WAIPA NETWORKS TRUST

FINANCIAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2023

INDEX

DIRECTORY

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

APPROVAL OF FINANCIAL REPORT

The Trustees are pleased to present the approved financial report including the historical consolidated financial statements of Waipa Networks Trust for the year ended 31 March 2023.

APPROVED
For and on behalf of the Trustees

S J Matthews
Trustee
Dated: 18 August 2023

D McLean
Trustee
Dated: 18 August 2023

WAIPA NETWORKS TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Revenue	2	44,556,192	42,121,775	78,497	-
Less Discounts		6,146,738	5,461,755	-	-
Net Revenue		38,409,454	36,660,020	78,497	-
Operating Expenses	3	31,378,373	27,648,038	281,360	287,272
Profit from Operations		7,031,081	9,011,982	(202,863)	(287,272)
Net Gain (Loss) on investments		583,692	(908,659)	-	-
Investment Income		6,157	1,220	184,241	143,665
Net Gain / (Loss) on Disposal of Assets		91,918	4,352	-	-
Profit / (Loss) before Interest and Tax		7,712,848	8,108,896	(18,622)	(143,606)
Finance Costs	20	239,756	52,330	3,348	1,004
Share of Net Profit / (Loss) of Subsidiary		-	-	4,947,442	7,132,478
Gain on disposal of associates		24,352	740,516	-	-
Profit / (Loss) before Tax		7,497,444	8,797,082	4,925,472	6,987,868
Less Tax Expense	4	2,571,972	1,809,214	-	-
Profit/(Loss) for the year		4,925,472	6,987,868	4,925,472	6,987,868
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,925,472	6,987,868	4,925,472	6,987,868

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

		Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Trust Capital	6	100	100	100	100
Retained Earnings *		185,026,021	178,038,153	185,026,021	178,038,153
Equity as at 1 April		185,026,121	178,038,253	185,026,121	178,038,253
Profit / (Loss) for the Year *		4,925,472	6,987,868	4,925,472	6,987,868
Other Comprehensive Income for the Year		-	-	-	-
Total comprehensive Income for the Year		4,925,472	6,987,868	4,925,472	6,987,868
Retained Earnings*	7	189,951,493	185,026,021	189,951,493	185,026,021
Equity as at 31 March		189,951,593	185,026,121	189,951,593	185,026,121

* The only movement in equity is the profit for the year which impacts retained earnings.

The accompanying notes form part of these financial statements.

KPMG

WAIPA NETWORKS TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
ASSETS					
Property, Plant and Equipment	**15**	157,662,004	148,858,830	732	1,445
Right of use assets	**16**	129,749	151,991	-	-
Intangible Assets	**17**	8,829,652	7,177,327	-	-
Prepayments		255,562	265,267	-	-
Loans to Shareholders		-	-	-	-
Investment in Waipa Networks Ltd	**18**	-	-	187,034,128	182,086,686
Loan to Waipa Networks Ltd	**26**	-	-	3,000,000	3,000,000
TOTAL NON CURRENT ASSETS		166,876,967	156,453,415	190,034,860	185,088,131
Cash and Cash equivalents	**8**	654,045	1,393,818	52,466	62,363
Investments	**22**	65,947,439	65,363,746	-	-
Trade and other receivables	**10**	4,965,699	4,415,127	9,230	-
Income tax receivable		838,630	585,908	-	-
Inventories	**11**	2,857,004	2,283,248	-	-
TOTAL CURRENT ASSETS		75,262,817	74,041,847	61,696	62,363
TOTAL ASSETS		242,139,784	230,495,262	190,096,556	185,150,494
EQUITY					
Trust Capital	**6**	100	100	100	100
Retained earnings	**7**	189,951,493	185,026,021	189,951,493	185,026,021
TOTAL EQUITY		189,951,593	185,026,121	189,951,593	185,026,121
LIABILITIES					
Employee Entitlements	**14**	124,033	161,133	-	-
Lease Liabilities	**16**	117,934	138,219	-	-
Capital Contributions in Advance	**13**	8,473,219	8,392,603	-	-
Deferred Taxation	**5**	24,476,824	23,306,943	-	-
TOTAL NON CURRENT LIABILITIES		33,192,010	31,998,898	-	-
Trade and Other Payables	**12**	4,207,672	3,483,576	44,727	43,586
Capital Contributions in advance	**13**	6,997,205	5,213,909	-	-
Borrowings	**9**	6,940,000	4,050,000	-	-
Lendings		-	-	100,236	80,788
Lease Liabilities	**16**	20,285	19,014	-	-
Employee Entitlements	**14**	831,019	703,745	-	-
TOTAL CURRENT LIABILITIES		18,996,181	13,470,244	144,963	124,374
TOTAL LIABILITIES		52,188,191	45,469,142	144,963	124,374
TOTAL EQUITY AND LIABILITIES		242,139,784	230,495,262	190,096,556	185,150,494

For and on behalf of the Trustees

SJMatthews

S J Matthews, Trustee

18 August 2023

Date:

D McLean, Trustee

18 August 2023

Date:

