Buller Electric Power Trust

Consolidated Financial Statements

for the year ended 31 March 2022

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Independent Auditor's Report

To the beneficiaries of Buller Electric Power Trust

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements of Buller Electric Power Trust (the 'trust') and its subsidiaries (the 'group') on pages 3 to 20:

i. present fairly in all material respects the Group's financial position as at 31 March 2022 and its financial performance and cash flows for the year ended on that date in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit).

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2022;
- the consolidated statements of comprehensive revenue and expenses, changes in net assets / equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided other services to the group in relation to regulatory audit services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Use of this independent auditor's report

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

Responsibilities of the Trustees for the consolidated financial statements

The Trustees, on behalf of the trust, are responsible for:

— the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit));

— implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

— to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and

— to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/

This description forms part of our independent auditor's report.

KPMG

KPMG
Christchurch

12 September 2022

Buller Electric Power Trust Group
Statement of Comprehensive Revenue and Expenses
For the Year Ended 31 March 2022

In thousands of New Zealand dollars	Note	Group 2022	Group 2021
Continuing operations			
Revenue from exchange transactions	4	11,541	11,576
Revenue from non-exchange transactions	4	578	218
Other income		218	210
Historic expense recoveries		-	7,383
Operating expenses	5	(7,487)	(7,074)
Administrative expenses	5	(2,645)	(2,562)
Share of profit of associates - gain / (loss) before fair value movements	17	1,255	3,526
Profit from operating activities before net fair value changes		3,460	13,277
Share of profit of associates - net fair value changes in electricity derivatives	17	(13,857)	70,943
Profit from operating activities after net fair value changes		(10,397)	84,220
Finance income		143	228
Finance expenses		(59)	(130)
Net finance costs		84	98
Profit before income tax expense		(10,313)	84,319
Income tax expense	6	3,058	(23,134)
Profit from continuing operations		(7,255)	61,185
Other comprehensive income			
Revaluation of land and buildings		-	-
Other comprehensive income, net of tax, that may be reclassified subsequently to profit and loss		-	-
Total comprehensive income for the year		(7,255)	61,185

The accompanying notes form an integral part of these financial statements.

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Buller Electric Power Trust Group
Statement of Financial Position
As at 31 March 2022

In thousands of New Zealand dollars	Note	Group 2022	Group 2021
Assets			
Property, Plant and Equipment	7	29,531	27,818
Goodwill	8	240	156
Intangible assets	8	16	353
Investments accounted for using the equity method	17	77,734	90,337
Deferred Tax Assets	6	0	-
Non-current assets		107,521	118,664
Cash and cash equivalents		5,871	518
Trade and other receivables due from exchange transactions	9	1,912	9,258
Trade and other receivables due from non-exchange transactions	9	-	-
Loans to associates	15	-	-
Term deposits		689	716
Inventories		236	135
Current assets		8,708	10,628
Total assets		116,229	129,291
Liabilities			
Loans and borrowings	10	2,100	2,970
Deferred tax liabilities	6	18,549	22,122
Non-current liabilities		20,649	25,092
Trade and other payables from exchange transactions	11	2,190	3,554
Trade and other payables from non-exchange transactions	11	-	-
Current liabilities		2,190	3,554
Total liabilities		22,839	28,646
Equity			
Trust capital	12	7,550	7,550
Reserves	12	1,234	1,234
Retained earnings		84,606	91,861
Total Equity		93,390	100,645

The accompanying notes form an integral part of these financial statements.

Buller Electric Power Trust Group
Statement of Changes in Net Assets / Equity
For the Year Ended 31 March 2022

In thousands of New Zealand dollars	Group Note	Share capital	Revaluation reserve	Retained earnings	Total Equity
Balance at 1 April 2020		7,550	1,234	30,676	39,460
Surplus for the year		-	-	61,185	61,185
Other Comprehensive Revenue and Expenses					
Effective portion of changes in fair value of cash flow hedges		-	-	-	-
Income tax on items of other comprehensive income		-	-	-	-
Total other comprehensive revenue and expenses		-	-	-	-
Total comprehensive revenue and expenses for the year		-	-	61,185	61,185
Balance at 31 March 2021		7,550	1,234	91,861	100,645
Balance at 1 April 2021		7,550	1,234	91,861	100,645
Surplus for the year		-	-	(7,255)	(7,255)
Other Comprehensive Revenue and Expenses					
Effective portion of changes in fair value of cash flow hedges		-	-	-	-
Income tax on items of other comprehensive income		-	-	-	-
Total other comprehensive revenue and expenses		-	-	-	-
Total comprehensive revenue and expenses for the year		-	-	(7,255)	(7,255)
Balance at 31 March 2022		7,550	1,234	84,606	93,390

The accompanying notes form an integral part of these financial statements.

