WAIPA NETWORKS TRUST

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

INDEX

WAIPA NETWORKS TRUST

DIRECTORY

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

WAIPA NETWORKS TRUST

APPROVAL OF FINANCIAL REPORT

The Trustees are pleased to present the approved financial report including the historical financial statements of Waipa Networks Trust for the year ended 31 March 2021.

APPROVED
For and on behalf of the Trustees

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C T Sanders
Trustee
Dated: 13 August 2021

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A J Bateman
Trustee
Dated: 13 August 2021

WAIPA NETWORKS TRUST

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Revenue	**2**	38,350,814	36,835,388	-	-
Less Discounts		5,747,845	5,100,537	-	-
Net Revenue		32,602,969	31,734,851	-	-
Operating Expenses	**3**	25,221,551	24,710,459	213,219	223,942
Profit from Operations		7,381,418	7,024,392	(213,219)	(223,942)
Investment Income		3,026,805	3,883,603	153,917	172,538
Net Gain / (Loss) on Disposal of Assets		80,272	(1,949)	-	-
Profit / (Loss) before Interest and Tax		10,488,495	10,906,046	(59,302)	(51,404)
Finance Costs	**20**	811,360	2,492,961	-	-
Share of Net Profit / (Loss) of Associates		-	(557,123)	-	-
Share of Net Profit / (Loss) of Subsidiary *		-	-	36,181,263	5,775,908
Gain on disposal of associates	**18**	29,141,052			
Profit / (Loss) before Tax		38,818,187	7,855,962	36,121,961	5,724,504
Less Tax Expense	**4**	2,696,227	2,131,458	-	-
Profit/(Loss) for the year		36,121,960	5,724,504	36,121,961	5,724,504
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		36,121,960	5,724,504	36,121,961	5,724,504

**Prior year restatement. Refer note 7.*

STATEMENT OF MOVEMENTS IN EQUITY

AS AT 31 MARCH 2021

	Note	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Trust Capital		100	100	100	100
Retained Earnings *		280,689,138	136,191,688	141,916,192	136,191,688
Equity as at 1 April		280,689,238	136,191,788	141,916,292	136,191,788
Profit / (Loss) for the Year		36,121,960	5,724,504	36,121,961	5,724,504
Other Comprehensive Income for the Year		-	-	-	-
Total comprehensive Income for the Year		36,121,960	5,724,504	36,121,961	5,724,504
Trust Capital	**6**	100	100	100	100
Retained Earnings*	**7**	316,811,098	141,916,192	178,038,153	141,916,192
Equity as at 31 March		316,811,198	141,916,292	178,038,253	141,916,292

**Prior year restatement. Refer to Note 7*

The accompanying notes form part of these financial statements.

WAIPA NETWORKS TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	Group		Parent	
		2021	2020	2021	2020
		$	$	$	$
ASSETS					
Property, Plant and Equipment	**15**	137,583,653	133,022,209	240	430
Right of use assets	**16**	174,234	-	-	-
Intangible Assets	**17**	5,382,513	4,579,496	-	-
Prepayments		274,972	284,677	-	-
Investments in Associates	**18**	-	5,879,227	-	-
Loans to Associates	**18**	-	90,809,949	-	-
Investment in Waipa Networks Ltd	**18**	-	-	174,954,208	138,772,945
Loan to Waipa Networks Ltd		-	-	3,051,819	3,147,922
TOTAL NON CURRENT ASSETS		143,415,372	234,575,558	178,006,267	141,921,297
Cash and Cash equivalents	**8**	1,708,680	103,018	76,833	29,132
Investments	**18**	66,272,406	-	-	-
Trade and other receivables	**10**	4,478,588	4,807,886	-	-
Income tax receivable		-	141,091	-	-
Inventories	**11**	1,733,561	1,529,583	-	-
TOTAL CURRENT ASSETS		74,193,235	6,581,578	76,833	29,132
TOTAL ASSETS		217,608,607	241,157,136	178,083,100	141,950,429
EQUITY					
Trust Capital	**6**	100	100	100	100
Retained earnings	**7**	178,038,153	141,916,192	178,038,153	141,916,192
TOTAL EQUITY		178,038,253	141,916,292	178,038,253	141,916,292
LIABILITIES					
Employee Entitlements	**14**	190,099	217,182	-	-
Lease Liabilities		157,232	-	-	-
Capital Contributions in Advance	**13**	8,470,747	3,866,299	-	-
Derivative Financial Instruments	**22**	-	470,303	-	-
Deferred Taxation	**5**	22,894,633	22,254,754	-	-
TOTAL NON CURRENT LIABILITIES		31,712,711	26,808,538	-	-
Trade and Other Payables	**12**	3,527,274	5,146,798	44,847	34,137
Capital Contributions in advance	**13**	3,168,404	4,857,704		
Borrowings	**9**	-	61,240,000	-	-
Lease Liabilities		17,801	-	-	-
Derivative Financial Instruments	**22**	-	673,936	-	-
Employee Entitlements	**14**	652,832	513,868	-	-
Income Tax Payable		491,332	-	-	-
TOTAL CURRENT LIABILITIES		7,857,643	72,432,306	44,847	34,137
TOTAL LIABILITIES		39,570,354	99,240,844	44,847	34,137
TOTAL EQUITY AND LIABILITIES		217,608,607	241,157,136	178,083,100	141,950,429

For and on behalf of the Trustees

C T Sanders, Trustee

13 August 2021

Date:

A J Bateman, Trustee

13 August 2021

Date:

The accompanying notes form part of these financial statements

WAIPA NETWORKS TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group		Parent	
		2021	**2020**	**2021**	**2020**
		$	**$**	**$**	**$**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		29,348,640	27,902,796	-	-
Payments to suppliers and employees		(21,020,305)	(16,787,731)	(197,597)	(212,035)
Net GST		(73,556)	(364,521)	-	-
Cash generated from operations		8,254,779	10,750,544	(197,597)	(212,035)
Interest Received		15,917,053	5,828	153,917	172,538
Interest paid		(2,238,733)	(2,254,483)	-	-
Taxes Paid		(1,423,925)	(2,389,278)	-	-
Net Cash Flows from Operating Activities	**21**	20,509,174	6,112,611	(43,680)	(39,497)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of Property, Plant and Equipment		154,826	70,854	-	-
Loan - Waipa Networks Ltd		-	-	96,103	(22,501)
Capital contributions		5,740,003	6,370,835	-	-
Purchase of Property, Plant and Equipment		(9,421,959)	(11,483,544)	(4,723)	-
Purchase of intangible assets		(837,629)	(68,171)	-	-
Proceeds from sale of investment in associate		35,020,279	-	-	-
Proceeds from settlement of loan to associate		76,947,296	-	-	-
Purchase of investments		(65,632,516)	(5,762,085)	-	-
Distribution of investments		522,733	-	-	-
Net cash flows from investing activities		42,493,033	(10,872,111)	91,380	(22,501)
CASH FLOW FROM FINANCING ACTIVITIES					
Increase/(decrease) in borrowings		(61,393,897)	4,757,498	-	-
Principal portion of the lease liability		(2,649)	-	-	-
Net cash flows from financing activities		(61,396,546)	4,757,498	-	-
		-			
Net increase (decrease) in cash held		1,605,661	(2,002)	47,700	(61,998)
Cash & cash equivalents at 1 April		103,018	105,020	29,132	91,130
Cash & cash equivalents at 31 March		1,708,679	103,018	76,832	29,132
CASH BALANCES IN THE FINANCIAL POSITION		1,708,680	103,018	76,833	29,132

The accompanying notes form part of these financial statements

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

FOR THE YEAR ENDED 31 MARCH 2021

1 **STATEMENT OF ACCOUNTING POLICIES**

Reporting Entity

Waipa Networks Trust (the Trust) is a trust established in terms of a trust deed dated 30 April 1993. It is also referred to as the parent.