The accompanying notes form part of these financial statements

KPMG

WAIPA NETWORKS TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Group		Parent	
		2023	2022	2023	2022
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		37,548,293	37,351,929	78,497	-
Discounts paid to customers		(6,146,738)	(5,461,755)	-	-
Payments to suppliers and employees		(24,436,512)	(22,483,076)	(288,735)	(288,166)
Net GST		100,029	248,550	-	-
Cash generated from operations		7,065,072	9,655,648	(210,238)	(288,166)
Interest Received		4,062	971	184,241	143,665
Interest paid		(226,340)	(49,734)	-	-
Taxes Paid		(1,654,813)	(2,474,144)	-	-
Net Cash Flows from Operating Activities	**21**	5,187,981	7,132,741	(25,997)	(144,501)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of Property, Plant and Equipment		284,175	124,414	-	-
Proceeds from Loan - Waipa Networks Ltd		-	-	16,100	131,603
Capital contributions		6,797,377	6,029,746	-	-
Purchase of Property, Plant and Equipment		(14,094,817)	(16,106,616)	-	(1,572)
Purchase of intangible assets		(2,190,539)	(1,888,612)	-	-
Proceeds from sale of investment in associate		403,851	361,017	-	-
Purchase of investments		(1,384,808)	(1,372,989)	-	-
Distribution of investments		1,384,808	1,372,989	-	-
Net cash flows from investing activities		(8,799,953)	(11,480,051)	16,100	130,031
CASH FLOW FROM FINANCING ACTIVITIES					
Increase/(decrease) in borrowings		2,890,000	4,050,249	-	-
Principal portion of the lease liability		(17,801)	(17,801)	-	-
Net cash flows from financing activities		2,872,199	4,032,448	-	-
		-	-		
Net increase (decrease) in cash held		(739,773)	(314,862)	(9,897)	(14,470)
Cash & cash equivalents at 1 April		1,393,818	1,708,680	62,363	76,833
Cash & cash equivalents at 31 March		654,045	1,393,818	52,466	62,363
CASH BALANCES IN THE FINANCIAL POSITION		654,045	1,393,818	52,466	62,363

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 2023

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.

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.

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 of Waipa Networks Limited monitor progress against targets of the annual capital and maintenance plans, system reliability and performance targets to help form their judgment on the appropriateness of useful lives estimates.

1 STATEMENT OF ACCOUNTING POLICIES (Cont)

Changes in Accounting Policies

New and amended standards and interpretations.
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.

Specific Accounting Policies

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

The investment is initially recognised at cost and adjusted thereafter by the Trust's share of the net profit, recognised in the income statement.

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

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

b) Revenue

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

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

The Group's revenue is predominantly sourced from Electricity Retailers who are invoiced monthly for the delivery services to their connected customers (ICPs) in accordance with standard industry protocols. There are three ICPs who have a direct contractual relationship with the Group for delivery services and those are invoiced direct accordingly. No customers have significant payment terms or extended credit. ICPs have price categories and plans allocated in accordance with the Waipa Networks Limited Pricing Methodology. The majority of services are charged on a cost-recovery model, composed of fixed and volumetric charges. The Group has Advanced Uncontrolled price plans and Advanced All Inclusive plans offering rates dependent in which time period (Peak/Off Peak/Shoulder) electricity is used. All ICPs with an advanced meter moved 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.

1 STATEMENT OF ACCOUNTING POLICIES (Cont)

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. Waipa Networks Limited 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 Statement of Financial Postition 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 Limited's 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.

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).

		Group		Parent	
		2023	2022	2023	2022
		$	$	$	$
2 REVENUE					
Network line services		35,358,534	34,730,169	-	-
Contracting sales		2,141,799	2,202,028	-	-
Capital contributions		4,933,465	4,062,385	-	-
Embedded Network		40,532	79,485	-	-
Sundry income		427,086	213,928	78,497	-
Loss rental rebates		1,654,776	833,780	-	-
Total Revenue		44,556,192	42,121,775	78,497	-
Assumptions disclosed in Statement of accounting policies (j)					
Revenue recognised over time					
Network line services		35,358,534	34,730,169	-	-
Contracting sales		178,339	288,028	-	-
Capital contributions		312,553	302,472	-	-
Embedded Network		40,532	79,485	-	-
Sundry income		358,410	137,827	78,497	-
Loss rental rebates		1,654,776	833,780	-	-
Total Revenue recognised over time		37,903,144	36,371,761	78,497	-
Revenue recognised at a point in time					
Contracting sales		1,963,460	1,914,000	-	-
Capital contributions		4,620,912	3,759,913	-	-
Sundry income		68,676	76,101	-	-
Total Revenue recognised at a point in time		6,653,048	5,750,014	-	-
Total Revenue		44,556,192	42,121,775	78,497	-

Revenue of $2,449,510 (2022 $1,702,772) was included in Capital Contributions in advance at the end of the previous financial year.