Buller Electric Power Trust Group
Statement of Cash Flows
For the Year Ended 31 March 2022

In thousands of New Zealand dollars	Note	Group 2022	Group 2021
Cash flows from operating activities			
Cash receipts from customers		19,671	12,793
Cash paid to suppliers and employees		(9,326)	(7,853)
Interest received		143	228
Interest paid		(58)	(130)
Income tax		-	-
Net cash used in operating activities		10,429	5,040
Cash flows from investing activities			
Purchase of equity investment in associate		(661)	(1,674)
Net proceeds and loans to equity accounted associates		-	2,250
Purchase of property, plant and equipment		(3,487)	(1,979)
Purchase of intangible assets and development expenditure		(84)	(332)
Term deposits		27	
Net cash from (used in) investing activities		(4,205)	(1,735)
Cash flows from financing activities			
Net proceeds and repayments of borrowings		(870)	(3,550)
Net cash from (used in) financing activities		(870)	(3,550)
Net increase/(decrease) in cash and cash equivalents		5,354	(245)
Cash and cash equivalents at beginning of year		518	763
Cash and cash equivalents at end of year		5,872	518

The accompanying notes form an integral part of these financial statements.

Buller Electric Power Trust Group

Notes to the consolidated financial statements for the year ended 31 March 2022.

1. Reporting entity

Buller Electric Power Trust (the "Trust") is a trust established by the Trust Deed dated 18 May 1992. The Buller Electric Power Trust is an Electricity Consumer Trust domiciled in New Zealand

The Trustees hold shares in Buller Electricity Limited ("BEL") in accordance with clause 6 of the Trust Deed. The Trustees hold income arising from the Trust Fund to be dealt with in accordance with clause 5 of the Trust Deed

Consolidated financial statements of the group are presented as at and for the year ended 31 March 2022. They comprise the Trust and its subsidiary, Buller Electricity Limited and it's related subsidiaries and associates (together referred to as the 'Group').

Buller Electricity Limited and its subsidiaries are primarily involved in the reticulation of electricity, electricity retail and electrical contracting services.

2. Basis of preparation

(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). As the primary objective of the Trust is to provide goods and services for social benefit, the Trust and Group are public benefit entities for the purpose of financial reporting.

Tier 2 Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standard RDR) and disclosure concessions have been applied. The group is eligible to report in accordance with PBE standards RDR because it does not have public accountability and it is not large.

The consolidated financial statements are prepared on a going concern basis.

Impact of COVID-19

The spread of COVID-19 virus has resulted in unprecedented and wide ranging measures both within New Zealand and across the globe in attempts to try to limit the spread of the virus. Within New Zealand these measures have resulted in government implementing a four level alert system, and then moving to a three level traffic light system.

In response the Group took decisive actions to limit the impact of the Omicron Wave on the business and our staff. Operations of the group were affected, but as the alert level system moved to an orange traffic level across New Zealand, this largely allowed the operations of the business to continue, with appropriate government advice adhered to at all times, albeit with reduced staff on some occasions due to the spread of Covid among employees.

The Group has also accessed available government incentives.

The Board have taken action as appropriate to protect our people and our operations. The Board will continue to follow developments closely and will take further action to protect our people and business as appropriate. The Board remain confident that the preparation of the financial statements on a going concern basis remains appropriate and that the Group will continue to pay its debts as they fall due in the ordinary course of business for the foreseeable future. The Group has also assessed the carrying value of it's assets. As a result of this assessment no impairments were required.

The consolidated financial statements were approved by the Trustees on ~~14~~ September 2022.

(b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for financial assets measured at fair value through surplus and deficit or other comprehensive revenue and expense and non-system land and buildings which are measured at fair value.

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Trustee

The methods used to measure fair value of non-system land and buildings are discussed further in Note 7.