The group consists of Waipa Networks Trust and its wholly owned subsidiary, Waipa Networks Limited.
The Trust and Group financial statements have been prepared in accordance with the Trust deed and section 46A of the Energy Companies Act 1992 & Trusts Act 2019.

Statement of Compliance

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

Basis of Preparation

The functional and reporting currency used in preparation of the Financial Statements is New Zealand dollars. They are prepared on a historical cost basis. The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated exclusive of GST with the exception of receivables and payables which include GST invoiced.

These Financial Statements have been prepared in accordance with NZ IFRS that are effective or available.

These general purpose financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993.

Purpose of Entity

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

Covid-19 Impacts

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and remained in lockdown at Alert Level 3 until 13 May inclusive. The Covid-19 pandemic had minimal impact on the Trust (Parent) operations, as they are predominantly based at the Secretary's home office. The Trust continued to operate as normal, other than the location of the regular meetings which were required to be held via Zoom during higher alert levels. The main impact on the operations of the Group was from the Subsidiary, Waipa Networks Ltd which have been described below.

During Alert Levels 4 and 3, staff worked remotely and our services were limited to essential services, including electricity distribution and emergency response. We suspended our routine maintenance programme, and our capital works. After 13 May 2020, we resumed all our operations.

There was no significant impact on supply under Levels 3 and 4. In respect of SAIFI, the number of interruptions was consistent with the rest of the financial year. Although our staff were working remotely, this did not affect our response times to emergency repairs. This meant that there was also no significant impact on our SAIDI results.

The disruption to the maintenance and capital works programmes meant that the Company ended the financial year behind the planned schedule of works as we were unable to catch this up over the coming months however this is not expected to impact negatively on reliability of supply.

The directors of Waipa Networks Ltd have considered the current and future potential effects on the business caused either directly or indirectly by Covid-19. The effect on the overall results was not material because of the very short period of the lockdown within this financial year.

- Total network line services revenue was not materially affected, although there was a shift towards higher residential revenue and lower commercial revenue.
- Expenditure remained as expected.
- There are no indicators of asset impairment, noting the only asset held at fair value at year end is a managed fund investment which is able to be reliably valued using independent and readily available market data.

In the current environment it is challenging to predict the potential future effects. The Directors believe that any potential negative effects would likely be limited, unless there is a sustained economic downturn, which has been predicted by some economic commentators. In that event, Directors believe the effect on the key elements in the financial statements would be:

Network Line revenue. Waipa Networks has a mix of customers that provides diversity however, line services income is 84% variable based on consumption. Directors consider that even in a sustained downturn it is highly unlikely consumption would be down more than 5%.

1 STATEMENT OF ACCOUNTING POLICIES (Cont)

Contracting Sales revenue. The group has a diverse mix of customers for its contracting services and it is unlikely this will be affected in the 2021/22 financial year as we have not experienced any significant changes since the pandemic was declared. Any negative effect on future income is possible but considered remote.
Capital contributions revenue is a function of Network Expansion. A sustained economic downturn would likely impact capital contributions however in the period post lock-down the Group has experienced significant levels of contribution and show no indicators of being disrupted by Covid-19.
Being largely unaffected by Covid-19 the group has been able to recover to normal operations post lock down and operating expenses did not change significantly, with the exception of bad debts where we have applied more scepticism to customers who are at greater risk of non-payment due to the impact of Covid-19.

Critical Accounting Estimates and Adjustments

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

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

(i) Impairment

The carrying amounts of the Group's assets other than deferred tax assets and inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, being the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.
In accordance with its policy, the Group has made an assessment of indicators that are most relevant to the Group's asset base and the risks of impairment, including whether:
- The network assets are able to meet its service performance expectations
- The Group's operational activities are, and forecast to be, profitable and therefore, financially sustainable. The directors forecast income and cash flows into the medium to long term, and make comparison of budget to actual on regular basis to monitor the Group's financial viability
- The assets are deteriorating faster than the expected useful lives, refer (ii) below.
- The impact of external events indicate specific impairment risks. We specifically considered the impact of Covid-19 and the forecast economic environment and have not determined any impairment risk, refer to the Covid-19 note.

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

(ii) Useful lives of property, plant and equipment
Useful lives are determined on an asset by asset basis and set in the Group's depreciation policies, revisited annually and adjusted if there is evidence that the useful lives are no longer as expected. The policy rates consider the nature of the assets, and the pattern by which the Group will realise value from the assets, their economic use, within the Group's strategic purpose and expected operating activities.
The condition of assets operating to plan, and thus the accuracy of the useful life assumption is monitored by asset inspections, systems and processes to capture information on asset condition (surveying, GIS and SCADA) and having an asset maintenance program in place. KPIs that monitor compliance to program provide reassurance that assets are sufficiently maintained to that the estimate is a materially accurate reflection of their actual lives. The Directors monitor progress against targets of the annual capital and maintenance plans, system reliability and performance targets to help form their judgment on the appropriateness of useful lives estimates.

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

FOR THE YEAR ENDED 31 MARCH 2021

1 STATEMENT OF ACCOUNTING POLICIES (Cont)

Changes in Accounting Policies

Standards, amendments, and interpretations issued but not yet effective.

Certain new accounting standards and amendments have been issued that are not mandatory for the 31 March 2021 financial year and have not been early adopted by the Group. The Group has assessed that these are not likely to have an effect on its financial statements.

Interest rate benchmark reform - Phase 2

Amendments to NZ IAS 1 - Classification of liabilities as current or non-current

Amendments to NZ IAS 1 - Disclosure of accounting policies

New and amended standards and interpretations.

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

2019 Omnibus amendments to NZ IFRS

Definition of a business (Amendments to NZ IFRS 3)

Interest rate benchmark reform - Phase 1

Definition of Material (Amendments to NZ IAS 1 and NZ IAS 8)

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

a) Consolidation

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

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

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

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

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

b) Inventories

Inventories are stated at the lower of weighted average cost and net realisable value.

Cost of work in progress and finished goods includes the cost of direct materials, direct labour and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

1 STATEMENT OF ACCOUNTING POLICIES (Cont)

c) Revenue

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

Network Line Services

Revenue recognised over time:

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

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

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

Revenue comprises amounts received and receivable at balance date for network services supplied to customers in the ordinary course of business, including estimated amounts for accrued sales.

Contracting Sales

Revenue recognised over time:

Contracting sales include charges to retailers for ongoing service arrangements. Revenue is recognised over time by reference to completion of the actual service provided as a proportion of the total services to be provided.

Revenue recognised at a point in time:

The majority of point in time contracting sales include charges to customers for electrical servicing on customer-owned assets such as upgrading street light or overhead lines. Deposits of 50% taken are deferred income within balance sheet liabilities until the obligation is complete. Other contracting sales include charges to customers in response to call outs and customer faults. These works are invoiced after the service is provided based on a standard charge out rate for time and materials incurred. For both, revenue is recognised in the statement of comprehensive income on completion of the works.

Across all contracting sales, no customers have significant payment terms or extended credit. The company provides a 3 year warranty on materials and labour for electrical works performed as an assurance that the products sold comply with agreed-upon specifications. No provision for the warranty has been provided as any future claims on work performed are not expected to be material.

Capital Contributions

Revenue recognised over time:

Contributions received from local authorities and other third parties towards the cost of additions or modifications to the Reticulation Assets are invoiced in advance of works being performed and recognised in the balance sheet initially as deferred income. When the asset improvements are completed, the Group has performed the conditions attached to the income and the revenue is recognised in the statement of comprehensive income as operating income on a straight-line basis over a period of up to 40 years that reflects the useful lives of the asset and the benefit to the customer.