		Group 2023	Group 2022	Parent 2023	Parent 2022
3 OPERATING EXPENSES					
Audit fees for these financial statements (i)		207,817	104,153	31,000	30,213
Audit fees for prior year (Audit NZ)		17,275	6,914	7,475	2,414
Audit fees for disclosure financial statements (i)		31,500	32,100	-	-
Trustees Fees		118,196	93,000	118,196	93,000
Depreciation					
Buildings		43,223	28,523	-	-
Buildings fitout		71,355	66,772	-	-
Reticulation Assets		4,002,234	3,819,049	-	-
Other Electrical Assets		120,785	114,238	-	-
Motor Vehicles		573,419	414,431	-	-
Plant, Furniture and Fittings		385,469	265,860	714	367
Right of use assets		22,243	22,243	-	-
Amortisation of intangible assets		260,887	93,798	-	-
Transmission charges		8,657,099	8,298,042	-	-
Employee benefits					
Superannuation - defined contribution plans	19	237,674	196,391	-	-
Other Employee benefits	19	8,401,022	7,325,836	23,387	32,706
Directors' fees		239,752	224,708	-	-
Materials and Contractors		1,986,856	1,434,954	-	-
Inventories		787,825	748,486	-	-
Bad debts		27,618	120,091	-	-
Impairment of Computer Software		277,059	-	-	-
Change in Provision for Doubtful Debts		123,000	(52,000)	-	-
Write off of Inventories		85,563	-	-	-
Other expenses		4,700,502	4,290,449	100,588	128,572
Total Expenses		31,378,373	27,648,038	281,360	287,272

(i) KPMG are the appointed auditor (on behalf of the office of the Auditor General) for the 2023 financial year. Previously Audit New Zealand was the apointed auditon.

KPMG

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

FOR THE YEAR ENDED 31 MARCH 2023

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$

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 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 2023	Group 2022	Parent 2023	Parent 2022
Profit/(Loss) Before Tax	7,497,444	8,797,082	(21,970)	(143,606)
Income Tax @ 28% (Trust 33%)	2,105,436	2,503,674	(7,250)	(47,390)
Tax effect of non assessable revenue	(432,631)	(973,266)	7,250	47,390
Tax effect of expenses that are non deductible	941,129	278,806	-	-
Adjustments Previous Years	(41,962)	-	-	-
Tax Expense	2,571,972	1,809,214	-	-
Under / (over) provision previous year	-	-	-	-
The Tax charge comprises:				
-current tax	1,402,091	1,396,903	-	-
-prior period adjustments to current tax	-	-	-	-
-deferred tax on temporary differences	1,169,881	412,311	-	-
Total Tax Expense	2,571,972	1,809,214	-	-
All temporary differences have been recorded in the financial statements				
Total Tax Expense	2,571,972	1,809,214	-	-

5 DEFERRED TAX

	Group 2023	Group 2022	Parent 2023	Parent 2022
Balance at 1 April	23,306,943	22,894,633	-	-
Deferred portion of current year tax expense	1,169,881	412,310	-	-
Balance at end of year	24,476,824	23,306,943	-	-

A deferred tax asset has not been recognised in relation to tax losses of $671,892 (2022:$653,270) for the parent.

	Group 2023	Group 2022	Parent 2023	Parent 2022
Deferred tax Property, plant and equipment				
Balance at 1 April	23,507,062	23,455,345	-	-
Charged to statement of comprehensive income	934,049	51,717	-	-
Charged to equity	-	-	-	-
Balance at 31 March	24,441,111	23,507,062	-	-
Deferred tax employee entitlements				
Balance at 1 April	(179,095)	(171,547)	-	-
Charged to statement of comprehensive income	33,771	(7,548)	-	-
Charged to equity	-	-	-	-
Balance at 31 March	(145,324)	(179,095)	-	-
Deferred tax other				
Balance at 1 April	(21,024)	(389,165)	-	-
Charged to statement of comprehensive income	202,061	368,141	-	-
Charged to equity	-	-	-	-
Balance at 31 March	181,037	(21,024)	-	-
Deferred tax total				
Balance at 1 April	23,306,943	22,894,633	-	-
Charged to statement of comprehensive income	1,169,881	412,310	-	-
Charged to equity	-	-	-	-
Balance at 31 March	24,476,824	23,306,943	-	-

FOR THE YEAR ENDED 31 MARCH 2023

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
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	185,026,021	178,038,153	185,026,021	178,038,153
Net Surplus after Taxation	4,925,472	6,987,868	4,925,472	6,987,868
Balance at end of year	189,951,493	185,026,021	189,951,493	185,026,021
8 CASH AND CASH EQUIVALENTS				
Current Account	654,045	1,393,818	52,466	62,363
	654,045	1,393,818	52,466	62,363

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 Group'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 2023	Group 2022	Parent 2023	Parent 2022
9 BORROWINGS				
Current portion	6,940,000	4,050,000	-	-
Non current portion	-	-	-	-
	6,940,000	4,050,000	-	-

The Group continues to have access to a working capital facility of $10 million, which has a balance of $6.94 million at balance date (2022 $4.05 million).

Net debt reconciliation

	Group 2023	Group 2022	Parent 2023	Parent 2022
Opening Balance at 31 March	4,050,000	-	-	-
Drawdown of facility	2,890,000	4,050,000	-	-
Interest capitalised to related party borrowing	-	-	-	-
Repayment of related party borrowings	-	-	-	-
Related Party Borrowings	-	-	-	-
Closing Borrowings at 31 March 2023	6,940,000	4,050,000	-	-

The Debt Facility at year end relates to a multi option credit facility totaling $10 million (2022 $10 million). A facility fee rate is charged and the drawn balance is charged interest at a variable interest rate, annual average rate 4.57% (2022 2.13%). The facility expires as follows:

Facility expiry date	Total Facility	Total Facility
31/05/2025	10,000,000	10,000,000
	10,000,000	10,000,000

The Group has no financial convenant reporting requirements for the unsecured debt facilities.

