

**WEST COAST ELECTRIC POWER TRUST AND GROUP**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	Group		Parent	
		31-Mar-21 \$000	31-Mar-20 \$000	31-Mar-21 \$000	31-Mar-20 \$000
Operating Revenue	5	88,872	87,875		1
Other Income	6	40	82	200	200
		<b>88,912</b>	<b>87,957</b>	<b>200</b>	<b>201</b>
Operating Expenses	7	69,646	73,053	170	207
Depreciation, Amortisation and Impairment		7,268	6,772		
		<b>76,914</b>	<b>79,825</b>	<b>170</b>	<b>207</b>
<b>Operating Profit (Loss)</b>		<b>11,998</b>	<b>8,132</b>	<b>30</b>	<b>(6)</b>
Finance Income		254	534		
Finance Expenses		(818)	(1,069)		
<b>Net Finance Cost</b>	8	<b>(564)</b>	<b>(535)</b>		
<b>Profit (Loss) Before Income Tax</b>		<b>11,434</b>	<b>7,597</b>	<b>30</b>	<b>(6)</b>
Income Tax	9	3,464	1,386		
<b>Profit (Loss) After Income Tax</b>		<b>7,970</b>	<b>6,211</b>	<b>30</b>	<b>(6)</b>
Attributable to:					
Parent Entity		7,757	5,984	30	(6)
Minority Interest		213	227		
		<b>7,970</b>	<b>6,211</b>	<b>30</b>	<b>(6)</b>

*The accounting policies and notes on pages 5 to 42 are an integral part of these financial statements.*

## WEST COAST ELECTRIC POWER TRUST AND GROUP

### STATEMENT OF COMPREHENSIVE INCOME

#### FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Group		Parent	
		31-Mar-21 \$000	31-Mar-20 \$000	31-Mar-21 \$000	31-Mar-20 \$000
<b>Profit For The Year</b>	16	7,970	6,211	30	(6)
<b>Other comprehensive income</b>					
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>					
Net gain/(loss) on cash flow hedges		(1,029)	129		
Tax on hedges		288	(36)		
<b>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</b>		<b>(741)</b>	<b>93</b>		
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>					
Revaluation of Property, Plant and Equipment			4,572		
Tax on revaluation			(1,197)		
<b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods</b>			<b>3,375</b>		
<b>Total Comprehensive Income for the year, net of tax</b>		<b>7,229</b>	<b>9,679</b>	<b>30</b>	<b>(6)</b>
Attributable to:					
Parent Entity		7,105	9,441	30	(6)
Minority Interest		124	238		
		<b>7,229</b>	<b>9,679</b>	<b>30</b>	<b>(6)</b>

### STATEMENT OF CHANGES IN EQUITY

#### FOR THE YEAR ENDED 31 MARCH 2021


	Notes	Group		Parent	
		31-Mar-21 \$000	31-Mar-20 \$000	31-Mar-21 \$000	31-Mar-20 \$000
<b>Balance at 1 April</b>		<b>144,173</b>	<b>135,572</b>	<b>31,241</b>	<b>31,247</b>
Total comprehensive income		7,229	9,679	30	(6)
Dividends to equity holders		(162)	(120)		
Reclassification of leased assets			(958)		
<b>Balance at 31 March</b>		<b>151,240</b>	<b>144,173</b>	<b>31,271</b>	<b>31,241</b>
Attributable to:					
Parent Entity		150,059	142,955	31,271	31,241
Minority Interest		1,181	1,218		
		<b>151,240</b>	<b>144,173</b>	<b>31,271</b>	<b>31,241</b>


The accounting policies and notes on pages 5 to 42 are an integral part of these financial statements.

**WEST COAST ELECTRIC POWER TRUST AND GROUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Notes	Group		Parent	
		31-Mar-21 \$000	31-Mar-20 \$000	31-Mar-21 \$000	31-Mar-20 \$000
<b>NON CURRENT ASSETS</b>					
Property, Plant and Equipment	10	147,219	148,144		
Right-of-use-Assets	18	3,929	4,191		
Goodwill and Other Intangible Assets	11	7,745	7,654		
Investments in Subsidiaries	12			31,100	31,100
Other Investments	13	103	247		
<b>Total Non Current Assets</b>		<b>158,996</b>	<b>160,236</b>	<b>31,100</b>	<b>31,100</b>
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	14	12,605	10,189	168	141
Short Term Deposits		20,000	15,500		
Trade and Other Receivables	15	16,131	13,715	4	5
Financial Derivatives	20		62		
Inventories		1,135	1,024		
Current Tax Assets		14	14	14	14
<b>Total Current Assets</b>		<b>49,885</b>	<b>40,504</b>	<b>186</b>	<b>160</b>
<b>TOTAL ASSETS</b>		<b>208,881</b>	<b>200,740</b>	<b>31,286</b>	<b>31,260</b>
<b>EQUITY</b>					
Share Capital					
Reserves	16	13,809	14,462		
Retained Earnings	16	136,251	128,493	31,271	31,241
Minority Interest	16	1,181	1,218		
<b>TOTAL EQUITY</b>		<b>151,241</b>	<b>144,173</b>	<b>31,271</b>	<b>31,241</b>
<b>NON CURRENT LIABILITIES</b>					
Loans and Borrowings	17		19,500		
Lease Liabilities	18	3,476	3,798		
Financial Derivatives	20	152	172		
Fibre IRU Liability		961	1,016		
Provision for Site Restoration		118	24		
Employee Benefits		755	751		
Deferred Tax Liabilities	9	18,433	18,383		
<b>Total Non Current Liabilities</b>		<b>23,895</b>	<b>43,644</b>		
<b>CURRENT LIABILITIES</b>					
Trade and Other Payables	19	8,511	7,322	15	19
Employee Benefits		2,846	2,949		
Lease Liabilities	18	522	420		
Financial Derivatives	20	1,359	310		
Fibre IRU Liability		55	54		
Current Portion of Borrowings	17	18,900	450		
Income Tax Payable		1,552	1,418		
<b>Total Current Liabilities</b>		<b>33,745</b>	<b>12,923</b>	<b>15</b>	<b>19</b>
<b>TOTAL LIABILITIES</b>		<b>57,640</b>	<b>56,567</b>	<b>15</b>	<b>19</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>208,881</b>	<b>200,740</b>	<b>31,286</b>	<b>31,260</b>