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

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

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

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

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

2 REVENUE

	Group		Parent	
	2021	2020	2021	2020
	$	$	$	$
Network line services	31,947,217	31,278,615	-	-
Contracting sales	2,521,259	2,329,783	-	-
Capital contributions	2,824,855	2,464,463	-	-
Embedded Network	45,540	62,759	-	-
Sundry income	234,568	158,159	-	-
Loss rental rebates	777,375	541,609	-	-
Total Revenue	38,350,814	36,835,388	-	-

Assumptions disclosed in Statement of accounting policies (j)

Revenue recognised over time				
Network line services	31,947,217	31,278,615	-	-
Contracting sales	877,290	416,306	-	-
Capital contributions	296,720	122,449	-	-
Embedded Network	45,540	62,759	-	-
Sundry income	142,202	94,123	-	-
Loss rental rebates	777,375	541,609	-	-
Total Revenue recognised over time	34,086,344	32,515,861	-	-
Revenue recognised at a point in time				
Contracting sales	1,643,969	1,913,477	-	-
Capital contributions	2,528,135	2,342,014	-	-
Sundry income	92,366	64,036	-	-
Total Revenue recognised at a point in time	4,264,470	4,319,527	-	-
Total Revenue	38,350,814	36,835,388	-	-

Revenue of $855,524 (2020 $993,805) was included in Capital Contributions in advance at the end of the previous financial year.

WAIPA NETWORKS TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
3 OPERATING EXPENSES					
Audit fees for these financial statements		91,473	88,369	17,632	20,293
Audit fees for prior year		123	14,000	123	-
Audit fees for disclosure financial statements		30,000	30,000	-	-
Trustees Fees		96,869	96,248	96,869	96,248
Depreciation		-	-	-	-
Buildings		28,297	28,297	-	-
Buildings fitout		171,463	237,458	-	-
Reticulation Assets		3,640,830	3,470,449	-	-
Other Electrical Assets		106,028	93,233	-	-
Motor Vehicles		408,225	409,456	-	-
Plant, Furniture and Fittings		198,626	187,094	4,912	346
Right of use assets		3,558	-	-	-
Amortisation of intangible assets		34,613	26,715	-	-
Transmission charges		7,877,709	8,615,343	-	-
Employee benefits					
Superannuation - defined contribution plans	19	168,757	158,475	-	-
Other Employee benefits	19	6,472,484	5,802,382	28,228	29,580
Directors' fees		270,135	256,067	-	-
Materials and Contractors		1,598,235	1,347,280	-	-
Inventories		921,505	1,026,503	-	-
Bad debts		2,388	57,640	-	-
Change in Provision for Doubtful Debts		259,000	-	-	-
Other expenses		2,841,233	2,765,450	65,455	77,475
Total Expenses		25,221,551	24,710,459	213,219	223,942

4 TAX

The income tax on the profit or loss for the year includes both current and deferred tax. The income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly to equity, in which case the income tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at the Balance Sheet date together with any adjustment to tax payable in respect of previous years.

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

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

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Profit/(Loss) Before Tax	38,818,187	7,855,962	36,121,961	5,724,504
Tax Payable	10,869,092	2,199,669	10,114,149	1,602,861
Tax effect of non assessable revenue	(8,502,366)	(137,684)	-	-
Tax effect of expenses that are non deductible	329,098	69,473	(10,114,149)	(1,602,861)
Tax Expense	2,695,824	2,131,458	-	-
Under / (over) provision previous year	-	-	-	-
Adjustments Previous Years	403	-	-	-
Total Tax Expense	2,696,227	2,131,458	-	-

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4 TAX (cont)

	Group		Parent	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
The Tax charge comprises:				
-current tax	2,056,349	2,235,741	-	-
-prior period adjustments to current tax	-	-	-	-
-deferred tax on temporary differences	639,878	(104,283)	-	-
Total Tax Expense	2,696,227	2,131,458	-	-

All temporary differences have been recorded in the financial statements

Imputation credit memorandum account.

Balance at the 1 April	23,494,580	21,246,393	-	-
Taxes received	-	-	-	-
Dividends Allocated	-	-	-	-
Tax paid	2,056,349	2,248,187	-	-
Balance at 31 March	25,550,929	23,494,580		

5 DEFERRED TAX

Balance at 1 April	22,254,754	22,359,036	-	-
Deferred portion of current year tax expense	639,879	(104,282)	-	-
Balance at end of year	22,894,633	22,254,754	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2020:28%) payable by corporate entities on taxable profits under New Zealand tax law.

The Deferred Taxation liability comprises of ;				
Tax Effect on Timing differences	(9,389)	(412,446)	-	-
Tax effect on the Reticulation Assets being the difference between IRD Cost and IRD current Value.	15,709,928	14,811,501	-	-
Tax effect of the difference between the carrying amount of the Reticulation Assets and the IRD Cost of the Reticulation Assets.	7,194,094	7,855,699	-	-
Tax effect of the carrying amount of the Building partly constructed as at 20 May 2010 as building depreciation is non deductible for tax	-	-	-	-
	22,894,633	22,254,754	-	-

A deferred tax asset has not been recognised in relation to tax losses of $511,627 (2020:$453,088) for the parent.

5 DEFERRED TAX (cont)	Group		Parent	
	2021	2020	2021	2020
	$	$	$	$
Deferred tax Property, plant and equipment				
Balance at 1 April	22,954,822	22,376,893	-	-
Charged to statement of comprehensive income	500,523	577,929	-	-
Charged to equity	-	-	-	-
Balance at 31 March	23,455,345	22,954,822	-	-
Deferred tax employee entitlements				
Balance at 1 April	(158,687)	(175,504)	-	-
Charged to statement of comprehensive income	(12,860)	16,817	-	-
Charged to equity	-	-	-	-
Balance at 31 March	(171,547)	(158,687)	-	-
Deferred tax other				
Balance at 1 April	(541,381)	157,647	-	-
Charged to statement of comprehensive income	152,216	(699,028)	-	-
Charged to equity	-	-	-	-
Balance at 31 March	(389,165)	(541,381)	-	-
Deferred tax total				
Balance at 1 April	22,254,754	22,359,036	-	-
Charged to statement of comprehensive income	639,879	(104,282)	-	-
Charged to equity	-	-	-	-
Balance at 31 March	22,894,633	22,254,754	-	-
6 TRUST CAPITAL				
Balance at beginning of year	100	100	100	100
Balance at end of year	100	100	100	100
7 RETAINED EARNINGS				
Balance at beginning of year	141,916,192	136,191,688	141,916,192	136,191,688
Net Surplus after Taxation	36,121,960	5,724,504	36,121,961	5,724,504
Balance at end of year	178,038,152	141,916,192	178,038,153	141,916,192

Prior year disclosure error:

The Trust incorrectly applied its accounting policy in previous years for its investment in its subsidiary, Waipa Networks Limited (WNL). The accounting policy is noted in Note 18, where the Trust's investment in WNL is accounted for using the equity method. The Trust incorrectly accounted for movements in the carrying amount through other comprehensive income. The movements should have been recognised in profit and loss. The 2019/20 comparatives have been restated to correct this.

	Parent 2020 Annual Report	Adjustment	Parent 2020 Restated
Statement of Financial Position			
Retained Earnings	3,143,247	138,772,945	141,916,192
Revaluation Reserve	138,772,945	(138,772,945)	-
Total Equity	141,916,292		141,916,292

Equity at the beginning of the year:
The previously reported opening balances for retained earnings and revaluation reserve at 1 April 2019 were reported at $3,194,652 and $132,997,136 respectively. The balance of the revaluation reserve has been transferred to retained earnings on 1 April 2019, increasing retained earnings to $136,191,788.