The unsecured debt facilities become repayable on demand in the event the subsidiary fails to make interest and principal payments when they fall due. The subsidiary complied with all borrowing repayment obligations during the period.

The amounts disclosed above are the undiscounted contracted cash flows.

The carrying amount for borrowings equals the fair value.

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

FOR THE YEAR ENDED 31 MARCH 2023

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
10 TRADE AND OTHER RECEIVABLES				
Trade receivables	5,161,853	4,234,636	-	-
Trade debtors from Related Parties	-	-	-	-
Provision for Doubtful Debts	(440,000)	(317,000)	-	-
	4,721,853	3,917,636	-	-
Accrued Income	-	-	-	-
Prepayments	243,846	117,992	9,230	-
Other Receivables	-	379,499	-	-
	4,965,699	4,415,127	9,230	-

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

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

The Group provides 100% for the collectability of significantly aged debt over 90 days due that is under management of debt collection agencies.

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% (2022 30%) and for over 90 days is 100% (2022 100%) for debtors relating to car accidents and all other debtors over 90 days are accessed individually on the likelihood of receipt of payment. These percentages were applied to the GST exclusive amount of the balance.

	2023		2022	
As at 31 March 2023 the ageing analysis of trade receivables is as follows:	Gross	Impairment	Gross	Impairment
0 - 30 days	4,253,924	-	3,765,409	-
31 - 60 days	284,096	-	56,382	-
61 - 90 days	47,440	14,323	9,194	2,758
91 days plus	576,393	425,677	403,561	314,242
	5,161,853	440,000	4,234,546	317,000

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Movements in the provision for doubtful debts:				
Balance as at 1 April	317,000	369,000	-	-
Additional provisions made during the year	123,000	-	-	-
Reversal of provision during the year	-	(52,000)	-	-
Balance as at 31 March	440,000	317,000	-	-

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		Parent	
	2023	2022	2023	2022
	$	$	$	$
Stock	2,760,755	2,215,855	-	-
Work in Progress	96,249	67,393	-	-
	2,857,004	2,283,248	-	-

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	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $

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 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Accounts payable and accruals-trade	4,207,672	3,483,576	44,727	43,586
	4,207,672	3,483,576	44,727	43,586

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 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Balance as at 1 April	8,695,075	8,767,467	-	-
Less Recognised as revenue in the current year	312,553	302,472	-	-
Balance remaining from 1 April	8,382,522	8,464,995	-	-
Contributions received in the current year	403,250	230,080	-	-
Balance as at 31 March	8,785,772	8,695,075	-	-
Current Capital Contributions in advance	312,553	302,472	-	-
Non current Capital Contributions in advance	8,473,219	8,392,603	-	-
Total Capital Contributions in advance	8,785,772	8,695,075	-	-

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

Capital Contributions from other customers	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Balance as at 1 April	4,911,437	2,871,684	-	-
Less Recognised as revenue in the current year	2,449,510	1,702,772	-	-
Balance remaining from 1 April	2,461,927	1,168,912	-	-
Contributions received in the current year	4,222,725	3,742,525	-	-
Current Capital Contributions in advance as at 31 March	6,684,652	4,911,437	-	-
Total Capital Contributions in advance				
Current Capital Contributions in advance	6,997,205	5,213,909	-	-
Non current Capital Contributions in advance				
Over 1 but less than 5 years	1,087,749	1,101,578	-	-
> 5 and < 10 years	1,291,992	1,241,586	-	-
> 10 and < 40 years	6,093,478	6,049,439	-	-
Total Capital Contributions in advance	15,470,424	13,606,512	-	-

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 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 date. The obligation is calculated using the projected unit credit method and is discounted to its present value.

	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Current employee entitlements	831,019	703,745	-	-
Non current employee entitlements	124,033	161,133	-	-
Total employee entitlements	955,052	864,878	-	-

15 PROPERTY, PLANT & EQUIPMENT

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

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

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

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

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

	Group		Parent	
	2023	2022	2023	2022
Freehold Land	$	$	$	$
Cost to 1 April	7,423,231	1,252,334	-	-
Current year additions	165,359	6,170,897	-	-
Current year disposals	-	-	-	-
Cost to 31 March	7,588,589	7,423,231	-	-
Freehold Buildings				
Cost to 1 April	3,793,429	2,804,237	-	-
Accumulated Depreciation to 1 April	327,791	299,268	-	-
Net Book Value 1 April	3,465,638	2,504,969	-	-
Current year additions	5,895	989,192	-	-
Current year disposals	-	-	-	-
Current year depreciation	43,223	28,523	-	-
Cost to 31 March	3,799,324	3,793,429	-	-
Accumulated Depreciation to 31 March	371,014	327,791	-	-
Net Book Value	3,428,310	3,465,638	-	-
Building Fitout				
Cost to 1 April	3,252,795	3,229,822	-	-
Accumulated Depreciation to 1 April	2,441,183	2,374,412	-	-
Net Book Value 1 April	811,612	855,410	-	-
Current year additions	84,726	22,974	-	-
Current year disposals	-	-	-	-
Current year depreciation	71,306	66,772	-	-
Cost to 31 March	3,337,521	3,252,795	-	-
Accumulated Depreciation to 31 March	2,512,489	2,441,183	-	-
Net Book Value	825,032	811,612	-	-