Authorised for issue on 19 July 2021 for and on behalf of the Trust:

  
 Greg Topp, Chair

  
 Ian Hustwick, Deputy Chair

The accounting policies and notes on pages 5 to 42 are an integral part of these financial statements.

**WEST COAST ELECTRIC POWER TRUST AND GROUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	Group		Parent	
		31-Mar-21 \$000	31-Mar-20 \$000	31-Mar-21 \$000	31-Mar-20 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		87,558	88,259		1
Interest Received		412	539		
Dividends Received		6		200	200
Payments to suppliers and employees		(69,740)	(70,570)	(173)	(200)
Interest Paid		(872)	(1,067)		
Income Tax (Paid) Received		(2,995)	(3,126)	( )	( )
Net GST Paid		12	(114)		
<b>Net cash inflows/(outflows) from operating activities</b>	24	<b>14,381</b>	<b>13,921</b>	<b>27</b>	<b>1</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant and equipment		77	89		
Loan payments received		144	99		
Investments repaid		27,500	18,000		
Acquisition of property, plant and equipment		(5,676)	(6,632)		
Acquisition of investments		(32,000)	(18,500)		
Purchase of goodwill and intangibles		(285)	(188)		
<b>Net cash inflows/(outflows) from investing activities</b>		<b>(10,240)</b>	<b>(7,132)</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		1,350	1,250		
Repayment of borrowings		(2,400)	(3,000)		
Lease Liabilities repayments		(516)	(398)		
Dividends paid		(159)	(120)		
<b>Net cash inflows/(outflows) from financing</b>		<b>(1,725)</b>	<b>(2,268)</b>		
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>2,416</b>	<b>4,521</b>	<b>27</b>	<b>1</b>
Cash and cash equivalents at 1 April		10,189	5,668	141	140
<b>Cash and cash equivalents at 31 March</b>	14	<b>12,605</b>	<b>10,189</b>	<b>168</b>	<b>141</b>

The GST (net) component of operating activities reflects the net GST paid and received with the IRD. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

*The accounting policies and notes on pages 5 to 42 are an integral part of these financial statements*

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### 1 REPORTING ENTITY

Financial statements for the parent (separate financial statements) and consolidated financial statements are presented. West Coast Electric Power Trust (the parent) is a consumer trust, the beneficiaries of which are the electors of the areas served by Westpower Limited. The Trust is domiciled in New Zealand. The Trust's registered office is at 146 Tainui Street, Greymouth.

The Westpower Limited Group (subsidiaries) is involved in the generation and reticulation of electricity and electrical contracting and consultancy.

The consolidated financial statements comprise the parent and its subsidiaries as at and for the year ended 31 March 2021 (see note 26), together referred to as the Group.

The financial statements have been prepared in accordance with the requirements of the Electricity Industry Act 2010.

### 2 BASIS OF PREPARATION

#### (a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with NZ equivalents to International Financial Reporting Standards (NZ IFRSs) and other applicable financial reporting standards appropriate for profit-oriented entities. Neither the Trustees nor any others have the power to amend the financial statements after issue.

The Group is a Tier 1 For-profit entity and has reported in accordance with Tier 1 For-profit accounting standards.

#### (b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value.
- equity instruments designated at fair value through other comprehensive income.
- distribution assets and land and buildings are measured at fair value.

The methods used to measure fair value are discussed further in Note 4.

#### (c) Functional and Presentation Currency

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

#### (d) Use of Estimates, Judgements and Assumptions

The preparation of 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 assumption 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 judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

- Note 3(k)(ii) Measurement of the recoverable amount of cash generating units.
- Valuation of Electricity Distribution and Land & Building Assets see Notes 10 & 21.

### Significant Judgement

In assessing the useful life of the hydro generation assets, the Group has made a significant judgement that the current Department of Conservation concession will be extended from its current expiry date of 30 April 2059 to 2083 in line with the useful lives of the hydro generation assets.

If the concession is not renewed the following areas would be affected:

- an increase in depreciation (assessment of the useful lives)
- an increase in the restoration liability provision (based on timing of future costs)
- create and impairment indicator, which could result in an impairment to the value of the scheme assets.

### (ii) Determining the lease term of lease contracts with renewal options

The Group has lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group considers all relevant factors that create an economic incentive for it to exercise the renewal. The Group included the renewal periods of its property leases as part of the lease term because there will be a significant negative effect on the Group's operations if a replacement asset is not readily available.

### (iii) Estimating the incremental borrowing rate for lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

## 3 SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Consolidation

#### (i) 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 presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### (ii) 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 losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### (b) Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the profit or loss in the period in which they arise.

### (c) Financial Instruments

#### (i) Financial Assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). Financial assets are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial assets are measured as described below.

