total number of shares authorised and issued is 35,981,848 (2023: 35,981,848). Trust capital consists of ordinary shares which are classified as equity. All ordinary shares are issued, fully paid, have no par value and are ranked equally. Fully paid shares carry one vote per share and the right to dividends. The Trust capital was paid by Northpower Limited contemporaneously upon execution of the Trust Deed executed 29th of March 1993.

Asset revaluation reserve

The asset revaluation reserve is used to record the increments and decrements in the fair value of property, plant and equipment identified as being carried at valuation. Net revaluation amount recognised in other comprehensive income at balance date was nil (2023: nil).

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The Australian subsidiaries' functional currency is Australian dollars which is translated to the presentation currency. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

Capital management

The Company considers shares, reserves and retained earnings as part of its capital. When managing capital, the Board's objective is to ensure the entity continues as a going concern maintaining adequate working capital, ensuring obligations can be met on time, as well as maintaining returns to shareholders as set out in the statement of corporate intent. The Group's statement of corporate intent prescribes that the debt/capital ratio will be maintained at 40% or lower.

The Group's policy, outlined in the statement of corporate intent, is to distribute to its shareholder all funds surplus to the investment and operating requirements of the Group. During the year, a posted discount of $13.97 million (2023: $12.4 million) was paid to the consumers.

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18. Borrowings

Group	Maturity	2024 $000s	2023 $000s
Current	**Less than 12 months**	**10,000**	**18,800**
Non Current			
Unsecured loans	Within 1- 2 yrs	48,600	-
Unsecured loans	Within 2 & 3 yrs	32,700	10,000
Unsecured loans	Within 3 & 5 yrs	35,000	63,900
Interest free Crown loan	Beyond 5 years	11,578	10,783
Balance of non current as at 31 March		**127,878**	**84,683**
Total as at 31 March		**137,878**	**103,483**

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The carrying amount of borrowings repayable within one year approximates their fair value.

After initial recognition, borrowings are measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of borrowings.

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.

The fair value of the interest-free Crown loan was estimated at $11.6 million (2023: $10.8 million) using prevailing market interest rates at drawdown date for an equivalent loan, ranging between 3.04% and 7.39%. During the year, interest charges of $0.5 million (2023: $0.5 million) were recognised on this loan. The difference of $6.7 million (2023: $6.7 million) between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognised as deferred income, refer to Note 7.

At balance date the Group had $155 million of lending facilities with an average rate of interest during the year of 5.7% (2023: 3.7%). Security held by the bank is in the form of a negative pledge deed, where an undertaking has been given that certain actions will not be undertaken and key financial ratios will be maintained. The bank covenants have all been met for the years ended 31 March 2024 and 2023.

19. Derivatives

Group	2024 $000s	2023 $000s
Current		
Forward foreign exchange contracts	267	-
Interest rate swaps	146	88
Total as at 31 March	**413**	**88**
Non-current		
Interest rate swaps	1,635	2,235
Interest rate swaps	(366)	(10)

Derivatives are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest rates and foreign exchange on purchases of property, plant and equipment.

In accordance with the Group's treasury policy, derivatives are only used for economic hedging purposes and not as speculative investments. The Group has elected not to apply hedge accounting. Derivatives are classified as held for trading for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. The carrying values of the derivatives are the fair values excluding any interest receivable or payable, which is separately presented in the consolidated statement of financial position in other receivables or other payables.

20. Financial risk management objectives and policies

The Group risk management policy approved by the Board provides the basis for overall financial risk management. The Group's treasury policy covers specific risk management and mitigation principles for liquidity risk, credit risk, foreign exchange risk, hedging and interest rate risk. The Group Treasury identifies and evaluates financial risks in accordance with the policies approved by the Board. To monitor the existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering its business units.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivatives and contract assets	Aging analysis Credit ratings	Diversification of counter parties, credit limits, performance bonds, prudential arrangements, Treasury Policy limits and Board oversight
Liquidity risk	Borrowings, contract liabilities and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities, Board oversight and Treasury Policy limits
Market risk – interest rate	Floating rate borrowings	Sensitivity analysis	Interest rate swaps
Market risk – foreign exchange	Future commercial transactions, recognised financial assets and liabilities denominated in foreign currency	Cash flow forecasting Sensitivity analysis	Forward foreign currency forwards

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has transactional and translational currency exposures. At 31 March 2024 forward foreign exchange contracts outstanding was $0.9 million (2023: Nil).