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
15 PROPERTY, PLANT & EQUIPMENT (Cont)				
Reticulation Assets				
Cost to 1 April	177,849,046	170,683,864	-	-
Accumulated Depreciation to 1 April	47,019,325	43,218,665	-	-
Net Book Value 1 April	130,829,721	127,465,199	-	-
Current year additions	10,885,384	7,199,833	-	-
Current year disposals	42,195	16,262	-	-
Current year depreciation	4,002,234	3,819,049	-	-
Cost to 31 March	188,652,426	177,849,046	-	-
Accumulated Depreciation to 31 March	50,981,750	47,019,325	-	-
Net Book Value	137,670,676	130,829,721	-	-
Other Electrical Assets				
Cost to 1 April	5,114,246	4,984,987	-	-
Accumulated Depreciation to 1 April	2,230,307	2,116,069	-	-
Net Book Value 1 April	2,883,939	2,868,918	-	-
Current year additions	209,524	129,259	-	-
Current year disposals	-	-	-	-
Current year depreciation	120,785	114,238	-	-
Cost to 31 March	5,323,770	5,114,246	-	-
Accumulated Depreciation to 31 March	2,351,092	2,230,307	-	-
Net Book Value	2,972,678	2,883,939	-	-
Motor Vehicles				
Cost to 1 April	6,185,187	5,535,060	-	-
Accumulated Depreciation to 1 April	4,129,547	3,913,573	-	-
Net Book Value 1 April	2,055,640	1,621,487	-	-
Current year additions	2,037,705	858,671	-	-
Current year disposals	133,451	10,087	-	-
Current year depreciation	573,419	414,431	-	-
Cost to 31 March	7,381,024	6,185,187	-	-
Accumulated Depreciation to 31 March	3,994,549	4,129,547	-	-
Net Book Value	3,386,475	2,055,640	-	-
Plant, Furniture and Fittings				
Cost to 1 April	4,655,090	4,061,594	11,375	9,803
Accumulated Depreciation to 1 April	3,257,040	3,046,257	929	9,562
Net Book Value 1 April	1,398,050	1,015,336	10,446	240
Current year additions	803,055	733,284	-	1,572
Current year disposals	16,343	93,711	-	-
Current year depreciation	385,518	265,860	714	367
Cost to 31 March	4,901,844	4,655,090	11,375	11,375
Accumulated Depreciation to 31 March	3,111,600	3,266,040	10,643	9,929
Net Book Value	1,790,244	1,389,049	732	1,445
Total Net Book Value	157,662,004	148,858,830	732	1,445
Capital work in progress in cost & net book value of reticulation assets	4,813,875	4,443,724	-	-

16 RIGHT OF USE LEASE ASSETS AND LIABILITIES

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

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

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

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

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

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

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

16 RIGHT OF USE LEASE ASSETS AND LIABILITIES (cont)

The Statement of Financial Position shows the following amounts relating to leases:

	Group		Parent	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Cost				
Opening balance at 1 April	177,942	177,942	-	-
Additions	-	-	-	-
Closing balance at 31 March	177,942	177,942	-	-
Accumulated depreciation				
Opening balance at 1 April	25,950	3,707	-	-
Depreciation	22,243	22,243	-	-
Closing balance at 31 March	48,193	25,950	-	-
Right of use lease assets				
Cost	177,942	177,942	-	-
Less Accumulated depreciation	48,193	25,950	-	-
Net book value	129,749	151,992	-	-
Lease Liabilities				
Lease liabilities - current	20,285	19,014	-	-
Lease liabilities - non-current	117,934	138,219	-	-
	138,219	157,233	-	-

There were no additions to right of use assets during the year (2022 $Nil).
During the 2021 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	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Amounts recognised in the statement of profit or loss				
Depreciation charge of right-of-use assets	22,243	22,243	-	-
Finance costs	2,972	3,339	-	-
Expense for short-term leases, low value or variable lease cost	-	-	-	-
The total cash outflow for leases in the year	25,215	25,582	-	-

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 Group estimates the recoverable amount of the asset. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs units that are expected to benefit from the synergies of the business combination.

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

Computer software	5 - 15 years

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

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Software				
Cost to 1 April	3,204,225	1,322,880	-	-
Accumulated Amortisation to 1 April	548,163	454,365	-	-
Net Book Value 1 April	2,656,062	868,515	-	-
Current year additions	2,190,539	1,881,345	-	-
Current year disposals	268	-	-	-
Current year Impairment	277,059	-	-	-
Current year amortisation	260,887	93,798	-	-
Cost to 31 March	5,161,235	3,204,225	-	-
Accumulated Amortisation to 31 March	852,848	548,163	-	-
Net Book Value	4,308,387	2,656,062	-	-
Goodwill				
Cost to 1 April	62,020	62,020	-	-
Accumulated impairment to 1 April	62,020	62,020	-	-
Net Book Value 1 April	-	-	-	-
Current year additions	-	-	-	-
Current year amortisation	-	-	-	-
Cost to 31 March	62,020	62,020	-	-
Accumulated Impairment to 31 March	62,020	62,020	-	-
Net Book Value	-	-	-	-
Easements				
Cost to 1 April	4,521,265	4,513,998	-	-
Accumulated impairment to 1 April	-	-	-	-
Net Book Value 1 April	4,521,265	4,513,998	-	-
Current year additions	-	7,267	-	-
Current year impairment	-	-	-	-
Cost to 31 March	4,521,265	4,521,265	-	-
Accumulated Impairments to 31 March	-	-	-	-
Net Book Value	4,521,265	4,521,265	-	-
Capital work in progress included in cost and net book amount	-	-	-	-
Total Net Book Value	8,829,652	7,177,327	-	-
Capital work in progress included in cost and net book amount	565,385	1,525,327		