##### *Financial Assets at Amortised Cost*

Financial assets at amortised cost include cash and cash equivalents, short term deposits, trade and other receivables and other loans receivable. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### *Financial Assets Measured at FVOCI*

The Group's investment in non subsidiary equity securities are not held for trading. The Group has made an irrevocable election at initial recognition to classify these investments as financial assets at fair value through other comprehensive income (FVOCI). Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized directly in equity within a revaluation reserve. When an investment is derecognized, the cumulative gain or loss recognized in the revaluation reserve is reclassified to retained earnings and is not transferred to profit or loss.

The fair value of equity investments that are not traded in an active market and are classified as FVOCI, are based on non-market valuation techniques.

##### *Investments in Subsidiaries*

Investments in equity securities of subsidiaries, associates and joint ventures are measured at cost less impairment losses in the separate financial statements of the Parent.

#### (ii) Financial Liabilities

Financial liabilities are classified as subsequently measured at amortised cost, or subsequently measured at fair value through profit or loss. All financial liabilities are recognised initially at fair value.

##### *Loans and Borrowings*

After initial recognition, all borrowings are measured at amortised cost using the effective interest rate method.

##### *Trade and Other Payables*

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### *Derivatives Designated as Hedging Instruments*

The Group uses derivative financial instruments to hedge its exposure to interest rate, electricity price and foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each balance date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship (see below).

### *Cash Flow Hedges*

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

## **(d) Property, Plant and Equipment**

### **(i) Recognition and Measurement**

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 April 2006, the date of transition to NZ IFRS, was determined by reference to its fair value at that date.

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 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 profit or loss as incurred.

### **(iii) Depreciation**

Depreciation is recognised in profit or loss on a straight-line or diminishing value 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	5-70 years SL
- buildings	5-50 years SL



# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

- motor vehicles	10-50% DV
- plant and equipment	2.5-67% DV
- furniture and fitting including computers	5-67% DV
- hydro generation assets	5-70 years SL

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

### (iv) Subsequent Measurement

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 based on either a depreciated replacement cost or a market based approach. Land and buildings were revalued as at 31 March 2019 by Preston Rowe Paterson, registered valuers at \$12,896,500. These are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from fair value.

The distribution system is subsequently measured at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on a discounted cashflow approach. Distribution system assets were revalued by PricewaterhouseCoopers as at 31 March 2020 at \$95,357,000 within the financial statements of Westpower Limited which were independently audited by Audit New Zealand. These are reviewed at the end of each reporting period to ensure that the carrying value of the distribution system is not materially different from fair value. Consideration is given as to whether the distribution system is impaired as detailed in note 3(k)(ii).

Any revaluation increase arising on the revaluation of land and buildings and the distribution system is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings and the distribution system is charged as an expense in profit or loss 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 and the distribution system is charged to profit or loss. 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.

### (e) Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the assets and liabilities of the acquiree. Goodwill is measured at cost less accumulated impairment losses. Where impairment losses are recognized these are not reversible. Goodwill is assessed at each reporting date for impairment.

### (f) Other Intangible Assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of the intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

- (g) -software 10-67% DV  
**Contract Balances**

### **Contract Assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performed by transferring goods or services before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The contract asset is measured based on the revenue recognition policy refer to 3(n).

### **Trade Receivables**

A receivable represents the Group's right to an amount of consideration which is unconditional.

Standard payment terms are for payment due 20<sup>th</sup> of the month following the date of invoice. As a practical expedient, the Group has made no adjustment for the effect of the financing component of the contract if the Group expects, at contract inception that the period between the transfer of goods and service and payment will be less than one year.

### **Contract Liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. If a customer pays consideration before the Group transfers the goods or services to the customer, a contract liability is recognised. Contract liabilities are recognised as revenue when the Group performs under the contract.

- (h) **Leased Assets (as lessee)**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. As a practical expedient IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Group uses this practical expedient.

- (i) **Right-of-use-Assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and machinery	5-15 years
Motor vehicles and other equipment	2-5 years
Other property	1-80 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3(k) Impairment of non-financial assets.

### (ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### (iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

### (i) Inventories

Inventories consist of construction materials. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### (j) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purposes of the consolidated statement of cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### (k) Impairment

#### (i) Impairment of Financial Assets

The carrying amounts of the Group's financial assets are reviewed at each balance date and an allowance for any expected credit losses recognised. Expected credit losses are based on the difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expects to receive discounted at an effective interest rate.

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

Expected credit losses directly reduce the carrying amount of assets and are recognised in the profit or loss.

### **Trade Receivables**

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

### **(ii) Impairment of Non Financial Assets**

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(l) Employee Benefits**

#### **(i) Defined Contribution Plans**

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

#### **(ii) Other Long Term Employee Benefits**

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the risk free interest rate. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

#### **(iii) Short Term Benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### **(m) Provisions**

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(n) Revenue from Contracts with Customer**

**(i) Lines Charges**

The Group provides electricity distribution services to energy retailers. This revenue is recognised at the time of supply under the output method based on the quantity, time and capacity provided. This reflects the physical transfer of the services to the customer.

**(ii) Electricity Generation**

Electricity generation revenue is recognised at the time of supply under the output method based on the date, time and quantity of electricity generated. This reflects the physical transfer of the services to the customer.

**(iii) Contracting and Consulting Revenue**

The Group provides electrical engineering consultancy and contracting services. The Group satisfies the performance obligations and recognises revenue over time. Revenue is recognised under the input method based on the costs incurred to date with reference to stage of completion of the contract and the contract value.

Performance obligations are considered to be satisfied over time on the basis that performance creates or enhances an asset that the customer controls and which has no alternative use (i.e. is a customised solution). The fact that another supplier would not need to re-perform the services provided to date demonstrates that the performance obligations are satisfied over time.