(c) Functional and presentation currency

These consolidated financial statements are presented in New Zealand dollars ($), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in Note 7.

Deferred tax assets are recognised for unused tax deficites to the extent that it is probable that taxable surplus will be available against which the deficites can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable surpluss, together with future tax planning strategies.

The Group has $5,051,124 (2021: $13,396,315) of tax deficites to carry forward. These deficites relate to the Company and its subsidiaries, who have taxable temporary differences and tax planning opportunities available that can support the recognition of these deficites as deferred tax assets. On this basis, the Group has determined that it can recognise deferred tax assets on the tax deficites carried forward. Further details on taxes are disclosed in Note 6.

(e) Changes in accounting policies

No new standards, amendments to standards and/or interpretations were effective during period that had a material impact on the Group's accounting policies or disclosures.

(f) New standards adopted, standards and interpretations issued but not yet effective

New standards, amendments to standards and/or interpretations are effective for annual periods beginning on or after 1 April 2021, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

PBE FRS 48 Service Performance has been issued and will impact the Group in the financial year-ending March 2023.

(g) Goods and Services Tax (GST)

All amounts are shown exclusive of Goods and Services (GST), except for receivables and payables, which are stated inclusive of GST. The net amount of GST recoverable from or payable to Inland Revenue is included as part of receivables/payables in the Statement of Financial Position.

3. Significant accounting policies

(a) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through surplus or deficit) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through surplus or deficit are recognised immediately in surplus or deficit.

(b) Financial assets

i) Classification

The Group classifies its financial assets in the following measurement categories:

• those to be measured subsequently at fair value (either through other comprehensive revenue and expense ("OCRE") or through surplus or deficit), 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.

For assets measured at fair value, gains and losses will either be recorded in surplus or deficit or OCRE. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive revenue and expense and expense ("FVOCRE").

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, 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.

iii) 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 surplus or deficit ("FVRE"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVRE are expensed in surplus or deficit.

Subsequent measurement of the financial asset depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in surplus or deficit and presented in other gains/(deficites). Impairment deficites are presented as a separate line item in the statement of surplus or deficit.

FVOCRE: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCRE. Movements in the carrying amount are taken through OCRE, except for the recognition of impairment gains or losses and interest income which are recognised in surplus or deficit. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCRE is reclassified from equity to surplus or deficit and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented as separate line items in the statement of surplus or deficit.

FVRE: Assets that do not meet the criteria for amortised cost or FVOCRE are measured at FVRE. A gain or loss on a debt investment that is subsequently measured at FVRE is recognised in surplus or deficit and presented net within other gains/(losses) in the period in which it arises.

iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The change results in the earlier recognition of credit losses.

The collectability of trade receivables is reviewed on an ongoing basis. The amount of the provision is the difference in the timing of payments from those contractually expected and those the Group actually expects. Any credit losses or changes in credit losses since initial recognition of the asset are reflected at each reporting date. The amount is recognised in the surplus and deficit statement.

(c) Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

(d) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in surplus or deficit on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(e) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through surplus or deficit or other financial liabilities.

<u>Financial liabilities at fair value through surplus or deficit</u>

Financial liabilities at fair value through surplus or deficit are stated at fair value, with any resultant gain or loss recognised in surplus or deficit.

<u>Other financial liabilities</u>

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest method is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(f) Finance expenses

Finance expenses comprise interest expense on borrowings that are recognised in the surplus or deficit. Interest expense is accrued on a time basis using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis cost. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. Operating revenue

(a) Contracting revenue

Contracting revenue is recognised as the fair value of the services being provided for electrical capital work, repairs and maintenance. Revenue is recognised over time based on an input method as the service is delivered with the time spent on the contract. For contracts with multiple performance obligations revenue is recognised at a point in time when the performance obligation is satisfied. Customers are invoiced monthly and payment is due within 30 days of invoice date.

(b) Lines revenue

Line charges are recognised at the fair value of services provided for the provision of electricity distribution services. Prices are regulated and customers are charged through a mix of fixed charges and variable charges. Revenue is recognised over time based on an output method as the service is delivered to match the pattern of consumption. Customers are invoiced monthly and payment is due within 30 days of invoice date. Lines charges are recognised with reference to the quantity of electricity delivered to the customer.