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

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	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
18 INVESTMENTS				
Opening balance 1 April	-	-	182,086,686	174,954,208
Share of net profit of subsidiary	-	-	4,947,442	7,132,478
Closing balance 31 March	-	-	187,034,128	182,086,686
19 EMPLOYEE BENEFITS				
Superannuation - defined contribution plans	237,674	196,391	-	-
Other Employee benefits included in operating expenses	8,401,022	7,325,836	23,387	32,706
Other Employee benefits capitalised to Property, Plant and Equipment	686,295	589,967	-	-
Total Employee benefits	9,324,991	8,112,194	23,387	32,706
20 FINANCE COSTS				
Bank Borrowing costs	233,436	48,991	-	-
Interest on lease liability	2,972	3,339	-	-
Interest on lendings	3,348	-	3,348	1,004
Total Finance Costs	239,756	52,330	3,348	1,004
21 RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Reported Profit/(Loss) after tax	4,925,472	6,987,868	(21,970)	(140,526)
Add (Less) Non Cash Items:				
Depreciation	5,196,485	4,708,873	714	367
Depreciation Right Of Use assets	22,243	22,243	-	-
Amortisation of Intangible Asset	260,887	93,798	-	-
Impairment of Software	277,059	-	-	-
Increase (Decrease) in deferred tax	1,169,881	412,310	-	-
Increase in Term Employee entitlements	(37,100)	(28,966)	-	-
	11,814,927	12,196,126	(21,256)	(140,159)
Add (Less) Movements in Working Capital Items				
Decrease (increase) in Tax Receivables	(252,722)	(1,077,240)	-	-
Decrease (increase) in Trade and Other Receivables	(550,573)	63,461	(9,231)	-
Decrease (increase) in Inventories	(573,756)	(549,687)	-	-
Increase (Decrease) in Trade and Other Payables	714,029	(49,375)	1,142	(4,342)
Increase (Decrease) in Capital Contributions	1,783,296	2,045,505	-	-
Increase (Decrease) in Interest Expense Accrual	10,068	2,596	-	-
Increase (Decrease) in Employee Entitlements	127,274	50,913	-	-
	1,257,616	486,173	(8,089)	(4,342)
Add (Less) Items Classified as Investing Activities				
Net Loss on Disposal of Assets	(91,918)	(4,352)	-	-
Gain on disposal of associate	(403,851)	(361,017)	-	-
Investment gains	(583,692)	908,659	-	-
Capital Contributions	(6,821,502)	(6,107,890)	-	-
Decrease/(Increase) in Prepayments	9,705	9,705	-	-
Capitalised interest receivable	3,348	1,253	-	-
	(7,887,910)	(5,553,642)	-	-
Add (Less) Items Classified as Financing Activities				
Interest added to Related Party Borrowings	-	-	-	-
	-	-	-	-
Net Cash Inflows from Operating Activities	5,184,633	7,128,657	(29,345)	(144,501)

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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 part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Measurement

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

Financial Instrument classification	**Group 2023**		**Group 2022**	
	At amortised Cost	Fair Value through P&L	At amortised Cost	Fair Value through P&L
Financial Assets				
Cash & cash equivalents	654,045	-	1,393,818	-
Investments	-	65,947,439	-	65,363,746
Trade and other receivable	4,965,698	-	4,035,628	379,499
Loan receivable	-	-	-	-
Total Financial Assets	5,619,743	65,947,439	5,429,446	65,743,245
Financial Liabilities				
Trade and other payables	4,207,673	-	3,483,576	-
Debt facility	6,940,000	-	4,050,000	-
Derivative Financial instruments	-	-	-	-
Lease liabilities	138,219	-	157,233	-
Total Financial Liabilities	11,285,892	-	7,690,809	-

22 FINANCIAL INSTRUMENTS (cont)

Financial Instrument classification

	Parent 2023		Parent 2022	
	At amortised Cost	Fair Value through P&L	At amortised Cost	Fair Value through P&L
Financial Assets				
Cash & cash equivalents	52,466	-	62,363	-
Trade and other receivable	-	-	-	-
Shares - Waipa Networks Ltd	187,034,128	-	182,086,686	-
Loan receivable	3,000,000	-	3,000,000	-
Total Financial Assets	190,086,594	-	185,149,049	-
Financial Liabilities				
Trade and other payables	44,728	-	43,586	-
Derivative Financial instruments	-	-	-	-
Lending from Subsidiary	100,236		80,788	
Lease liabilities	-	-	-	-
Total Financial Liabilities	144,964	-	124,374	-

Fair value hierarchy - Group	**Level 1**	**Level 2**	**Level 3**
As at 31 March 2023			
Investments	-	65,947,439	-
As at 31 March 2022	-	65,363,746	-
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 Statement of Financial Position. Fair value of the derivative instruments is the cash flows attributable to the hedged risk.