The transaction price is normally fixed at the start of the project. However changes to job scope, performance against contract timeframes or quality provisions, result in elements of variable consideration. Variable consideration is estimated based on the most likely amount. The variable consideration is not considered constrained based on the defined underlying contract provisions, the Group's historical performance and that the uncertainty will be resolved within a short timeframe.

As a practical expedient, the Group need not disclose the transaction price allocated to remaining performance obligations on the basis that:

- the Group has a right to consideration from a customer in amount equal to the value transferred to the customer for the performance completed i.e. lines charges and electricity generation; or
- the performance obligation is part of a contract that has an original expected duration of one year or less i.e. contracting and consulting revenues.

**(iv) Vested Assets and Capital Contribution**

Vested assets are recognised as revenue at the fair value of the assets at the point that assets are connected to the network.

Capital contribution payments are calculated in line with Westpower's capital contribution policy. Capital contributions are recognized as revenue when payable at the point that the assets are connected to the network.

**(o) Leases (as lessor)**

## WEST COAST ELECTRIC POWER TRUST AND GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### **(ii) Fibre IRU Liability**

The Group has entered into Indefeasible Right of Use (IRU) Agreements for the provision of fibre assets for a term of 20 years with payment at the commencement of the agreements. The liability has been valued on a discounted cashflow basis over the term of the agreements.

#### **(p) Finance Income and Expenses**

Finance income comprises interest income on funds invested, unwinding of the discount on assets and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings. Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is defined as a separate asset where the construction period exceeds twelve months and costs in excess of \$2m. All other borrowing costs are recognised in profit or loss using the effective interest method.

#### **(q) Income Tax Expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. 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 not recognised for differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. 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 profits 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.

#### **(r) Government Grants**

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

Government grants are recognised in the profit and loss statement on a systematic basis over the periods in which the Group recognizes the expenses for the related costs for which the grants are intended to compensate.

Government grants are reported in the profit and loss statement as a deduction in the related expense.

### **(s) Goods and Services Tax**

#### **(i) Parent**

The West Coast Electric Power Trust (parent) is not registered for Goods and Services Tax (GST). All items in the financial statements are inclusive of GST.

#### **(ii) Subsidiaries**

All items in the financial statements are net of GST except for debtors and creditors which are shown in the balance sheet inclusive of GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cashflows.

### **(t) Changes in accounting policies and disclosures**

There have been no changes in accounting policies in the current year.

The following standards and interpretations issued but not yet effective or early adopted, are not expected to have a material impact on the Group:

#### Amendments to NZ IAS 1 – Classifications of Liabilities as Current or Non-current

The amendments clarify a criterion in NZ IAS 1 for classifying a liability, such as loans, as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period
- clarify that classification is unaffected by management's intentions or expectation about whether the entity will exercise its right to defer settlement
- clarify how lending conditions, such as loan covenants, affect classification; and
- clarify requirements for reclassifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group will not early adopt these amendments and will first apply the amendments in the 31 March 2024 financial statements. The Group is assessing the effect of these amendments on its loan agreements.

## **4 DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

## WEST COAST ELECTRIC POWER TRUST AND GROUP

### NOTES TO THE FINANCIAL STATEMENTS

#### (a) Property, Plant and Equipment

The fair value of the distribution system assets is based on a discounted cashflow methodology. The significant valuation inputs are outlined in Note 21.

The fair value of land and buildings (excluding specialised buildings) are determined using a market comparable method. This means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location or condition of the specific property.

Where buildings are of a specialised nature such as substation and depot buildings, these have been valued on a depreciated replacement cost basis. The significant valuation inputs are outlined in Note 21.

#### (b) Investments in Equity

The fair value of equity instruments designated at fair value through other comprehensive income is determined by non-market valuation techniques at the reporting date.

#### (c) Derivatives

The fair value of interest rate swaps is based on bank valuations. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of electricity swaps is calculated on the present value of estimated cash flows of the instruments. Where possible observable market data is used in preparing these valuations including:

- forward electricity price curve generated using the Australian Securities Exchange (ASX) quoted prices, adjusted using location factors published by the Electricity Authority; and
- discount rates derived from the market interest rates.

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# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### 5. OPERATING REVENUE

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
Line Charges	20,779	21,664		
Less Special Discount	(4,983)	(2,990)		
Rentals & Sundry Income	701	587		1
Vested Assets	671	564		
Generation Revenue	4,150	4,656		
Consulting Income	15,118	14,758		
Contracting Income <sup>1</sup>	52,436	48,636		
<b>Total Operating Revenue</b>	<b>88,872</b>	<b>87,875</b>		<b>1</b>

<sup>1</sup> The amount of revenue recognised in the current reporting period from performance obligations satisfied in the previous year was \$1.3m.

### 6. OTHER INCOME

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
Gain on sale of property, plant and equipment	34	20		
Dividends from subsidiaries			200	200
Dividends received	6			
Unrealised gains on foreign exchange contracts		62		
<b>Total Other Income</b>	<b>40</b>	<b>82</b>	<b>200</b>	<b>200</b>

### 7. OPERATING EXPENSES

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
Loss on disposal of property, plant and equipment	147	168		
Loss on impairment and revaluation		1,065		
Trustees Honoraria	105	105	105	105
Directors' Fees	398	378		
Auditor's remuneration to Audit New Zealand:				
- Audit of financial statements	174	168	9	8
- Other audit related services	37	27		
Variable Lease Expense	93	105		
Impairment of Receivables	(29)	370		
Transmission Charges	3,287	3,901		
Maintenance and Operations	5,871	5,598		
Inventory Expensed	1,796	1,342		
Impairment of Inventory	54			
Employee Related Expenses- Defined contribution schemes	834	772		
Employee Related Expenses- Other employee benefits	28,703	28,660		
Other Expenses	28,176	30,394	56	94
	<b>69,646</b>	<b>73,053</b>	<b>170</b>	<b>207</b>