7 RETAINED EARNINGS (cont)

	Parent 2020 Annual Report	Adjustment	Parent 2020 Restated
Statement of Compehensive Income			
Profit/(Loss) before Interest and Tax	(51,404)		(51,404)
Share of Net Profit/(Loss) of Subsidiary		5,775,908	5,775,908
Profit/(Loss) before Tax	(51,404)		5,724,504
Other Comprehensive Income			
Change in Fair Value of Investment in Waipa Networks Ltd	5,775,908	(5,775,908)	-
Total Comprehensive Income	5,724,504		5,724,504

8 CASH AND CASH EQUIVALENTS

Current Account	1,708,680	103,018	76,833	29,132
Short Term Investments	-	-	-	-
	1,708,680	103,018	76,833	29,132

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

	Group		Parent	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
9 BORROWINGS				
Debt Facility	-	61,240,000	-	-
	-	61,240,000	-	-

During the year the Group used proceeds from the disposal of its interest in associate to repay the debt facility.
The debt facility relates to a multi-option credit facility totalling $10 million (2020 $65 million). A facility fee rate is charged and the drawn balance is charged interest at a variable interest rate. The facilities expire as follows:

Facility expiry date	Total Facility	Total Facility
31 July 2021	-	25,000,000
31 May 2022	10,000,000	10,000,000
31 August 2022	-	30,000,000
	10,000,000	65,000,000

Prior to the date the debt facility was derecognised, the Group was required to ensure that the following financial covenant ratios for unsecured debt facilities are achieved during the financial year:
- interest cover ratio (earnings to fund costs) will be greater than or equal to 3.0 to 1 at all times
- total leverage ratio (total permitted indebtedness to EBITDA) will be less than 4.0 to 1 at all times

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

The amounts disclosed above are the undiscounted contracted cash flows.
The carrying amount for borrowings equals the fair value

	Group		Parent	
	2021	**2020**	**2021**	**2020**
10 TRADE AND OTHER RECEIVABLES	**$**	**$**	**$**	**$**
Trade receivables	4,588,357	4,855,307	-	-
Trade debtors from Related Parties	-	2,578	-	-
Provision for Doubtful Debts	(369,000)	(110,000)	-	-
	4,219,357	4,747,885	-	-
Accrued Income	-	-	-	-
Prepayments	259,231	60,001	-	-
	4,478,588	4,807,886	-	-

Accounts receivables are stated at their expected realisable value after providing for doubtful debts. Bad debts are written off in the period they are identified.
Trade and other receivables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other receivables approximate their fair value. In accordance with the Groups response to Credit Risk in note 22 Financial Instruments, a provision has been made for expected credit losses for the sale of goods and services determined by reference to past default experience and the current economic climate. In making this assessment, the Group considers electricity retailers and individual customers separately, recognising a difference in credit risk between the two groups.

During the year, the Group revised its expectations of collectability of significantly aged debt over 90 days due that is under management of debt collection agencies and now provides 100% for such circumstances.
The impact of Covid-19 and the forecast economic environment has not resulted in a significant change in expected lifetime credit losses as the electricity retailers that make up the largest concentration of the trade debtors are unaffected by the impact.
No allowance for expected credit losses for current to 60 days trade receivables has been applied due to a quantitively immaterial risk of uncollectability. As such, the Group rebuts the presumption in NZ IFRS 9 that there is a significant increase in credit risk when financial assets are more than 30 days past due. The percentage of ECL allowances to trade debtors for 61-90 days is 30% (2020 23%) and for over 90 days is 100% (2020 24%). These percentages were applied to the GST exclusive amount of the balance.

10 TRADE AND OTHER RECEIVABLES (Cont)

As at 31 March 2021 the ageing analysis of trade receivables is as follows:

	Group 2021 Gross	Group 2021 Impairment	Group 2020 Gross	Group 2020 Impairment
0 - 30 days	4,074,977	-	4,296,681	-
31 - 60 days	78,870	-	88,151	-
61 - 90 days	9,759	2,928	69,318	15,711
91 days plus	424,751	366,072	401,157	94,289
	4,588,357	369,000	4,855,307	110,000

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Movements in the provision for doubtful debts:				
Balance as at 1 April	110,000	110,000	-	-
Additional provisions made during the year	259,000	-	-	-
Reversal of provision during the year	-	-	-	-
Balance as at 31 March	369,000	110,000	-	-

11 INVENTORIES

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

	Group 2021	Group 2020	Parent 2021	Parent 2020
Stock	1,670,858	1,464,663	-	-
Work in Progress	62,703	64,920	-	-
	1,733,561	1,529,583	-	-

12 TRADE AND OTHER PAYABLES

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

	Group 2021	Group 2020	Parent 2021	Parent 2020
Accounts payable and accruals-trade	3,527,274	5,146,798	44,847	34,137
	3,527,274	5,146,798	44,847	34,137

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

13 CAPITAL CONTRIBUTIONS IN ADVANCE

Capital Contributions from Local Authorities

	Group 2021	Group 2020	Parent 2021	Parent 2020
Balance as at 1 April	3,988,748	3,600,647	-	-
Less Recognised as revenue in the current year	296,720	122,449	-	-
Balance remaining from 1 April	3,692,028	3,478,198	-	-
Contributions received in the current year	5,075,439	510,550	-	-
Balance as at 31 March	8,767,467	3,988,748	-	-
Current Capital Contributions in advance	296,720	122,449	-	-
Non current Capital Contributions in advance	8,470,747	3,866,299	-	-
Total Capital Contributions in advance	8,767,467	3,988,748	-	-

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

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	Group		Parent	
	2021	2020	2021	2020
	$	$	$	$
13 CAPITAL CONTRIBUTIONS IN ADVANCE (cont)				
Capital Contributions from other customers				
Balance as at 1 April	4,735,256	1,216,984	-	-
Less Recognised as revenue in the current year	2,528,135	871,356	-	-
Balance remaining from 1 April	2,207,121	345,628	-	-
Contributions received in the current year	664,563	4,389,628	-	-
Current Capital Contributions in advance as at 31 March	2,871,684	4,735,256	-	-
Total Capital Contributions in advance				
Current Capital Contributions in advance	3,168,404	4,857,705	-	-
Non current Capital Contributions in advance				
Over 1 but less than 5 years	1,186,879	970,261		
> 5 and < 10 years	1,212,826	1,212,826		
> 10 and < 40 years	6,071,042	1,683,212	-	-
Total Capital Contributions in advance	11,639,151	8,724,004	-	-

14 EMPLOYEE ENTITLEMENTS

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

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

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

	Group		Parent	
	2021	2020	2021	2020
	$	$	$	$
Current employee entitlements	652,832	513,868	-	-
Non current employee entitlements	190,099	217,182	-	-
Total employee entitlements	842,931	731,050	-	-

15 PROPERTY, PLANT & EQUIPMENT

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

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

15 PROPERTY, PLANT & EQUIPMENT (cont)

Depreciation

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

The range of annual depreciation rates for each classification of property plant and equipment is as follows;

Buildings	1% to 6.5%
Buildings fitout	2% to 10%
Reticulation System	1% to 2.5%
Other Electrical	1% to 5%
Motor Vehicles	10% to 20%
Computer Equipment	20%
Plant, Furniture and Fittings	10% to 50%

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

	Group		Parent	
	2021	**2020**	**2021**	**2020**
Freehold Land	**$**	**$**	**$**	**$**
Cost to 1 April	1,252,334	1,252,334	-	-
Current year additions	-	-	-	-
Current year disposals	-	-	-	-
Cost to 31 March	1,252,334	1,252,334	-	-
Freehold Buildings				
Cost to 1 April	2,804,237	2,804,238	-	-
Accumulated Depreciation to 1 April	270,972	242,676	-	-
Net Book Value 1 April	2,533,265	2,561,562	-	-
Current year additions	-	-	-	-
Current year disposals	-	-	-	-
Current year depreciation	28,297	28,297	-	-
Cost to 31 March	2,804,237	2,804,237	-	-
Accumulated Depreciation to 31 March	299,268	270,972	-	-
Net Book Value	2,504,969	2,533,265	-	-
Building Fitout				
Cost to 1 April	3,229,822	3,177,452	-	-
Accumulated Depreciation to 1 April	2,202,949	1,965,490	-	-
Net Book Value 1 April	1,026,873	1,211,962	-	-
Current year additions	-	52,369	-	-
Current year disposals	-	-	-	-
Current year depreciation	171,463	237,458	-	-
Cost to 31 March	3,229,822	3,229,822	-	-
Accumulated Depreciation to 31 March	2,374,412	2,202,949	-	-
Net Book Value	855,410	1,026,873	-	-