(c) Exchange vs Non-Exchange

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange. Examples of exchange transactions are the purchase or sales of goods or services or the lease of equipment at market rates.

Non-exchange transactions arise where an entity receives value from another entity without giving approximately equal value in exchange. Two main types of transactions applicable to the Government reporting group are: Transfers (e.g. grants, donations, gifts and pledges) and taxes (including levies).

(d) Assets and capital contributions

Vested assets and capital contributions are recognised as revenue at the fair value of the assets at the point that assets are connected to the network. These revenue streams are considered to be non-exchange transactions.

In thousands of New Zealand dollars	**Group**	
	2022	**2021**
Exchange transactions		
Contracting revenue	3,725	3,692
Line Charges	7,816	7,884
Operating revenue	**11,541**	**11,576**
Non-Exchange transactions		
Capital Contributions	524	188
Vested assets	55	30
	578	**218**
	12,119	**11,794**

5. Operating expenses & Administrative expenses

In thousands of New Zealand dollars		**Group**	
	Note	**2022**	**2021**
Operating expenses include:			
Depreciation	7	1,387	1,337
Amortisation	8	5	6
Transmission costs		485	428
Administrative expenses include:			
Net (surplus) / deficit on Sale of Property, Plant and Equipment		178	149
Change in Provision for Impairment of Trade Receivables	9	8	4
Directors' Fees		259	205
Auditor's remuneration to KPMG and the Office of the Auditor General comprises:			
Audit fees		61	60
Other audit-related services		26	26
Total auditor's remuneration		**87**	**85**

For the current year, other audit-related services include the audits of Lines Business Information Disclosures prepared by the Group pursuant the provisions of Part 4 of the Commerce Act 1986.

Included in operating and administrative expenses are personnel expenses as follows:

Kiwisaver employer contribution	160	146
Wages and salaries	4,637	4,086
	4,797	**4,232**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

6. Income tax and Deferred tax

(a) Income tax expense in the income statement

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the surplus or deficit except to the extent that it relates to items recognised directly in equity in other comprehensive revenue and expense.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable surpluss will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	Group	
In thousands of New Zealand dollars	**2022**	**2021**
Current tax		
Current tax on surpluss for the year	516	866
deficites utilised in current year	-	(866)
Adjustment for current tax of prior periods	-	-
Total current tax	**516**	**(0)**
Deferred tax		
Origination and reversal of temporary differences	(3,575)	23,134
Adjustment for current tax of prior periods	2	-
Total deferred tax	**(3,573)**	**23,134**
Total tax	**(3,058)**	**23,134**
Numerical reconciliation of income tax expense to primae facie tax payable		
surplus before tax	(10,285)	84,319
Income tax using domestic tax rate 28% (2021: 28%)	(2,880)	23,610
Adjustments:		
deficites utilised within Group	-	-
Non-deductible expenses	(180)	(468)
Reinstatement of deferred tax on commercial buildings	-	-
Recognition of deferred tax not previously recognised	-	-
Derecognition of deferred tax asset on IRE buildings	0	(8)
Other	(0)	(0)
Under/(over) provided in prior periods	2	-
	(3,058)	**23,134**

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Imputation credits available for use in subsequent reporting periods
The imputation credit available to the Group for use in subsequent reporting periods is $1,860,000

(b) Deferred tax in the balance sheet

	Property, plant and equipment	Available deficites	Other	Total
Balance at 1 April 2020	(4,609)	4,618	1,002	1,011
Amount recognised in surplus or deficit	(82)	(866)	(22,186)	(23,134)
Amount recognised in other comprehensive revenue and expense	-	-	-	-
Balance at 31 March 2021	(4,690)	3,752	(21,184)	(22,122)
Amount recognised in surplus or deficit	(45)	(2,337)	5,954	3,573
Amount recognised in other comprehensive revenue and expense	-	-	-	-
Balance at 31 March 2022	**(4,735)**	**1,414**	**(15,230)**	**(18,549)**

7. Property, Plant and Equipment

(a) Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are measured at cost, except for non-system land and buildings which are carried at fair value less accumulated depreciation and impairment deficites in the case of land and buildings.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as incurred.