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

The Group's contracting businesses received Government Grants in the form of COVID-19 wage subsidies and the apprenticeship boost scheme. ElectroNet Services Limited received \$1m for COVID-19 wage subsidies and \$74k for the apprenticeship boost scheme. ElectroNet Transmission Limited received \$0.5m for the COVID-19 wage subsidies and \$32k for the apprenticeship boost scheme. These grants are reported as a deduction against the related expense in the table in note 7 on the previous page. At year end the Group had no unfulfilled conditions relating to COVID-19 wage subsidies and a liability of \$18k for the apprenticeship boost scheme relating to the financial year ending 31<sup>st</sup> March 2022.

### 8. FINANCE INCOME AND EXPENSES

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
Interest income	254	534		
<b>Finance Income</b>	<b>254</b>	<b>534</b>		
Interest expense on financial liabilities measured at amortised cost	692	945		
Interest on lease liability	126	124		
<b>Finance Expense</b>	<b>818</b>	<b>1,069</b>		
<b>Net Finance Costs</b>	<b>(564)</b>	<b>(535)</b>		

### 9. INCOME TAX

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
<b>Current Tax Expense</b>				
Current Period	3,571	3,171		
Adjustment for prior period	(269)	(62)		
	3,302	3,109		
<b>Deferred Tax Expense</b>				
Origination and reversal of temporary differences	(109)	(1,790)		
Adjustment for prior period	270	67		
	161	(1,723)		
<b>Income Tax Expense Recognised in Profit</b>	<b>3,464</b>	<b>1,386</b>		

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### 9. INCOME TAX (continued)

#### Reconciliation of Effective Tax Rate

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
Profit before income tax	11,434	7,597	30	(6)
Prima facie tax at 28%	3,201	2,128	8	(2)
Non deductible expenses	210	166		
Change in temporary differences	48	58	(8)	2
Under (over) provided in prior periods	2	65		
Effect on deferred tax balances of:				
-reintroduction of depreciation on buildings	3	(1,031)		
<b>Income Tax Expense Recognised in Profit</b>	<b>3,464</b>	<b>1,386</b>		

#### Income tax Recognised Directly in Equity

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
Deferred tax liability on revaluation of electricity distribution assets		1,197		
Movement in fair value of derivatives	(288)	36		
<b>Total Income Tax Recognised Directly In Equity</b>	<b>(288)</b>	<b>1,233</b>		

#### Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Opening Balance 31-Mar-20 \$000	Charged to Income \$000	Charged to Equity \$000	Closing Balance 31-Mar-21 \$000
<i>Deferred Tax Liabilities</i>				
Property, plant and equipment	19,367	415		19,782
ROU Assets		1,100		1,100
Available for sale assets	21			21
Construction contracts	84	(23)		61
Derivatives	(119)	(16)	(288)	(423)
	19,353	1,476	(288)	20,542
<i>Deferred Tax Assets</i>				
Lease Liabilities		1,120		1,120
Employee Provisions	636	3		639
Provision for Impairment	159	27		186
Tax losses	175	(12)		163
	970	1,138		2,108
<b>Net Deferred Tax Liability</b>	<b>18,383</b>	<b>338</b>	<b>(288)</b>	<b>18,433</b>
Attributable to:				
Parent				
Subsidiaries	18,383	338	(288)	18,433
	18,383	338	(288)	18,433

**WEST COAST ELECTRIC POWER TRUST AND GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. INCOME TAX (continued)**

Group	Opening Balance 31-Mar-19 \$000	Charged to Income \$000	Charged to Equity \$000	Closing Balance 31-Mar-20 \$000
<i>Deferred Tax Liabilities</i>				
Property, plant and equipment	19,646	(1,476)	1,197	19,367
Available for sale assets	21			21
Construction contracts	63	21		84
Derivatives	(172)	17	36	(119)
	19,558	(1,438)	1,233	19,353
<i>Deferred Tax Assets</i>				
Employee Provisions	526	110		636
Provision for Impairment	39	120		159
Tax Losses	120	55		175
	685	285		970
<b>Net Deferred Tax Liability</b>	<b>18,873</b>	<b>(1,723)</b>	<b>1,233</b>	<b>18,383</b>
Attributable to:				
Parent				
Subsidiaries	18,873	(1,723)	1,233	18,383
	18,873	(1,723)	1,233	18,383

Imputation Credits	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
Imputation credits are available for use in subsequent periods				
Through the Parent				
Through subsidiaries	35,644	31,200		
	35,644	31,200		

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### 10. PROPERTY, PLANT AND EQUIPMENT