Credit Risk

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

Trade and other receivables

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

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

In the normal course of its business, the Group incurs credit risk from trade receivables from customers. The Group largest customer accounts for 19% (2022 16%) of total sales and 10% (2022 13%) 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.

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22 FINANCIAL INSTRUMENTS (cont)

Market Risk

Price Risk

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

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

Currency Risk

The Group enters into forward exchange contracts for any significant capital transaction conducted in currency other than the New Zealand dollar to eliminate the effects of any currency fluctuations, these are recognised when the transaction occurs. There are no currency hedges as at 31 March 2023 (2022 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 2023		**Group 2022**	
Interest rate risk + 1%	Carrying Amount	Profit	Carrying Amount	Profit
Financial Assets				
Cash and cash equivalents	654,045	6,540	1,393,818	13,938
Investments	65,947,439	562,078	65,363,746	560,902
Trade and other receivables	4,965,698	-	4,415,127	3,795
Loans to associates	-	-	-	-
Financial Liabilities				
Trade and other payables	4,207,673	-	3,483,576	-
Debt Facility	6,940,000	(69,400)	4,050,000	(40,500)
Related Party Borrowings	-	-	-	-

	Parent 2023		**Parent 2022**	
Interest rate risk + 1%	Carrying Amount	Profit	Carrying Amount	Profit
Financial Assets				
Cash and cash equivalents	52,466	525	62,363	624
Loans to subsidiary	3,000,000	30,000	3,000,000	30,000
Financial Liabilities				
Trade and other payables	44,728	-	43,586	-
Lendings	100,236	-	80,788	-

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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 in place:

	Group 2023		Group 2022	
	Interest Rate	$	Interest Rate	$
Bank Borrowings	6.11%	6,940,000	2.34%	4,050,000
Nominal value debt with interest rate swaps	-	-		-
Net exposure to cash flow interest rate		6,940,000		4,050,000

	Parent 2023		Parent 2022	
	Interest Rate	$	Interest Rate	$
Bank Borrowings	-	-	-	-
Nominal value debt with interest rate swaps	-	-	-	-
Net exposure to cash flow interest rate		-		-

Liquidity Risk

Liquidity risk is the risk that the Group may be unable to meet their financial obligations as they fall due. This risk is managed by maintaining sufficient cash and deposits together with access to committed credit facilities.
The Trust's access to committed credit facilities is disclosed in note 9.
The Trust's exposure to liquidity risk related to trade and other payables is disclosed in note 12.

Maturity Analysis

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

Group

Year ended 31 March 2023	< 1 year	1-5 years	> 5 years	Total Contractual cash flows	Carrying Amount
Trade and other payables	4,207,673	-	-	4,207,673	4,207,673
Debt Facility	6,940,000	-	-	6,940,000	6,940,000
Related Party Borrowings	-	-	-	-	-
Lease liabilities	22,865	100,979	23,029	146,873	138,219
	11,170,538	100,979	23,029	11,294,546	11,285,892

Year ended 31 March 2022	< 1 year	1-5 years	> 5 years	Total Contractual cash flows	Carrying Amount
Trade and other payables	3,439,990	-	-	3,439,990	3,439,990
Debt Facility	4,050,000	-	-	4,050,000	4,050,000
Related Party Borrowings	-	-	-	-	-
Derivative financial instruments	21,986	97,010	49,863	168,859	157,233
	7,511,976	97,010	49,863	7,658,849	7,647,223

Parent

Year ended 31 March 2023	< 1 year	1-5 years	> 5 years	Total Contractual cash flows	Carrying Amount
Trade and other payables	44,728	-	-	-	44,728
Lendings	100,236	-	-	-	100,236
	144,964	-	-	-	144,964

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

23 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities for the Group as at 31 March 2023 (2022: Nil)

The Group has commitments for future capital expenditure of $372,585 as at 31 March 2023 (2022 $1,651,237). There are no commitments for the Trust."

24 CONTINGENT ASSETS

There are no contingent assets as at 31 March 2023 (2022:$Nil).

25 EVENTS SUBSEQUENT TO BALANCE DATE

The Trustees have authorised these financial statements for issue on 18 August 2023. The Directors of Waipa Networks Ltd authorised their financial statements for issue on 29 June 2023. Subsequent to balance date, the directors of Waipa Networks Limited have approved a special dividend to be paid to the Waipa Networks Trust. Waipa Networks Limited also repaid the $3m borrowings to the Waipa Networks Trust and Waipa Networks Trust repaid current lendings. There have been no other significant events during the period since year end which have an impact on the information presented as at balance date.