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, hedging positions and the mix of fixed and variable interest rates. The Group manages its cost of borrowing by limiting the ratio of fixed to floating rate cover held using interest rate swaps. Based on the Group's interest rate risk exposure at balance date, an increase (or decrease) of 1% in the interest rates will likely cause a $1.4 million (2023: $1.0 million) increase (or decrease) in the post-tax profit. There would be no effect on other components of equity. The notional value of the outstanding interest rate swap contracts amounted to $73 million (2023: $56.0 million). The fixed interest rates of interest rate swaps range between 0.9% to 5.5% (2023: 0.9% to 4.2%).

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Credit risk

Credit risk is the risk that a third party will default on its contractual obligation resulting in financial loss to the Group. The Group places its cash and short-term deposits with high credit quality financial institutions (A1 or better), and limits the proportion of credit exposure to any one institution in accordance with Company policy. The maximum exposure to credit risk is the fair value of receivables. The Group does not generally require collateral from customers. Trade receivables and contract assets arise from a large number of customers spread across the North Island. The majority of the receivables balance at reporting date, was due from four significant customers. A credit evaluation is performed at the onset of material contracts to assess the financial condition of the counterparty and an ongoing credit evaluation is maintained over the life of the contract to take account of any changes in the risk profile of the counterparty. The Group continuously reviews the accounts receivables and promptly recognises an impairment loss when any indicators arise.

Group	2024 Gross $000s	2024 Impairment $000s	2024 Net $000s	2023 Gross $000s	2023 Impairment $000s	2023 Net $000s
Trade receivables						
Less than 30 days past due	50,975	-	50,975	46,930	-	46,930
Past due 31 - 60 days	98	-	98	26	-	26
Past due 61 - 90 days	101	-	101	369	-	369
Past due 91 days plus	834	(834)	0	357	(355)	2
Total	**52,008**	**(834)**	**51,174**	**47,682**	**(355)**	**47,327**

Parent	2024 Gross $000s	2024 Impairment $000s	2024 Net $000s	2023 Gross $000s	2023 Impairment $000s	2023 Net $000s
Trade receivables						
Less than 30 days past due	750	-	750	564	-	564
Past due 31 - 60 days	-	-	-	-	-	-
Past due 61 - 90 days	-	-	-	-	-	-
Past due 91 days plus	-	-	-	-	-	-
Total	**750**	**-**	**750**	**564**	**-**	**564**

Group	2024 Gross $000s	2024 Impairment $000s	2024 Net $000s	2023 Gross $000s	2023 Impairment $000s	2023 Net $000s
Contract assets						
Less than 30 days past due	21,296	-	21,296	19,403	-	19,403
Past due 31 - 60 days	2,423	-	2,423	2,720	-	2,720
Past due 61 - 90 days	1,791	-	1,791	2,452	-	2,452
Past due 91 days plus	1,196	-	1,196	1,203	-	1,203
Total	**26,706**	**-**	**26,706**	**25,778**	**-**	**25,778**

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The Group maintains a provision for estimated losses expected to arise from customers being unable to make required payments. This provision takes into account known commercial factors impacting specific customer accounts, as well as the overall profile of the debtors' portfolio. Movements in the allowance for expected credit losses of trade receivables and contract assets are as follows:

Group	2024 $000s	2023 $000s
Balance as at 1 April	355	375
Additions	528	195
Acquired through business combination	(49)	-
Bad debts written off	-	(172)
Released	-	(43)
Balance as at 31 March	**834**	**355**

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank funding facilities. The Group has a maximum amount that can be drawn against its lending facilities of $155.0 million (2023: $155.0 million). There are no restrictions on the use of the facilities. The Group also has in place a credit card facility with a combined credit limit over all cards issued of $1.0 million (2023: $1.0 million).

Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The risk implied from the values shown in the following tables, reflects management's expectation of cash outflows. The amounts disclosed are the contractual undiscounted cash flows.

Contractual cash flow maturity profile

Group $000s	2024					2023				
	Within 1 year	1-2 years	2-5 years	Beyond 5 years	Total	Within 1 year	1-2 years	2-5 years	Beyond 5 years	Total
Non-derivative financial liabilities										
Trade payables	26,631	-	-	-	26,631	27,419	-	-	-	27,419
Lease liabilities	18,829	16,200	30,655	6,771	72,455	17,824	15,345	29,401	11,458	74,028
Interest bearing loans	11,997	49,765	68,893	-	130,655	19,837	10,979	65,338	-	96,154
Interest free Crown loan	-	-	-	17,093	17,093	-	-	-	16,592	16,592
Derivative financial (assets)/liabilities										
Forward exchange contracts inflow	267	-	-	-	267	-	-	-	-	-
Forward exchange contracts outflow	-	-	-	-	-	-	-	-	-	-
Net settled derivatives										
Interest rate swaps	439	67	909	-	1,415	(88)	(238)	(1,587)	(400)	(2,313)
Total Contractual cash flows	58,163	66,032	100,457	23,864	248,516	64,992	26,086	93,152	27,650	211,880

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	2024					2023				
	Within 1 year	1-2 years	2-5 years	Beyond 5 years	Total	Within 1 year	1-2 years	2-5 years	Beyond 5 years	Total
Parent $000s										
Trade payables	47	-	-	-	47	26	-	-	-	26
Total Contractual cash flows	47	-	-	-	47	26	-	-	-	26

The maturity profile of lease liabilities over the next 2-5 years comprises $12.7 million due within 2-3 years (2023: $12.6 million), $10 million due within 3-4 years (2023: $9.3 million), and $8 million due within 4-5 years (2023: $7.5 million).

21. Recognised fair value measurements

Financial assets and financial liabilities

The Group classifies its financial assets and financial liabilities into the following categories depending on the purpose for which the asset or liability was acquired.

	Group 2024 $000s	2023 $000s	Parent 2024 $000s	2023 $000s
Financial assets at fair value through profit or loss				
Interest rate swaps	1,781	2,323	-	-
Forward foreign exchange contracts	267	-	-	-
Balance of financial assets at fair value through profit or loss	**1,781**	**2,323**	**-**	**-**
Financial assets at amortised cost				
Cash & cash equivalents	6,189	1,285	2,930	170
Trade & other receivables	51,174	47,327	750	564
Short term investments	-	2,493	-	2,493
Balance of financial assets at amortised cost	**57,363**	**51,105**	**3,680**	**3,227**
Financial liabilities at fair value through profit or loss				
Interest rate swaps	366	10	-	-
Forward foreign exchange contracts	-	-	-	-
Balance of financial liabilities at fair value through profit or loss	**366**	**10**	**-**	**-**
Financial liabilities at amortised cost				
Borrowings	137,878	103,483	-	-
Lease liabilities	65,218	66,959	-	-
Trade & other payables	26,631	27,419	47	26
Balance of financial liabilities at amortised cost	**229,727**	**197,861**	**47**	**26**

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Financial assets at amortised cost

Financial assets at amortised cost consist of cash and cash equivalents and trade & other receivables. These are initially measured at fair value and subsequently at amortised cost. Cash and cash equivalents at balance date comprise of cash at bank held on-call. Due to the short-term nature of these receivables the carrying value of receivables approximates their fair value. Trade and other receivables and contract assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less an allowance for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss consist of derivatives. Derivatives are used to manage exposure to foreign exchange and interest rate risks arising from financing activities.

Derivatives are initially recognised at fair value at the date of the contract and subsequently measured at fair value at each balance date with the resulting gain or loss recognised in the profit or loss. Fair value is calculated as the present value of the estimated future cash flows based on observable interest yield curves. Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZD (the functional currency) using the exchange rates prevailing at the dates of the transactions.

Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of trade and other payables, lease liabilities and borrowings. These are measured initially at fair value and subsequently at amortised cost using effective interest rate (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

The fair value is materially similar to amortised cost other than Crown Loan which is disclosed in Note 18. Due to the short-term nature of the payables, no discounting is applied.

Impairment of financial assets

The Group recognises a lifetime loss allowance for expected credit losses (ECL) on trade receivables and contract assets. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade 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 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 the forecast of conditions at the reporting date, including time value of money where appropriate.

Fair value hierarchy

A number of assets and liabilities included in the Group's financial statements require measurement at fair value and/or disclosure of fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible.

Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. The Group's financial assets and liabilities measured at fair value are classified as Level 2 on the fair value hierarchy unless specified otherwise. The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

There have been no transfers between Level 1 and Level 2 during the year (2023: nil).

Fair value hierarchy of non-financial assets

The Group obtains independent valuations for its electricity distribution network assets and land, and buildings at least every three years. Valuation techniques are based on the following hierarchy.

The following table summarises the fair value measurement hierarchy of the non-financial assets that are recognised and measured at fair value in the financial statements.

Group	Level 2 $000s	Level 3 $000s	Total $000s
Property, Plant & Equipment			
Distribution systems	-	376,521	376,521
Freehold land	7,545	22,573	30,118
Freehold buildings	4,859	10,060	14,919
Balance as at 31 March 2024	**12,404**	**409,154**	**421,558**
Property, plant & equipment			
Distribution systems	-	346,383	346,383
Freehold land	7,795	9,810	17,605
Freehold buildings	4,757	10,358	15,115
Balance as at 31 March 2023	**12,552**	**366,551**	**379,103**

22. Business combinations

On 3 April 2023, the Group acquired Linepower, a New Plymouth based contracting organisation for $9.0 million. The Group applied the acquisition method to account for business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

	1 April 2023 $000s
Fair value recognised on acquisition	
Assets	
Property, plant and equipment (Note 13)	2,882
Intangible assets (Note 12)	1,725
Inventory	9
Net Contract Asset (accrued revenue)	903
Right of use assets (Note 14)	1,243
Goodwill arising on the acquisition (Note 12)	4,390
	11,152
Liabilities	
Contract liabilities	(419)
Employee accruals	(118)
Deferred tax liability (Note 11)	(405)
Lease liability (note 14)	(1,243)
	(2,185)
Total identifiable net assets at fair value	**8,967**
Total consideration transferred	
Cash	8,967
Net cash outflow on acquisition	
Transaction costs of the acquisition (included in cash flows from operating activities)	776
Cash consideration transferred	8,967
	9,743

23. Related parties

The Northpower Electric Power Trust, is the Group's ultimate parent entity. During the year fully imputed dividends of $0.8 million (2023: $0.6 million) was declared by the company and $0.6 million (2023: $0.7 million) was paid during the year by the company.

Subsidiaries

Subsidiaries are entities controlled directly or indirectly by the Trust. All subsidiaries have a 31 March balance date and are wholly owned. The Trust holds 100% of the voting rights in all entities reported as subsidiaries. The Trust's investment in subsidiary relates to shares held in Northpower Limited.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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Northpower Western Australia Pty Limited and its non-trading wholly owned subsidiary West Coast Energy Pty Limited are incorporated in Western Australia.

Northpower Fibre Limited is incorporated in New Zealand.

The financial statements of subsidiaries are reported in the financial statements using the acquisition method of consolidation. Intra-group balances and transactions between group companies are eliminated on consolidation. Outstanding balances at year end are unsecured, interest-free and settlement occurs in cash.