Group		Electricity	Hydro	Land and	Other	Total
		Distribution	Generation	Buildings		
		System				
		\$000	\$000	\$000	\$000	\$000
<i>Cost or deemed cost</i>						
		98,145	36,645	13,007	17,935	165,732
		3,434	2	2,358	1,715	7,509
		(181)		(958)	(350)	(1,489)
	21	(6,462)				(6,462)
		<b>94,936</b>	<b>36,647</b>	<b>14,407</b>	<b>19,300</b>	<b>165,290</b>
		2,953	327	955	1,470	5,705
		(151)			(227)	(378)
	21					
		<b>97,738</b>	<b>36,974</b>	<b>15,362</b>	<b>20,543</b>	<b>170,617</b>
<i>Accumulated Depreciation, Amortisation and Impairment</i>						
		6,803	3,928		10,816	21,547
		3,468	708	377	1,529	6,082
		(18)			(212)	(230)
	21	(10,253)				(10,253)
			<b>4,636</b>	<b>377</b>	<b>12,133</b>	<b>17,146</b>
		3,688	822	412	1,531	6,453
		(7)			(194)	(201)
	21					
		<b>3,681</b>	<b>5,458</b>	<b>789</b>	<b>13,470</b>	<b>23,398</b>
		<b>94,936</b>	<b>32,011</b>	<b>14,030</b>	<b>7,167</b>	<b>148,144</b>
		<b>94,057</b>	<b>31,516</b>	<b>14,573</b>	<b>7,073</b>	<b>147,219</b>

Capital work in progress is contained in the following categories:

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
Electricity Distribution System	1,096	1,606		
Hydro Generation	15	15		
Land and Buildings		2,430		
Other	49	32		
	<b>1,160</b>	<b>4,083</b>		

#### Security

At 31 March 2021, the assets of the group are subject to a guarantee to secure bank loans.

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### 11. GOODWILL AND OTHER INTANGIBLES

Group	Goodwill \$000	Software \$000	Total \$000
<i>Cost or deemed cost</i>			
Balance at 31 March 2019	6,993	2,853	9,846
Additions		190	190
Disposals			
<b>Balance at 31 March 2020</b>	<b>6,993</b>	<b>3,043</b>	<b>10,036</b>
Additions		349	349
Disposals			
<b>Balance at 31 March 2021</b>	<b>6,993</b>	<b>3,392</b>	<b>10,385</b>
<i>Amortisation and impairment losses</i>			
Balance at 31 March 2019		2,139	2,139
Amortisation for the year		243	243
Disposals			
<b>Balance at 31 March 2020</b>		<b>2,382</b>	<b>2,382</b>
Amortisation for the year		258	258
Disposals			
<b>Balance at 31 March 2021</b>		<b>2,640</b>	<b>2,640</b>
<b>Net Book Value 31 March 2020</b>	<b>6,993</b>	<b>661</b>	<b>7,654</b>
<b>Net Book Value 31 March 2021</b>	<b>6,993</b>	<b>752</b>	<b>7,745</b>

Goodwill is held in relation to the contracting and consulting operations of the Group. While these operations may be separate corporate entities, they are considered interdependent parts of the Group as part of the Design Build Deliver strategy. The recoverable amount in relation to these balances has been assessed based on value in use. The assessment has been based on 10 year cashflow forecasts which are based on past experience and forecast pipeline works including revenues from joint projects. Growth and inflation rates of 2 to 2.5% have been applied in assessing any impairment. A discount rate of 6.73% has been applied.

Capital work in progress is contained in the following categories:

	Group		Parent	
	31-Mar-21 \$000	31-Mar-20 \$000	31-Mar-21 \$000	31-Mar-20 \$000
Software	161	88		

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### 12. INVESTMENT IN SUBSIDIARIES

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
<b>Non Current Assets</b>				
Ordinary Shares - Westpower Limited			25,800	25,800
Preference Shares - Westpower Limited			5,300	5,300
			31,100	31,100
			31,100	31,100

### 13. OTHER INVESTMENTS

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
<b>Non Current Assets</b>				
Equity instruments designated at fair value through OCI				
- International Panel & Lumber (West Coast) Limited	103	103		
- Other Loans		144		
	103	247		

### 14. CASH AND CASH EQUIVALENTS

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
Bank Balances	1,655	1,539	168	141
Call Deposits	10,950	8,650		
Cash and Cash Equivalents in Statement of Cashflows	12,605	10,189	168	141

### 15. TRADE AND OTHER RECEIVABLES

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
Trade and other receivables	11,853	9,894		
Trade receivables due from related parties	6	22		
Prepayments	636	366	4	5
Contract assets	3,926	3,815		
	16,421	14,097	4	5
less provision for impairment	(290)	(382)		
	16,131	13,715	4	5

## WEST COAST ELECTRIC POWER TRUST AND GROUP

### NOTES TO THE FINANCIAL STATEMENTS

#### 16. EQUITY

##### **Hedging Reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

##### **Fair Value Reserve**

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at fair value through other comprehensive income, until the investment is derecognised.

##### **Revaluation Reserve**

The revaluation reserve relates to the revaluation of property, plant and equipment.

##### **Dividends per Share**

Dividends paid by Amethyst Hydro Limited to minority interests were paid at a rate of \$0.1701 per share.



**WEST COAST ELECTRIC POWER TRUST AND GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

**16. EQUITY (continued)**

GROUP	Attributable to Equity Holders of the Company						Minority Interest	Total Equity
		<i>Hedging</i>	<i>Revaluation</i>	<i>Retained</i>				
		<i>Reserve</i>	<i>Reserve</i>	<i>Earnings</i>	<i>Total</i>			
		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>		
Balance at 31 March 2019		(386)	11,775	123,083	134,472	1,100	135,572	
Profit for the year				5,984	5,984	227	6,211	
<i>Other comprehensive income:</i>								
Fair value of cashflow hedges		114			114	15	129	
Revaluation			4,572		4,572		4,572	
Income tax on items taken directly to equity		(32)	(1,197)		(1,229)	(4)	(1,233)	
Total other comprehensive income		82	3,375		3,457	11	3,468	
Total comprehensive income for the year		82	3,375	5,984	9,441	238	9,679	
Transfer to Retained Earnings			(384)	(574)	(958)		(958)	
Dividends to Equity Holders						(120)	(120)	
<b>Balance at 31 March 2020</b>		<b>(304)</b>	<b>14,766</b>	<b>128,493</b>	<b>142,955</b>	<b>1,218</b>	<b>144,173</b>	
Profit for the year				7,757	7,757	213	7,970	
<i>Other comprehensive income:</i>								
Fair value of cashflow hedges		(905)			(905)	(124)	(1,029)	
Income tax on items taken directly to equity		252			252	36	288	
Total other comprehensive income		(653)			(653)	(88)	(741)	
Total comprehensive income for the year		(653)		7,757	7,104	125	7,229	
Dividends to Equity Holders						(162)	(162)	
<b>Balance at 31 March 2021</b>		<b>(957)</b>	<b>14,766</b>	<b>136,250</b>	<b>150,059</b>	<b>1,181</b>	<b>151,241</b>	