(iii) Depreciation

Depreciation is recognised in the surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- electricity distribution system	3 - 60 years straight line
- freehold buildings	20 - 50 years straight line
- motor vehicles	3 - 16 years straight line
- plant and equipment	2 - 30 years straight line

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(iv) Subsequent Measurement

Non-system land and buildings are subsequently measured at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers. The fair values are recognised in the financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of non-system land and buildings is not materially different from fair value.

Any revaluation increase arising on the revaluation of non-system land and buildings is recognised in other comprehensive revenue and expense, net of tax, and presented in the asset revaluation reserve in equity. To the extent that a revaluation reverses a revaluation decrease for the same asset previously recognised as an expense in the surplus or deficit, the increase is credited to the surplus or deficit up to the amount of the decrease previously charged. A decrease in carrying amount arising on the revaluation of non-system land and buildings is charged as an expense in the surplus or deficit to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the surplus or deficit. On the subsequent sale or retirement of a revalued item, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

(v) Valuation techniques used to determine fair values

The group obtains independent valuations for its non-system land and buildings at least every three years. At the end of each reporting period, the directors update their assessment of the fair value taking into account the most recent independent valuations. The fair value of non-system land and buildings is recognised based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of financial and non-financial assets follows a hierarchy based on the source of inputs used in the valuation.

The valuation approach for non-system land and buildings is a combination of depreciated replacement cost and market comparables where this information is available. Key valuation inputs include the value per square metre of land and the cost of the industrial buildings in the valuation. When valuation reports are required, management obtain valuations from independent valuers.

In thousands of New Zealand dollars	Electricity distribution system	Land (at fair value)	Buildings (at fair value)	Motor vehicles	Plant and equipment	Total
Group						
Carrying amounts						
At 31 March 2021	**24,312**	**754**	**1,552**	**718**	**481**	**27,818**
Cost / revalued amount						
Balance at 1 April 2021	51,935	754	1,878	1,582	1,945	58,094
Additions	2,554	-	-	184	601	3,339
Revaluations	-	-	-	-	-	-
Disposals	(543)	-	-	(78)	(24)	(645)
Balance at 31 March 2022	53,946	754	1,878	1,688	2,522	60,789
Depreciation and impairment deficites						
Balance at 1 April 2021	27,623	-	326	863	1,464	30,276
Depreciation for the year	1,033	-	34	167	154	1,387
Impairment deficites through surplus or deficit	-	-	-	-	-	-
Disposals	(344)	-	-	(38)	(23)	(405)
Balance at 31 March 2022	28,312	-	360	992	1,595	31,258
Carrying amounts						
At 31 March 2022	**25,634**	**754**	**1,518**	**696**	**927**	**29,531**

The group engages external, independent and qualified valuers to determine the fair value of the group's non-system land and buildings at least every three years. As at 31 March 2022, the fair values of the investment properties have been determined by Coast Valuations Ltd, an independent registered valuer, in accordance with the International Valuation Standards effective date 31 January 2022 as well as Guidance Notes for Valuers and Property Professionals. The fair value of non-system land and buildings was determined to be $790,000 and $1,540,000 respectively at 31 March 2022. The fair value increase of $70,000 has not been recorded in the financial statements in the year ended 31 March 2022 as the increase is deemed immaterial.

No borrowing costs have been capitalised in the current or comparative periods.

Security

The assets are subject to a first ranking General security over the assets (refer Note 10).

8. Intangible assets

(a) Development cost

Development activities involve a plan or design for the production of new or substantially improved products, processes and software integration. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the surplus or deficit when incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment deficites. Amortisation is calculated using the straight-line method to allocate the cost of development activities over the estimated useful life of between five and ten years from the date that the development asset is available for use.

(b) Computer Software

Computer software has a finite useful life and is measured at cost less accumulated amortisation and accumulated impairment deficites. Cost is amortised on a straight-line basis over the estimated useful life of the software of between three and five years.

(c) Goodwill

Goodwill arose on the acquisitions of the operations of Emerge Electrical and Instrumentation Limited on 1 February 2017 and Coast Doors Services Limited on 26 November 2021. Goodwill represents the excess of the cost of the business acquisition over the fair value of net identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is assessed as having an indefinite useful life and is not amortised but is subject to impairment testing.

For the purposes of impairment testing goodwill is allocated to Electro Services Limited (the cash generating unit). Goodwill is tested for impairment annually, or more frequently when there is an indication that the cash generating unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment deficit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment deficit for goodwill is recognised directly in surplus or deficit. An impairment deficit recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the surplus or deficit on disposal.