Transactions between the Company and key management personnel
Certain directors and key management of Northpower Limited are also directors of the subsidiaries. A summary of material trading activities with related parties is as below:

Key management Personnel	Related party	Position	Sales to related parties $000s		Purchases from related parties $000s		Amounts owing to related parties $000s	
			2024	2023	2024	2023	2024	2023
Paul Yovich Trustee of Northpower Electric Trust	Busck Prestressed Concrete Limited	Trustee of a shareholder	-	-	2,962	2,886	262	296
Josie Boyd General Manager Network	Electricity Engineers' Association	Board member	1	-	109	74	-	-

24. Guarantees and contingencies

Group	2024 $000s	2023 $000s
Performance bonds in relation to contract work	21,959	20,633
Balance as at 31 March	**21,959**	**20,633**

Performance bonds relate to guarantees given to customers to guarantee completion of contracting work both in New Zealand and off-shore. No liability was recognised in relation to the above guarantees as the fair value is considered immaterial.

Northpower Limited is a participant in the DBP Contributors Scheme (the "Scheme") which is a multi-employer defined benefit scheme operated by National Provident Fund. If the other participating employers or a number of employers ceased to participate in the Scheme, Northpower Limited could be responsible for the entire deficit of the Scheme or an increased share of the deficit. As at 31 March 2023, the Scheme had a past service deficit of $0.2 million (1.1% of the liabilities).

25. Commitments

The future aggregate minimum lease payments payable for non-cancellable low value operating leases which are exempted under NZ IFRS 16. Leases are as follows:

Group	2024 $000s	2023 $000s
Within one year	106	88
After one year but not more than five years	108	178
Balance of non-cancellable operating leases	214	266

Capital commitments contracted at balance date was $16.6 million including software of $0.1 million (2023: $3.8 million including software of $0.2 million).

26. Events after balance date

On 4 April 2024, Northpower secured a green loan facility of $26 million with a term of five years. There were no other significant events after balance date.

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Annual Plan and Purpose Statement

1 April 2024 to 31 March 2025

Background

Northpower Electric Power Trust (''the Trust'') was created by deed dated 29 March 1993 (such deed being amended on 24 October 1995 and 20 March 2000) ('the Trust Deed").

The Trust was established as a Consumer Trust in 1993 to hold the shares in Northpower Limited ("the Company") on behalf of the consumers of the Kaipara and Whangarei Districts in accordance with the Northpower Establishment Plan. This Plan was developed with extensive public consultation as required by Section 18 of the Energy Companies Act 1992.

There are seven Trustees (two from Kaipara and five from Whangarei) who are elected every three years following the Local Body elections.

The Trustees are required by the Trust Deed and law to:

a. Encourage and facilitate the Company to operate as a successful business.

b. Distribute to consumers in their capacity as owners, the benefits of ownership of the shares of the Company.

c. Appoint Directors to the Company as provided for in the Company constitution.

d. Act as a diligent shareholder and monitor the performance of the Directors.

Trustees are specifically prohibited from participating in the management or operation of the Company.

Trustees must also be aware of the default and mandatory duties set out in the Trusts Act 2019.

In carrying out their responsibilities in accordance with the Trust Deed and the law, the Trustees will specifically:

1. PROTECT THE VALUE OF THE TRUST ASSETS AND ACT AS PRUDENT TRUSTEES

1.1 Seek a fair commercial return from the Trust investment in the Company.

1.2 Seek to minimise the risk of the Trust investments in the Company.

1.3 Manage cash assets including dividends received in a way that maximises the benefit to Trust consumer beneficiaries.

2. AS SHAREHOLDER IN NORTHPOWER LIMITED

2.1 Exercise the rights and responsibilities of diligent shareholders in the Company for the benefit of the Trust and with due regard to the objective of the Company to be a successful business. In doing so, take proper account of the growth of the Company and the impact of the changing economy.

2.2 Advertise publicly that Trustees seek prospective directors for the Company in accordance with clause 9.1 of the Trust Deed and the Constitution of the Company.

2.3 Appoint directors to fill any vacancies in accordance with the provisions of the Trust Deed and the Company's Constitution.

2.4 Monitor the performance of Directors.

2.5 Agree on the Company's Statement of Corporate Intent with the directors of the Company and make the completed SCI available to the public.

As 100% owners of the Company, although specifically prohibited from participating in the management of the Company, the Trustees may be ultimately responsible for some of the Company's actions. The Trustees will require, through the Statement of Corporate Intent, as well as achievement of specific targets for financial and operational performance, assurances from the Directors that effective measures are in place to avoid or minimise financial, operational, and health and safety risks.