**WEST COAST ELECTRIC POWER TRUST AND GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

**16. EQUITY (continued)**

PARENT	Attributable to Equity Holders of the Trust						Minority Interest	Total Equity
	<i>Hedging Reserve</i>	<i>Revaluation Reserve</i>	<i>Retained Earnings</i>	<i>Total</i>				
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>		<i>\$000</i>		
Balance at 31 March 2019			31,247	31,247			31,247	
Profit for the year			(6)	(6)			(6)	
Other comprehensive income								
Total comprehensive income for the year			(6)	(6)			(6)	
<b>Balance at 31 March 2020</b>			<b>31,241</b>	<b>31,241</b>			<b>31,241</b>	
Profit for the year			30	30			30	
Other comprehensive income								
Total comprehensive income for the year			30	30			30	
<b>Balance at 31 March 2021</b>			<b>31,271</b>	<b>31,271</b>			<b>31,271</b>	

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### 17. LOANS AND BORROWINGS

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
<b>Non Current Liabilities</b>				
Non current portion of secured bank loans		19,500		
		19,500		
<b>Current Liabilities</b>				
Current portion of secured bank loans	18,900	450		
	18,900	450		
	18,900	19,950		

	Weighted Average		Face Value	Carrying	Face Value
	Interest Rate		2021	Value	2020
	2020	2021	\$000	\$000	\$000
<i>Less than one year</i>					
Secured bank loan-call	1.55%	1.55%	800	800	450
Secured bank loans	4.01%	1.90%	18,100	18,100	
<i>Longer than one year</i>					
Secured bank loans	4.01%				19,500
<b>Total Interest Bearing Liabilities - Group</b>			<b>18,900</b>	<b>18,900</b>	<b>19,950</b>

The bank loans are secured over all the assets of the Group. The borrowing facility is due for renewal in December 2021.

### 18. LEASES (AS A LESSEE)

The Group has lease contracts for offices, buildings, warehouses, vehicles, transmission sites and office equipment. The property leases have lease terms between 1-80 years and include various terms such as renewable rights, inflation features and variable lease payments. The Group also has leases of equipment with lease terms of 5 years.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Vehicles & Equipment	Land & Buildings	Total
	\$000	\$000	\$000
As at 31 March 2019			
Adoption of NZ IFRS 16	172	3,719	3,891
<b>As at 1 April 2019</b>	<b>172</b>	<b>3,719</b>	<b>3,891</b>
Additions	389	360	748
Depreciation	(163)	(285)	(448)
<b>As at 31 March 2020</b>	<b>397</b>	<b>3,794</b>	<b>4,191</b>
Additions	296		296
Depreciation	(293)	(265)	(558)
<b>As at 31 March 2021</b>	<b>400</b>	<b>3,529</b>	<b>3,929</b>

**WEST COAST ELECTRIC POWER TRUST AND GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

Set out below are the carrying amounts of lease liabilities and the movements during the period.

	<b>\$000</b>	
as at 31 March 2019		
Adoption of NZ IFRS 16	3,868	
<b>as at 30 April 2019</b>	<b>3,868</b>	
Additions	748	
Accretion of interest	124	
Payments	(522)	
<b>As at 31 March 2020</b>	<b>4,218</b>	
Additions	296	
Accretion of interest	126	
Payments	(642)	
<b>As at 31 March 2021</b>	<b>3,998</b>	
	<b>31-Mar-21</b>	<b>31-Mar-20</b>
	<b>\$000</b>	<b>\$000</b>
Current	522	420
Non current	3,476	3,798
	<b>3,998</b>	<b>4,218</b>

The group had total cash outflows for leases of \$641,419 in 2021 (2020 \$521,212). The group also had non-cash additions to right-of-use assets and lease liabilities of \$295,619 in 2021 (2020 \$747,791).

As at 31 March 2021 the Group had leases which had not yet commenced to which they were committed with a total cash outflow of \$147,574 (2020 \$20,951).

**19. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Parent</b>	
	<b>31-Mar-21</b>	<b>31-Mar-20</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Trade payables due to related parties	49	103	1	1
Other trade payables	5,699	6,307	14	18
Accrued interest	27	83		
Contract Liabilities	2,736	829		
	<b>8,511</b>	<b>7,322</b>	<b>15</b>	<b>19</b>

Contract liabilities at the beginning of the period were recognised as revenue in the following 12 months.

Contract liabilities have been recognised based on the amounts billed to the customer at 31 March 2021. For the year ended 31 March 2020 they were recognised if consideration had been received by that date.

The Group provides contracting services for which the transaction price allocated to partially unsatisfied performance obligation at 31<sup>st</sup> March 2021 are set out below.

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

The Group has applied the practical expedient not to disclose the transaction price allocated to the remaining performance obligations relating to the Electricity Generation and Design Consultancy contracts on the basis that the Group has a right to consideration from a customer in amount equal to the value transferred to the customer for the performance completed.