As at balance date, the recoverable amount of Electro Services Limited was higher than its carrying amount, and as such no impairment of goodwill has been recognised.

In thousands of New Zealand dollars	Goodwill	Software	Development cost (internally generated)	Total
Group				
Balance at 1 April 2021	156	-	353	509
Additions	84	-	(332)	(248)
Disposals	-	-	-	-
Amortisation	-	-	(5)	(5)
Carrying amount at 31 March 2022	**240**	**-**	**16**	**256**

9. Trade and other receivables

Trade receivables and accrued revenue are initially recognised at the amount of consideration that is unconditional, and are subsequently measured at amortised cost using the effective interest method, less deficit allowance.

The collectability of trade receivables is reviewed on an ongoing basis. The impairment of trade receivables is based on an expected credit deficit model. If a credit risk changes or arises and is no longer deemed as low risk the Group recognises the full lifetime expected credit deficit on the carrying amount of the asset. The amount of the provision is the difference in the timing of payments from those contractually expected and those the Group actually expects. Any credit deficites or changes in credit deficites since initial recognition of the asset are reflected at each reporting date. The amount is recognised in the surplus or deficit.

	Group	
In thousands of New Zealand dollars	2022	2021
Trade receivables	1,684	8,934
Less: Provision for impairment of trade receivables	(25)	(17)
Trade receivables - net	1,659	8,917
Prepayments	102	86
Other receivables	150	211
	1,912	9,214
Trade and other receivables due from exchange transactions	1,912	9,214
Trade and other receivables due from non-exchange transactions	-	-
	1,912	9,214

10. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

		Group	
In thousands of New Zealand dollars	Note	2022	2021
Secured loan		2,100	2,970
		2,100	2,970
Current		-	-
Non-current		2,100	2,970
		2,100	2,970

At 31 March 2022 the Group has a credit facility of $5,000,000 (2021: $10,000,000) maturing on 30 June 2025. This facility has provided the Group with what are effectively term borrowings.

There is a balance drawn down by the Group on the credit facility at 31 March 2022 of $2,100,000 (2021: $2,970,000). This carries an interest rate determined at the time amounts are drawn down of the Westpac Money Market Call Advance Rate plus a margin of 1.35%. The Group's facility is subject to a Line of Credit Fee of 0.60% p.a. and is secured by a first ranking general security over the assets of Buller Electricity Limited.

11. Trade and other payables

These represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

	Group	
In thousands of New Zealand dollars	**2022**	**2021**
Current		
Trade payables and accruals	1,410	2,617
Employee entitlements	779	768
Other payables	(0)	169
	2,190	3,553
Trade and other payables due from exchange transactions	2,190	3,553
Trade and other payables due from non-exchange transactions	-	-
	2,190	3,553

12. Capital and reserves

The Group has 7,550,000 (2021: 7,550,000) ordinary shares on issue. There have been no changes in the number of shares on issue in the current or prior financial year.

All issued shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

Revaluation reserve

The revaluation reserve relates to the revaluation of non-system land and buildings.

Dividends

No dividends ($nil) were declared or paid by the Group for the year ended 31 March 2022 (2021: $nil).

13. Capital and other commitments

The equity accounted investment has an agreement with the Buller District Council for naming rights for the Pulse Energy Recreation Centre ($70,000 per year expiring 30 June 2027, subject to all the KPI's being met). Other sponsorship commitments include the Buller Gorge Marathon ($6k per year expiring 1 July 2024, subject to all the KPI's being met) and the Oparara Wilderness Trail Run ($5k reviewed annually and subject to all the KPI's being met).

14. Contingent liabilities

No contingent liabilities and other commitments at balance date.

15. Related parties

Parent and ultimate controlling party

The immediate and ultimate parent and controlling party of the Group is Buller Electric Power Trust.

Transactions with key management, Directors of Buller Electricity Limited & Trustees of the Trust

Key management personnel, directors' & trustees compensation comprised:

In thousands of New Zealand dollars	Group 2022	2021
Short-term employee benefits (salaries, Directors' & Trustees fees)	1,128	1,101
	1,128	1,101

A number of key management personnel, or their related parties, hold positions in other entities that result in them having influence over the financial or operating policies of these entities, this includes the senior management and Directors and Trustees.