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2.6 Meet with the Board or its representatives of the Company at least four times a year to consider the performance of the Company in relation to the Statement of Corporate Intent and other matters of ownership.

2.7 Attend the Annual Meeting of the Company and exercise the rights and responsibilities of shareholders at that meeting and at any other general meeting of the Company.

3. INCOME

3.1 Receive dividends from the Company.

3.2 Hold and invest dividends from the Company for at least six months before distribution to satisfy clause 5.3 of the Trust Deed.

3.3 To manage all remaining income received from the Company for the benefit of consumers as provided in the Trust Deed.

3.4 The Trustees reached agreement with the Company Directors to implement a new posted discount policy that commenced in the 2019-2020 year. Consumers now annually receive a discount on their electric lines charges in place of the direct Trust distribution that had been made in the past. This reduces the dividend received and therefore the direct distribution paid through the Trust, as the consumer shareholder, but ultimately increases the financial return to consumer beneficiaries and, as such, is a mechanism approved by Trustees.

4. ELECT A CHAIRPERSON

The Trustees have elected Phil Heatley as Chairperson in accordance with the Trust Deed for a three year term ending in November 2025.

5. ELECT A DEPUTY CHAIRPERSON

The trustees have elected Sheena McKenzie in accordance with the Trust Deed for a three-year term ending in November 2025.

6. APPOINT A SECRETARY

The Trustees have appointed Plus Chartered Accountants to provide secretarial and accounting services to the Trust.

7. SECURITY OF ELECTRICITY SUPPLY

Transmission and generation

The Trust will cooperate with the Company and with ETNZ to encourage appropriate grid and network improvements and adequate generation capacity to service Northpower consumers' needs.

8. ETNZ

The Trust is a member of the Energy Trusts of New Zealand Inc. The Trust will seek efficiency in the ETNZ in its objectives of facilitating the operations of Energy Trusts as significant owners of Energy Companies and in supporting trusteeship of Energy Trusts.

9. COMMUNICATION

The Trust will inform consumers of its activities through the news media and through newsletters as appropriate. Information and Trust reports can be found in the ownership section of the Company website – https://northpower.com/company/about-us/ownership . The Trust will also maintain a free call telephone number 0800 434 100 and an email address nept@plusca.co.nz for the benefit of consumers who wish to contact the Trust. The postal address is PO Box 1609, Whangarei 0140.

10. CODE OF PRACTICE

The Trust has developed and published a 'Code of Practice' that describes the way Trustees will provide accountability to, and access to information for the Trust beneficiaries. This was first presented for confirmation at the AGM in July 2003, and will be reviewed at each AGM.

11. TRUSTEE MANUAL

Trustees have developed an online information system to guide trustees and the secretariat in the governance and administration of the Trust in accordance with the Trust Deed, the Northpower Establishment Plan, and legislation. The system records the various legislation that affects energy trusts and legal advice that provides assistance in understanding the responsibilities of the Trustees.

12. ELECTION OF TRUSTEES

As required by the Trust Deed, the Trust will be holding an election in November 2025 by postal ballot and with an online voting option.

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+ Code of Practice

The Northpower Electric Power Trust will seek to achieve "Best Practice" in all its activities.Trustees and officers of the Trust will fulfill all their obligations under the Trust Deed and the law.

Purpose of the Trust

The Northpower Electric Power Trust is established to hold all the shares in Northpower Ltd. [the Company], to appoint Directors to the Company, to agree each year on a Statement of Corporate Intent with the Company, to receive any dividends from the Company and to distribute any income received to the beneficiaries of the Trust in accordance with the Trust Deed or to reinvest it in the Company.

Operation of the Trust

The Trustees meet as required, usually monthly, to deal with Trust business that may include:

Correspondence and beneficiary enquiries, finance, monitoring the performance of Northpower Directors and the company's performance against the Statement of Corporate Intent, dividends and distributions as they arise, ownership and legislative issues, liaison with the Electricity Trusts of New Zealand, any other matters affecting the Trust.