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	Group		Parent	
	2021	**2020**	**2021**	**2020**
15 PROPERTY, PLANT & EQUIPMENT (Cont)	**$**	**$**	**$**	**$**
Reticulation Assets				
Cost to 1 April	162,656,659	152,515,055	-	-
Accumulated Depreciation to 1 April	39,633,190	36,189,176	-	-
Net Book Value 1 April	123,023,469	116,325,879	-	-
Current year additions	8,121,834	10,227,620	-	-
Current year disposals	36,956	59,221	-	-
Current year depreciation	3,640,830	3,470,449	-	-
Cost to 31 March	170,683,864	162,656,659	-	-
Accumulated Depreciation to 31 March	43,218,665	39,633,190	-	-
Net Book Value	127,465,199	123,023,469	-	-
Capital work in progress included in cost & net book amount	4,467,456	5,032,069	-	-
Other Electrical Assets				
Cost to 1 April	4,769,405	4,352,262	-	-
Accumulated Depreciation to 1 April	2,010,041	1,916,808	-	-
Net Book Value 1 April	2,759,364	2,435,454	-	-
Current year additions	215,581	417,143	-	-
Current year disposals	-	-	-	-
Current year depreciation	106,028	93,233	-	-
Cost to 31 March	4,984,987	4,769,405	-	-
Accumulated Depreciation to 31 March	2,116,069	2,010,041	-	-
Net Book Value	2,868,918	2,759,364	-	-
Motor Vehicles				
Cost to 1 April	5,497,727	5,215,450	-	-
Accumulated Depreciation to 1 April	3,909,544	3,707,810	-	-
Net Book Value 1 April	1,588,183	1,507,640	-	-
Current year additions	460,581	498,399	-	-
Current year disposals	19,051	8,400	-	-
Current year depreciation	408,225	409,456	-	-
Cost to 31 March	5,535,060	5,497,727	-	-
Accumulated Depreciation to 31 March	3,913,573	3,909,544	-	-
Net Book Value	1,621,487	1,588,183	-	-
Plant, Furniture and Fittings				
Cost to 1 April	3,746,323	3,546,508	5,080	5,080
Accumulated Depreciation to 1 April	2,907,602	2,803,885	4,650	4,303
Net Book Value 1 April	838,721	742,623	430	777
Current year additions	393,788	288,373	4,722	-
Current year disposals	18,547	5,180	-	-
Current year depreciation	198,626	187,094	4,912	346
Cost to 31 March	4,061,593	3,746,323	9,802	5,080
Accumulated Depreciation to 31 March	3,046,257	2,907,602	9,562	4,650
Net Book Value	1,015,336	838,721	240	430
Total Net Book Value	137,583,653	133,022,209	240	430

16 RIGHT OF USE LEASE ASSETS AND LIABILITIES

The Group has a small number of lease contracts. Rental contracts are typically made for fixed periods, but may have extension options as described below. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental
borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

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

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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

	Group		Parent	
	2021	**2020**	**2021**	**2020**
16 RIGHT OF USE LEASE ASSETS AND LIABILITIES (cont)	**$**	**$**	**$**	**$**
The balance sheet shows the following amounts relating to leases:				
Cost				
Opening balance at 1 April	-	-	-	-
Additions	177,942	-	-	-
Closing balance at 31 March	177,942	-	-	-
Accumulated depreciation				
Opening balance at 1 April	-	-	-	-
Depreciation	3,707	-	-	-
Closing balance at 31 March	3,707	-	-	-
Right of use lease assets				
Cost	177,942	-	-	-
Less Accumulated depreciation	3,707	-	-	-
Net book value	174,235	-	-	-
Lease liabilities - current	17,801	-	-	-
Lease liabilities - non-current	157,232	-	-	-
	175,033	-	-	-

Additions to right of use assets during the year were $177,942.
During the year the Group entered into an agreement to lease land from a third party that enables the Group to complete operating activities in that area. The lease is effective for a term of at least 5 years, with three further rights of renewal of one year each. The Group has included all rights of renewal in determining the period of the lease term as the lease gives the Waipa to right to access a customer's premises for sale of services that are expect to be required until at least the end of the contractual lease period.

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

	Group		Parent	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Amounts recognised in the statement of profit or loss				
Depreciation charge of right-of-use assets	3,558	-	-	-
Finance costs	591	-	-	-
Expense for short-term leases, low value or variable lease cost	-	-	-	-
The total cash outflow for leases in the year	4,149	-	-	-

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17 INTANGIBLE ASSETS

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

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

Computer software	5 years

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

	Group		Parent	
	2021	2020	2021	2020
	$	$	$	$
Software				
Cost to 1 April	505,239	450,582	-	-
Accumulated Amortisation to 1 April	419,752	393,038	-	-
Net Book Value 1 April	85,487	57,544	-	-
Current year additions	817,641	54,658	-	-
Current year amortisation	34,613	26,715	-	-
Cost to 31 March	1,322,880	505,239	-	-
Accumulated Amortisation to 31 March	454,365	419,752	-	-
Net Book Value	868,515	85,487	-	-
Goodwill				
Cost to 1 April	62,020	62,020	-	-
Accumulated impairment to 1 April	62,020	62,020	-	-
Net Book Value 1 April	-	-	-	-
Current year additions	-	-	-	-
Current year amortisation	-	-	-	-
Cost to 31 March	62.020	62.020	-	-
Accumulated Impairment to 31 March	62,020	62,020	-	-
Net Book Value	-	-	-	-

	Group		Parent	
	2021	2020	2021	2020
17 INTANGIBLE ASSETS (Cont)	**$**	**$**	**$**	**$**
Easements				
Cost to 1 April	4,494,009	4,480,496	-	-
Accumulated impairment to 1 April	-	-	-	-
Net Book Value 1 April	4,494,009	4,480,496	-	-
Current year additions	19,988	13,513	-	-
Current year impairment	-	-	-	-
Cost to 31 March	4,513,997	4,494,009	-	-
Accumulated Impairments to 31 March	-	-	-	-
Net Book Value	4,513,997	4,494,009	-	-
Capital work in progress included in cost and net book amount	-	-	-	-
Total Net Book Value	5,382,512	4,579,496	-	-
Capital work in progress included in cost and net book amount	665,592			

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

18 INVESTMENTS	Group		Parent	
	2021	2020	2021	2020
	$	**$**	**$**	**$**
Investments in Associates carried at cost	-	-	-	-

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

Shareholding in Associates	**Percentage Held**			
UFF Holdings Limited	0%	15%	-	-

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

	Group		Parent	
Investments in Associates	2021	2020	2021	2020
UFF Holdings Limited	**$**	**$**	**$**	**$**
Opening Balance as at 1 April	5,879,227	6,436,350	-	-
Profit / (Loss) during the year	-	(557,123)	-	-
De-recognition of associate	(5,879,227)	-		
Closing Balance as at 31 March	-	5,879,227	-	-

	Group		Parent	
	2021	2020	2021	2020
	$	$	$	$
18 INVESTMENTS (Cont)				
Loans to Associates				
UFF Holdings Limited				
Loans as at 1 April	90,809,949	81,170,089	-	-
Loans advanced during year	300,000	5,762,085	-	-
Loan repayments received	(76,947,296)	-	-	-
Interest charged	1,745,929	3,877,775	-	-
Interest received	(15,908,582)	-	-	-
Loans as at 31 March	-	90,809,949	-	-
	-	96,689,176	-	-

During the period interest was charged on the loan at 3.8% pa (2020 4.36% pa).