The Group also provides non-cash benefits to executive officers.

Related party transactions with subsidiaries and the ultimate parent

In thousands of New Zealand dollars	Transaction value for the year ended 31 March		Balance outstanding as at 31 March	
Group	2022	2021	2022	2021
Interest paid to Buller Electric Power Trust	96	96	-	-
Loan from Buller Electric Power Trust	-	-	1,741	1,741
ESL work on O'Conor Memorial Rest Home (Chair is Secretary)	53	22	17	2
Drawdowns by PEA LP	18,000	39,825	-	-
Lines revenue from PEA LP	1,839	1,799	131	138
Interest revenue from PEA LP	143	214	-	-
Sponsorship contributions from PEA LP	41	41	3	3
Trust trade and other payables paid to FT Dooley Limited	31	29	-	2
Trust trade and other payables paid to Johnson Bros (2006) Limited	-	23	-	1
Trust trade and other payables paid to Chris J Coll Surveying Limited	-	7	-	-

There exists a Short-Term Funding Agreement between Buller Electricity Limited (BEL) and Pulse Energy Alliance LP (PEA LP), dated 3 March 2022, whereby BEL has agreed to provide financial support surrounding the 20th of each calendar month to PEA LP, up to a maximum of $1,000,000 (zero drawn as at 31 March 2021), to bridge its Working Capital needs, and its obligations to the Clearing Manager, Electricity Distribution Companies and Margin Calls. This agreement expires 30 September 2022.

Further, PEA LP's $8m Market Overdraft Facility and the $10m NZX LC Facility are supported by way of several guarantee offered by both major shareholding parties, Pioneer Energy Limited (PEL) and BEL (approved by Westpac); both guarantees were limited to an amount of $9m each and in aggregate cover the Overdraft and NZX LC Facilities.

During the year management has purchased contracting services from the group. The total value of these transactions was less than $5,000.

16. Group Entities

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised deficites are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Details of the Group's material subsidiaries are as follows:

	Country of Incorporation	Ownership Interest	
		2022	2021
Buller Electric Power Trust Ownership			
Buller Electricity Limited	New Zealand	100%	100%
Electro Services Limited	New Zealand	100%	100%
BEL Investment NZ Limited	New Zealand	100%	100%

17. Investments accounted for using the equity method

Investment in associates (equity accounted investees)

associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the surplus or deficit and other comprehensive revenue and expense of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of deficits exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further deficits is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

	Country of	Ownership interest		Nature of	Measurement	Carrying amount	
	incorporation	2022	2021	relationship	method	2022	2021
Pulse Energy Alliance LP	New Zealand	47%	47%	Associate	Equity method	77,734	90,337

BEL Investment NZ Limited acquired a 49% equity stake in Pulse Energy Alliance LP on 31 March 2016 upon the disposal of BEL Investment NZ Limited's operations. On 14 February 2017 Electra Limited acquired a 4.02% partnership interest in the Pulse Energy Alliance LP, of which 1.9698% was acquired from BEL Investment NZ Limited. As a result of this sale BEL Investments NZ Limited's partnership interest in the Pulse Energy Alliance LP was reduced from 49% to 47.03%. The country of incorporation is also the principal place of business for Pulse Energy Alliance LP and the proportion of directors voting interests held is 40% (2021: 40%). Pulse Energy Alliance LP is a customer service business selling electricity, gas and broadband services. Pulse Energy Alliance LP is a limited liability partnership and consequently does not have published price quotations. The reporting date of Pulse Energy Alliance LP is 31 March. There are no contingent liabilities relating to the Group's interest in the associates.

The results of BELs share of PEALP surplus for the year ended 31 March 2022 were negatively impacted by the revaluation of electricity derivative contracts held at year end and the resulting unrealised deficit. Within the PEALP financial statements, these are recognised at fair value with changes in fair value recorded in surplus & deficit. As the wholesale market price was at a low level at year end this has had a negative impact ($13.86m) on BEL's share of associate surplus. The quantum of any fair value difference is dependent on the extent of derivatives and market prices at any point in time and has the potential to vary significantly in future periods. If contracts are held to maturity, there will be neither a deficit or gain thus over time the fair value revaluation will reverse.