26 RELATED PARTIES

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

	Parent	
	2023	**2022**
Related Party Transactions with Waipa Networks Ltd:	**$**	**$**
Interest charged	183,900	143,646
Advance to WNL	3,000,000	3,000,000
Advance from WNL	100,236	79,784
Interest Income (capitalised to lendings)	-	1,004
Repayments received from WNL	-	(275,000)
Related Party Loan:		
Opening Balance at 31 March	3,000,000	3,051,819
Interest capitalised to related party borrowing	183,900	143,647
Repayment of related party borrowings	(183,900)	(195,466)
Closing Borrowings at 31 March 2023	3,000,000	3,000,000

Loan from Waipa Networks to Waipa Networks Limited relates to a $3,000,000 (2022 $3,000,000) loan from Waipa Networks Trust. Interest is charged on the loan at 6.13% pa (2022 4.74% pa) and the loan has no predetermined settlement date. The loan is unsecured and the interest rates are as at balance date.

Related Party Transactions with Advance Security Ltd:		
(a company associated with Mike Marr who is a Director of Waipa Networks Limited)		
Capital Expenditure	61,299	-

At balance date, the Group committed $25,000 to consulting expenses with ASG Tech Ltd (a company associated with Mike Marr who is a Director of Waipa Networks Limited)

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 2023 or 2022.

	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Remuneration of Key Management Personnel				
Short term employee benefits	1,327,700	1,362,628	-	-
Termination benefits	10,000	195,000	-	-
Secretary & Trustees Fees	141,583	125,706	141,583	125,706
Director's Fees	239,752	224,708	-	-
	1,719,035	1,908,042	141,583	125,706

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

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SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2023

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 2023 is as follows:

	Target	2023	2022
Financial Performance Indicators			
Profit before interest expense and tax as a percentage of total assets	3.00%	3.27%	3.64%
Profit after tax as a percentage of equity	2.60%	2.65%	3.92%
Discounts Paid to Customers ($m)	5.30	6.15	5.46

For the purpose of the SCI Discount target an estimated Transpower loss rental rebate of $500k was included. Actual loss rental rebate of $1,656k for 2023 (2022 $834k).

Network Reliability performance measures

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

	Target	2023	2022
SAIDI (average minutes per customer)	235	254	340

Historic reliability targets were set based on a 'moving average' plus one standard deviation principle - ranging between 130-180 minutes for unplanned components. We now adapt the DPP3 normalisation-based method which sets an fixed unplanned SAIDI limit of 109.3 minutes as new proxy target. This is a significant reduction in the target limit with the aim to incentivise and drive reliability improvements going forward. FY23 unplanned SAIDI totalled to 168 minutes (post DPP3 normalisation) or 403 minutes (raw, with 227 minutes from Cyclone Gabrielle). This is an increase from FY22 unplanned SAIDI of 262 minutes (raw, with 114 minutes from Cyclone Dovi),

The increase in raw SAIDI (excluding cyclone events) was mainly contributed by several one-off vegetation and equipment related events compounded by long restoration. Reliability improvements requires a multi-facetted approach. Our 2023 AMP includes our updated Asset Management strategy and initiatives, defining our approach going forward to improve supply reliability going forward.

	Target	2023	2022
SAIFI (average interruptions per customer)	2.21	3.02	2.38

The SAIFI excursion correlates to the higher number of faults for FY23, and compounded by impact from Cyclone Gabrielle.

Definitions

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

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

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

PERFORMANCE MEASURES (cont)

Customer, Community and Environment

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

Network Resiliance (GXP	Site secured. Notice of requirement lodged. Concept design completed. Contract for construction signed. Commissioning planned Dec 2024. Detailed design commences FY25.
Deliver a community energy project	Deliver EcoBulb campaign. In partnership with Ecobulb, we distributed 65,000 LED light bulbs across our communities. The light bulbs were directly distributed via schools and charities followed by events in Cambridge and Te Awamutu.
Climate Impact	Deliver a dashboard of sustainable targets. Our sustainability programme is currently in development. We have defined three sustainability themes: Community, Environment and Culture. During FY24 a programme of initiatives will be identified across these themes. Key references such as the KPMG Sustainability Maturity Matrix, the UN Sustainability Development Goals and other New Zealand Businesses with advanced sustainability programmes are considered when identifying and developing our themes and initiatives.

	Target	2023	2022
Customer Satisfaction	55%	58%	55%

People

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

Nil serious harm injuries ^	0.0	0.0	0.0
Reporting of Health & Safety events in Assura increases year on year	10%	21%	116

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

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAIPA NETWORKS TRUST AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2023

The Auditor-General is the auditor of Waipa Networks Trust (the Trust) and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Glenn Keaney, using the staff and resources of KPMG, to carry out the audit of the financial statements of the Trust and Group on his behalf.

Opinion

We have audited the financial statements of the Trust and Group on pages 3 to 24, that comprise the separate and consolidated statement of financial position as at 31 March 2023, the separate and consolidated statement of comprehensive income, the separate and consolidated statement of movements in equity and separate and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Trust and Group:

- present fairly, in all material respects:
    - their financial position as at 31 March 2023; and
    - their financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalent to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting.

Our audit was completed on 18 August 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust and Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust and Group for assessing the Trust and Group's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Trustees intend to wind up the Trust and Group or to cease operations or have no realistic alternative but to do so.

The Trustees' responsibilities arise from the Electricity Industry Act 2010 and the Trust Deed of the Trust.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust and Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust and Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Trust and Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Trust and Group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 1, 2, 25 and 26, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust and Group.

Glenn Keaney
KPMG
On behalf of the Auditor-General
Tauranga, New Zealand