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

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

	Group		Parent	
	2021	2020	2021	2020
Summarised Financial Information	$	$	$	$
Summarised financial information of UFF Holdings Limited are set out below:				
Summarised balance sheet				
Current Assets	-	22,901,000	-	-
Non-current assets	-	648,010,000	-	-
Total Assets	-	670,911,000	-	-
Current Liabilities	-	14,731,000	-	-
Non-current Liabilities	-	616,986,000	-	-
Total Liabilities	-	631,717,000	-	-
Net Assets	-	39,194,000	-	-
Summarised comprehensive income				
Revenue	-	82,423,000	-	-
Expenses	-	79,829,000	-	-
Profit before Income Tax	-	2,594,000	-	-
Tax	-	(6,308,000)	-	-
Loss after income tax (expense) / benefit	-	(3,714,000)	-	-
Other comprehensive income	-		-	-
Total comprehensive income	-	(3,714,000)	-	-

Investment - Shares Waipa Networks Ltd

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

WAIPA NETWORKS TRUST
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FOR THE YEAR ENDED 31 MARCH 2021

	Group		Parent	
	2021	2020	2021	2020
	$	$	$	$
19 EMPLOYEE BENEFITS				
Superannuation - defined contribution plans	168,757	158,475	-	-
Other Employee benefits included in operating expenses	6,472,484	5,802,382	28,228	29,580
Other Employee benefits capitalised to Property, Plant and Equipment	534,410	562,636	-	-
Total Employee benefits	7,175,651	6,523,493	28,228	29,580
20 FINANCE COSTS				
Bank Borrowing costs	810,769	2,286,767	-	-
Interest on lease liability	591	-	-	-
Less Interest rate swaps - cashflow hedges	-	206,194	-	-
Total Finance Costs	811,360	2,492,961	-	-

Bank borrowings costs includes a charge of $1,035,036 for the early termination and de-recognition of the swap instruments when the debt facility was repaid. This is offset by release of the swap liability of $1,144,239.

	Group		Parent	
21 RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM	2021	2020	2021	2020
OPERATING ACTIVITIES	$	$	$	$
Reported Profit/(Loss) after tax	36,121,960	5,724,504	(59,302)	(51,404)
Add (Less) Non Cash Items:				
Depreciation	4,553,469	4,425,987	4,912	346
Depreciation Right Of Use assets	3,558	-	-	-
Amortisation of Intangible Asset	34,613	26,715	-	-
Unrealised Interest rate swaps-loss/(gain)hedges	(1,144,239)	206,194	-	-
Increase (Decrease) in deferred tax	639,879	(104,282)	-	-
Increase in Term Employee entitlements	(27,083)	3,356	-	-
	40,182,157	10,282,474	(54,390)	(51,058)
Add (Less) Movements in Working Capital Items				
Decrease (increase) in Tax Receivables	632,423	(153,537)	-	-
Decrease (increase) in Trade and Other Receivables	329,298	(1,024,593)	-	-
Decrease (increase) in Inventories	(203,978)	(114,279)	-	-
Increase (Decrease) in Trade and Other Payables	(1,432,492)	6,406,833	10,710	11,561
Increase (Decrease) in Capital Contributions	(1,715,508)	-	-	-
Increase (Decrease) in Interest Expense Accrual	(187,032)	9,783	-	-
Increase (Decrease) in Employee Entitlements	138,964	(12,075)	-	-
	(2,438,325)	5,112,132	10,710	11,561
	37,743,832	15,394,606	(43,680)	(39,497)
Add (Less) Items Classified as Investing Activities				
Net Loss on Disposal of Assets	(80,272)	1,949	-	-
Increase (Decrease) in Creditors for Property,	222,268	-	-	-
Share of net profit(loss) of associates	-	557,123	-	-
Gain on disposal of associate	(29,141,052)	-	-	-
Investment gains	(1,272,406)	-	-	-
Capital Contributions	(1,135,555)	(5,995,498)	-	-
Decrease/(Increase) in Prepayments	9,705	9,705	-	-
Capitalised interest receivable	14,162,654	(3,877,775)	-	-
	(17,234,658)	(9,304,496)	-	-
Add (Less) Items Classified as Financing Activities				
Interest added to Related Party Borrowings	-	22,501	-	-
	-	22,501	-	-
Net Cash Inflows from Operating Activities	20,509,174	6,112,611	(43,680)	(39,497)

22 FINANCIAL INSTRUMENTS
Financial assets

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

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

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

Financial liabilities

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

Recognition and derecognition
The Group recognises a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. The Group removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of a financial liability (or

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

Financial Instrument classification	**Group 2021**		**Group 2020**	
	At amortised Cost	Fair Value through P&L	At amortised Cost	Fair Value through P&L
Financial Assets				
Cash & cash equivalents	1,708,680	-	102,998	-
Investments	-	-	-	-
Trade and other receivable	4,478,588	66,272,406	4,807,886	
Loan receivable	-	-	90,809,949	-
Total Financial Assets	6,187,268	66,272,406	95,720,833	-
Financial Liabilities				
Trade and other payables	3,527,274	-	5,146,798	-
Debt facility	-	-	61,240,000	-
Derivative Financial instruments	-	-	-	1,144,239
Lease liabilities	175,033	-	-	-
Total Financial Liabilities	3,702,307	-	66,386,798	1,144,239

22 FINANCIAL INSTRUMENTS (cont)

Financial Instrument classification

	Parent 2021		**Parent 2020**	
	At amortised Cost	Fair Value through P&L	At amortised Cost	Fair Value through P&L
Financial Assets				
Cash & cash equivalents	76,833	-	29,132	-
Trade and other receivable	-	-	-	-
Shares - Waipa Networks Ltd	174,954,208	-	138,772,945	-
Loan receivable	3,051,819	-	3,147,922	-
Total Financial Assets	178,082,860	-	141,949,999	-
Financial Liabilities				
Trade and other payables	44,847	-	34,137	-
Derivative Financial instruments	-	-	-	-
Lease liabilities	-	-	-	-
Total Financial Liabilities	44,847	-	34,137	-

Fair value hierarchy - Group	**Level 1**	**Level 2**	**Level 3**
As at 31 March 2021			
Investments	-	66,272,406	-
As at 31 March 2020	-	(1,144,239)	-
Derivative financial instruments			

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

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

Credit Risk

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

Trade and other receivables

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

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

In the normal course of its business, the Group incurs credit risk from trade receivables from customers. The Groups largest customer accounts for 15% (2020 23%) of total sales and 11% (2020 10%) of trade receivables at balance date for which a bank performance bond is held. There are no other significant concentrations of credit risk and the Group generally does not require any collateral.

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

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

Cash and cash equivalents and Investments

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

22 FINANCIAL INSTRUMENTS (cont)

Market Risk

Price Risk

The Group is exposed to price risk associated with the units invested through the Group's $66m managed fund investment.
Investments comprise a single managed fund portfolio. After initial recognition in accordance with the financial instruments policy above, the Group subsequently measures the managed fund portfolio at fair value. Distributions from the investment is recognised in profit or loss as other income when the Group's right to receive payments is established. The investment is measured at fair value through profit or loss as the Group manages the investment seeking capital returns above and beyond payments of purely principal and interest.
Fair value of investments is measured using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates, specifically the use of quoted market prices or dealer quotes for similar instruments. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Changes in the fair value of financial assets at FVPL are recognised in gains/(losses) in the statement of profit or loss. The asset is categorised as being level 2 on the fair value hierarchy. Valuations for investments are provided by the investment manager and the group does not have access to the underlying valuation models to fully disclose sensitivities.