Beneficiaries

A legal description of the beneficiaries is contained in the Trust Deed, but they can generally be described as consumers who at any time designated by the Trustees, are persons named in the records of the Company as persons whose premises are connected to the Company's distribution network.

Entitlement to Information

Trustees will make available to the public any completed Statement of Corporate Intent and the Trust's audited Annual Financial Statements of Account.

In addition, the Trustees will each year prepare an Annual Plan describing the intended actions of the Trust for the ensuing year and an Annual Report that describes the activities of the Trust in the last financial year, assesses the performance of the Trust against the last year's Annual Plan, and reports the performance of the Company in meeting the targets of the Statement of Corporate intent.

Trustees will ensure that beneficiaries are able to receive in a timely manner, the above information and any other information that they are legally entitled to under the Trustee Act 1956, the Northpower Electric Power Trust Deed, and any other rule of law.

Trustees will also from time to time as appropriate, provide general information about the Trust and its activities to beneficiaries through the news media, newsletters, or other media.

Procedures for Requesting Information

Beneficiaries may seek information from the Trust by:

a. A telephone request through the Trust's free call telephone number 0800 434 100

b. Writing to the Secretary of the Trust at PO Box 1609, Whangarei

c. By email to nept@plusca.co.nz

Every request by a beneficiary for information shall be dealt with promptly and in a courteous businesslike manner.

All information that a beneficiary is entitled to will be made available for inspection on the Trust's web pages, at the office of the Trust or such other place that the Trust determines during ordinary office hours - free of charge.

Copies of any documents that a beneficiary is legally entitled to will be made available for purchase at a reasonable price.

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Any beneficiary may seek a review of the way a request for information has been dealt with by making a formal request for review in writing to the Secretary of the Trust.

Any request for review will be recorded and will be placed before the next meeting of Trustees for consideration and a formal response to the beneficiary.

The Annual Report will record the number of reviews sought and the way they have been determined.

Annual Meeting

The Trust will, within four months of the end of each Financial Year, hold an Annual Meeting in the District, that is open to the public in accordance with the Trust Deed.

The Trustees will publish a notice of the Annual Meeting in the news section of at least two separate editions of the Northern Advocate, Whangarei Leader, Kaipara Lifestyler and/or Mangawhai Focus.

The first notification will be published not less than 14 days before the Annual Meeting and will include advice:

- That financial statements have been prepared and audited and are available to the public
- Of where copies are available.
- That a quorum at the Annual Meeting is 20 beneficiaries
- That every beneficiary has a vote

Rights of Review of Acts and Decisions of Trustees

Trustees will report to the Annual Meeting on the way in which requests for review have been dealt with and on any unresolved requests for review.

Review of Code of Practice

Trustees will review this Code of Practice each year and will provide an opportunity for beneficiaries to comment on it during each Ownership Review. Ownership Reviews must be held at intervals of no more than five years. The last Ownership Review was completed in June 2022 and the next Ownership Review will be in 2027.

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+ Independent Auditor's Report

TO THE BENEFICIARIES OF NORTHPOWER ELECTRIC POWER TRUST GROUP

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Northpower Electric Power Trust ("the Trust") and its subsidiary (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2024 and the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and IFRS® Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. 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)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust or its subsidiary.

Other Information

The Trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

KERIKERI PARTNERS: Solomon Dalton Angela Edwards Joanne Roberts
WHANGAREI PARTNERS: Greg Atkins Scott Kennedy Adelle Wilson

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If, based on the work we have performed on the other information 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.

Trustees' Responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Trustees are responsible on behalf of the Group for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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) 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 decisions of users taken on the basis of these consolidated financial statements.

This description forms part of our auditor's report.

Who we report to

This report is made solely to the beneficiaries, 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 Group and the Group's beneficiaries, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Northland

BDO Northland
Kerikeri
New Zealand
Date: 22 July 2024

KERIKERI PARTNERS: Solomon Dalton Angela Edwards Joanne Roberts
WHANGAREI PARTNERS: Greg Atkins Scott Kennedy Adelle Wilson

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ELECTRIC POWER TRUST

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