Currency Risk

The Group enters into forward exchange contracts for any significant capital transaction conducted in currency other than the New Zealand dollar to eliminate the effects of any currency fluctuations, these are recognised when the transaction occurs. There are no currency hedges as at 31 March 2021 (2020:Nil).

Interest Rate Risk

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

	Group 2021		**Group 2020**	
Interest rate risk + 1%	Carrying Amount	Profit	Carrying Amount	Profit
Financial Assets				
Cash and cash equivalents	1,708,680	17,087	103,018	-
Investments	66,272,406	270,421	-	-
Trade and other receivables	4,478,588	-	4,807,886	-
Investments in associates	-	-	5,879,227	(653,831)
Loans to associates	-	-	90,809,949	908,099
Financial Liabilities				
Trade and other payables	3,527,274	-	5,146,798	-
Debt Facility	-	-	61,240,000	(202,400)
Related Party Borrowings	-	-	-	-
Derivative financial instruments	-	-	1,144,239	(485,665)
Lease Liabilities	175,033	168,134	-	-
Total Increase / (decrease)		455,642		(433,797)

	Parent 2021		**Parent 2020**	
Interest rate risk + 1%	Carrying Amount	Profit	Carrying Amount	Profit
Financial Assets				
Cash and cash equivalents	76,833	768	29,132	291
Loans to subsidiary	3,051,819	30,518	3,147,922	31,479
Financial Liabilities				
Trade and other payables	44,847	-	34,137	-
Total Increase / (decrease)		31,286		31,770

22 FINANCIAL INSTRUMENTS (cont)

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

Derivative financial instruments

As at the reporting date, the group had the following balance of variable rate borrowing and nominal value of weighted average interest rate swap contracts in place to mitigate long term funding risk:

	Group 2021		Group 2020	
	Interest Rate	$	Interest Rate	$
Bank Borrowings	-	-	3.45%	61,240,000
Nominal value debt with interest rate swaps	-	-	3.75%	(41,000,000)
Net exposure to cash flow interest rate		-		20,240,000

	Parent 2021		Parent 2020	
	Interest Rate	$	Interest Rate	$
Bank Borrowings	-	-	-	-
Nominal value debt with interest rate swaps	-	-	-	-
Net exposure to cash flow interest rate		-		-

Derivatives are classified as FVPL instruments. The fair value of the derivative instruments are the cash flows attributable to the hedged risk, which is measured at each balance date with the resulting gain or loss recognised in profit and loss as the Group has elected not to apply hedge accounting. Valuation technique uses observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable (Level 2). The portion of the fair value of an interest rate derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

When a hedging instrument expires, or is terminated, as the forecast transaction is no longer expected to occur, any gain or costs associated with the early termination are immediately recognised in finance costs within profit or loss. The Group discontinued its hedging relationships in FY21 when the item being hedged, the debt facility, was repaid. All interest rate swaps were de-recognised during the year.

	Group		Parent	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Current interest rate swaps - cash flow hedges	-	673,936	-	-
Non current interest rate swaps - cash flow hedges	-	470,303	-	-
Total interest rate swaps - cash flow hedges	-	1,144,239	-	-

The principal amounts of the outstanding interest rate swap contracts at 31 March 2021 were $nil (2020 $41 million) Gains and losses in movement of fair value for future cashflows are recognised through the income statement in finance costs.

As at 31 March 2021 the interest rates vary from 1.55% to 2.88% (2020: 1.55% to 2.88%) and the main floating rate is (bank bill mid rate) BKBM.

There is no change (2020 $0) in the fair value due to credit risk.

22 FINANCIAL INSTRUMENTS (cont)

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

	Group 2021		Group 2020	
	Inflow	Outflow	Inflow	Outflow
Less than one year	-	-	493,839	1,167,775
Between 1 and 2 years	-	-	328,090	719,421
Between 2 and 3 years	-	-	100,800	174,900
Between 3 and 4 years	-	-	6,628	11,500
	-	-	929,357	2,073,596

	Parent 2021		Parent 2020	
	Inflow	Outflow	Inflow	Outflow
Less than one year	-	-	-	-
Between 1 and 2 years	-	-	-	-
Between 2 and 3 years	-	-	-	-
Between 3 and 4 years	-	-	-	-
	-	-	-	-

Liquidity Risk

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

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

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

Maturity Analysis

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

Group

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

Year ended 31 March 2020	< 1 year	1-5 years	> 5 years	Total Contractual cash flows	Carrying Amount
Trade and other payables	5,146,798	-	-	5,146,798	5,146,798
Debt Facility	61,240,000	-	-	61,240,000	61,240,000
Related Party Borrowings	-	-	-	-	-
Derivative financial instruments	673,936	470,303	-	1,144,239	1,144,239
	67,060,734	470,303	-	67,531,037	67,531,037

22 FINANCIAL INSTRUMENTS (cont)

Parent

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

Year ended 31 March 2020	< 1 year	1-5 years	> 5 years	Total Contractual cash flows	Carrying Amount
Trade and other payables	34,137	-	-	-	34,137
	34,137	-	-	-	34,137

23 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has one contingent liability as at 31 March 2021 (2020:$Nil).

There are no Contingent Liabilities and Capital Commitments for the Trust.

An indicative capital expenditure of $1.5m to $2.7m and operational expenses of $60k to $85k arises from an agreement that was in place at 31 March 2021.

There are commitments for future capital expenditure of $1,197,743 as at 31 March 2021 (2020:$1,049,220).

24 CONTINGENT ASSETS

There are no contingent assets as at 31 March 2021 (2020:$Nil).

25 EVENTS SUBSEQUENT TO BALANCE DATE

The Trustees have authorised these financial statements for issue on 13 August 2021. The Directors of Waipa Networks Ltd authorised their financial statements for issue on 18 June 2021. There have been no significant events during the period since year end which have an impact on the information presented as at balance date.

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

FOR THE YEAR ENDED 31 MARCH 2021

26 RELATED PARTIES

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

	2021	2020
Related Party Transactions with UFF Holdings Ltd:	$	$
Interest income (capitalised to loan)	1,745,929	3,877,775
Revenue received to make ready poles for attachment of fibre	-	-
Revenue received for pole rental	-	-
Trade Debtors	-	-
Loan	-	90,809,949
Related Party Transactions with Ultrafast Fibre Ltd:		
Revenue received to make ready poles for attachment to fibre	-	-
Revenue received for pole rental	15,469	26,903
Trade Debtors	-	2,578
Related Party Transactions with Waipa Networks Ltd:		
Interest charged	153,898	172,501
Borrowings	3,051,819	3,147,922
Repayments received from WNL	(250,000)	(150,000)

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

There are no other related party transactions.
No related party debts were forgiven or written off during 2021 or 2020.

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Remuneration of Key Management Personnel				
Short term employee benefits	988,919	1,122,495	-	-
Termination benefits	50,000	-	-	-
Secretary & Trustees Fees	125,097	125,828	125,097	125,828
Director's Fees	270,135	256,067	-	-
	1,434,151	1,504,390	125,097	125,828

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

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

PERFORMANCE MEASURES

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

Under Section 44 of the Energy Companies Act 1992, the Company is required to report its performance against targets set out in the Statement of Corporate Intent for the year. The performance of the business for the year ended 31 March 2021 is as follows:

	Target	**2021**	**2020**
Financial Performance Indicators			
Profit before interest expense and tax as a percentage of total assets	4.90%	4.92%	4.38%
Profit after tax as a percentage of equity	5.00%	20.68%	4.25%
Ratio of Equity to total assets	59.00%	80.43%	57.55%
Efficiency Performance Measures			
Maintenance costs per electricity customer	$235	$249	$212
Operational expenditure per electricity customer	$115	$96	$105

The increase in allocation of corporate administration costs to systems operations and network support services, including network planning operations, has resulted in a larger maintenance cost per electricity customer and was greater than the allocation to operational expenditure per customer.

	Target	**2021**	**2020**
Energy Delivery efficiency performance measures			
Loss Ratio	6.50%	4.60%	5.49%
Network Reliability performance measures			
Faults per 100km lines (11kv)	13.5	9.5	13.1
SAIDI (average minutes per customer)	244	257	269

Planned shutdowns accounted for 118 SAIDI minutes, attributed to outages for reconfiguring overhead lines and connecting in new feeder assets for the Waikeria Prison expansion. Unplanned shutdowns totalled 139 SAIDI minutes, which is lower than average due to less storm conditions and adverse weather over the year.

	Target	**2021**	**2020**
SAIFI (average interruptions per customer)	2.68	1.73	2.5

SAFI was more favourable than target due to more favourable weather conditions over the year.

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

Definitions

SAIDI = The system average interruption duration index - normalised average number of minutes that electricity supply was lost per customer, normalised by limiting the impact of a major event day.

SAIFI = the system average interruption frequency index - normalised average frequency of interruptions to electricity supply per customer, normalised by limiting the impact of a major event day.

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

$$\text{LTIFR} = \frac{\text{Number of lost time injuries per annum x 200,000 hours}}{\text{hours worked per annum}}$$

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

PERFORMANCE MEASURES (cont)

Staff Safety	**Target**	**2021**	**2020**
Lost Time Injury Frequency Rate (LTIFR)	0.0	14.01	10.14
Lost time work accidents per 100 employees*	0.0	12.9	9.2
Percentage of hours lost per annum	0.00%	1.02%	0.57%
Total hours lost per annum	0	1,312	678

*With only 69.8 employees each work accident equates to about 1.4 accidents per 100 employees.

Our targets for staff safety are set at zero to reinforce our company mantra "Everyone home safe every day". While zero is the target we have had 9 Lost Time Injuries in the year resulting in 1,312 hours of lost time (2020 6 Lost Time injuries and 678 hours). The increase on prior year is due to one particular individual with an extended period of time lost due to one injury.

COMPARISON OF STATEMENT OF CORPORATE INTENT AND FINANCIAL RESULTS

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

STATEMENT OF COMPREHENSIVE INCOME	**Target $**	**Actual $**
Line Charges	31,493,000	31,947,217
Less Discounts	5,050,000	5,747,845
Net line charges	26,443,000	26,199,372
Other Revenue	6,964,000	6,403,597
Net Revenue	33,407,000	32,602,969
Transmission	8,615,000	7,877,709
Operations	10,035,000	12,543,895
Depreciation	4,855,000	4,586,728
Operating Expenses	23,505,000	25,008,332
Profit from Operations	9,902,000	7,594,637
Net Gain (Loss) on investments	-	1,272,406
Interest income	3,976,000	1,754,380
Net loss on disposal of assets	35,000	80,272
Profit before interest expense and tax	13,913,000	10,701,695
Finance Costs	2,818,000	965,258
Share of net profit / (loss) of associates	-	-
Gain on disposal of associates	-	29,141,052
Profit before tax	11,095,000	38,877,489
Tax	2,539,000	2,696,227
Profit after tax	8,556,000	36,181,262

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

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

Unit sales for the year of 398GWh were above the target of 395GWh. As a result, line charge revenue increased to $31.9m from a target of $31.5m. Consumer discounts increased $697k above target which included higher Transpower refunds. This was the highest discount level ever paid by the Company.

Operating expenses increased $1.5m above target. This includes a large reduction in transmission charges and employee costs that increased reflecting the increased workforce.

Interest income was substantially lower than target due to UFFH repaying its loan to the Company midway through the year and income was earned across a shorter period than target. Finance costs were $1.8m below target due to the repayment of the bank loan mid-year and a shorter period over which interest was charged compared to last year.

The gain on investments of $1.2m and the gain on disposal of associates $29.1m were not included in the target, which did not incorporate the sale of UFFH and the investment of those sales proceeds into an investment fund.

	Target	**Actual**
	$	**$**
BALANCE SHEET		
Assets		
Property, Plant and Equipment	138,595,000	137,583,413
Right of Use assets	-	174,234
Intangible assets	5,496,000	5,382,513
Prepayments	-	274,972
Investments in associates	-	-
Loans to associates	101,935,000	-
Total non-current assets	246,026,000	143,415,132
Cash and cash equivalents	15,000	1,631,847
Investments	-	66,272,406
Trade and other receivables	3,416,000	4,219,357
Prepayments	370,000	259,231
Income tax receivable	-	-
Work in Progress	200,000	62,703
Stock	900,000	1,670,858
Total current assets	4,901,000	74,116,402
Total assets	250,927,000	217,531,534
Equity	152,420,000	174,954,208
Liabilities		
Employee entitlements	-	190,099
Lease liabilities	-	157,232
Capital Contributions in advance	7,367,000	8,470,747
Derivative financial instruments	-	-
Deferred tax liabilities	22,527,000	22,894,633
Borrowings	64,425,000	-
Total non-current liabilities	94,319,000	31,712,711

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

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

	Target $	Actual $
Trade and other payables and capital contributions	1,303,000	3,482,427
Capital Contributions in advance	-	3,168,404
Lase liabilities	-	3,051,819
Borrowings	-	-
Derivative financial instruments	-	17,801
Provisions	2,224,000	652,832
Income tax payable	661,000	491,332
Total current liabilities	4,188,000	10,864,615
Total liabilities	98,507,000	42,577,326
Total equity and liabilities	250,927,000	217,531,534

During the year the Company disposed of its investment in associate, who repaid their loan receivable as part of the settlement and realising a significant amount of cash that it used to repay bank borrowings and place into a managed investment fund. This has significantly improved current assets and decreased its non-current liabilities. Current liabilities are above target due to the high balance of capital contributions in advance. For the purpose of the target all capital contributions and related party borrowings were allocated to non current liabilities.

Current liabilities are above target due to the high balance of capital contributions in advance. For the purpose of the target all capital contributions were allocated to non current liabilities.

All figures in the following note relate to the Company (Waipa Networks Ltd) only

	Target $	Actual $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	28,730,000	29,348,640
Payments to suppliers and employees	(20,050,000)	(20,822,708)
Net GST	(83,000)	(73,556)
Cash generated from operations	8,597,000	8,452,376
Interest Received	23,000	15,917,034
Interest paid	(2,585,000)	(2,392,631)
Taxes Paid	(2,144,000)	(1,423,925)
Net Cash Flows from Operating Activities	3,891,000	20,552,854
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	55,000	154,827
Capital contributions	2,937,000	5,740,003
Purchase of property, plant and equipment	(8,048,000)	(9,417,237)
Purchase of intangible assets	-	(837,629)
Proceeds from sale of investment in associate	-	35,020,279
Proceeds from settlement of loan to associate	-	76,947,296
Purchase of investments	-	(65,632,516)
Distribution of investments	-	522,733
Net cash flows from investing activities	(5,056,000)	42,497,756

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

COMPARISON OF STATEMENT OF CORPORATE INTENT AND FINANCIAL RESULTS (Cont)
CASH FLOW FROM FINANCING ACTIVITIES

	Target	**Actual**
	$	**$**
Increase in borrowings	1,100,000	240,850,000
Repayment of borrowings	-	(302,340,000)
Principal portion of the lease liability	-	(2,649)
Net cash flows from financing activities	1,100,000	(61,492,649)
Net increase (decrease) in cash held	(65,000)	1,557,961
Cash & cash equivalents at 1 April	80,000	73,886
Cash & cash equivalents at 31 March	15,000	1,631,847
CASH BALANCES IN THE BALANCE SHEET	15,000	1,631,847

During the year the Company disposed of its investment in associate, who repaid their loan receivable as part of the settlement, realising a significant amount of cash that it used to repay bank borrowings and place into a managed investment fund.