The Group has applied the practical expedient not to disclose the transaction price allocated to the remaining performance obligations relating to contracts with an original expected duration of 1 year or less.

<b>Contracting Services</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
	<b>\$000</b>	<b>\$000</b>
To be recognised < 1 yr	6,468	18,744
To be recognised > 1 yr	-	-

Amounts received in advance of performance are included in Contract Liabilities.

### 20. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, foreign currency, and liquidity risks arises in the normal course of the Group's business.

#### Credit Risk

Financial instruments which potentially subject the Group to credit risk are cash and cash equivalents, trade receivables and investments. The Group places its cash with high quality financial institutions and limits the amount of exposure to any one financial institution. The Group has a high concentration of credit risk to Trustpower in relation to distribution line charges to the electricity retailer, electricity generation sales and other contract works and Transpower in relation to contract works. Trustpower and Transpower represent 10% and 22% respectively of receivables as at 31 March 2021 (2020 9% and 22% respectively).

When determining changes in the credit risk of a financial asset since initial recognition, the Group considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due and the party is unlikely to pay its obligations to the Group in full.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write off. However, financial assets that are written off may still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The carrying amount of financial assets represents the Group's maximum credit exposure. The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status. The Group's exposure to geographical credit risk is almost entirely within New Zealand, with some transactions to Australia.

## WEST COAST ELECTRIC POWER TRUST AND GROUP

### NOTES TO THE FINANCIAL STATEMENTS

The status of trade receivables at the reporting date is as follows:

GROUP	Trade Receivables					
	Days Past Due					
	Contract Assets	Current	<30 days	30-60 days	>61 days	Total
31 March 2021	\$000	\$000	\$000	\$000	\$000	\$000
Expected credit loss rate					25%	
Estimated total gross carrying amount at default	3,926	9,446	1,034	241	1,138	11,859
Expected credit loss					290	290

GROUP	Trade Receivables					
	Days Past Due					
	Contract Assets	Current	<30 days	30-60 days	>61 days	Total
31 March 2020	\$000	\$000	\$000	\$000	\$000	\$000
Expected credit loss rate					36%	
Estimated total gross carrying amount at default	3,815	8,040	701	117	1,058	9,916
Expected credit loss					382	382

As at 31 March 2021 the Group has contract assets of \$3,926,000 (2020 \$3,815,000). There are no expected credit losses on contract assets (2020 nil).

A provision for expected credit losses relates to receivables past due by more than 60 days and is based on an analysis of individual balances. Set out below is the movement in the allowance for expected credit losses for trade receivables and contract assets.

	31-Mar-21	31-Mar-20
	\$000	\$000
As at 1 April	382	56
Provision for expected credit losses	(29)	370
Write-off	(63)	(44)
As at 31 March	290	382

Loans receivable are secured by way of bond or other commercial arrangement. The value of security is at least equal to the value of the outstanding loan balance.

#### Liquidity Risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. The Westpac term loan facility has been classified as a short term obligation as it expires on the 31<sup>st</sup> December 2021. The Group has sufficient funds in cash and short term deposits to cover any liquidity risk that this may pose. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### Foreign Currency Risk

The Group has minimal currency risk given that financial instruments are principally transacted in New Zealand dollars. Foreign exchange contracts are employed by the Group to manage its exposure to currency fluctuations for major transactions denominated in currencies other than New Zealand dollars.

As at 31 March 2021 the Group had exposure to Australian dollar receivables of \$356,509 NZD (2020 \$123,310 NZD). As at 31 March 2021 the Group had in place foreign exchange contracts to purchase Australian dollars AUD\$11,476 (2020 AUD\$79,936) and no foreign exchange contracts to purchase United States dollars (2020 USD\$594,209).

### Interest Rate Risk

The Group manages its exposures to changes in interest rates on borrowings in line with the policy parameters set in its Treasury Policy. The Treasury Policy sets minimum and maximum parameters allowing the Group to have up to between 60% and 90% of its borrowings at fixed rates for terms up to 7 years to achieve an appropriate mix of fixed and floating interest rate exposures. This is achieved by borrowing at a floating rate and using interest rate swaps as hedges of the variability of cashflows attributable to movements in interest rates. The Group applies a hedge ratio 1:1. Management have approved a temporary exemption from these parameters while it reviews the Treasury Management Policy and its debt facility arrangements. This is in light of the changing market environment (interest rates) and to ensure that any decisions align with the risk appetite of the company and are financially sound.

The Group determines the existence of an economic relationship between the hedging instrument and hedging item based on the reference interest rates, tenors, repricing dates and maturities and notional amounts. The Group assesses whether the derivatives designated in each hedging relationship if expected to be effective in offsetting changes in cashflows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cashflows attributable to the change in interest rates.

### Other Market Price Risk

The Group is exposed to variability in electricity generation sales revenue due to changes in electricity spot prices. To manage this risk the Group entered into a Power Purchase Agreement with Trustpower which agreed to purchase all electricity produced by the Group at specified fixed prices for a term of two years from 1 July 2019 to 30 June 2021. From 1 July 2021 the Group has entered into a new agreement with Trustpower which fixes the price for a specific volume of generation. The notional quantity of the electricity swap at 31 March 2021 was 3MWh with a fair value of -\$1,328,350. This agreement is for a period of one year to 30 June 2022. The swap contract has been designated as a cashflow hedge.

**WEST COAST ELECTRIC POWER TRUST AND GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

HEDGE TYPE		Notional Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line item in Statement of Financial Position	Change in Fair Value
			Assets	Liabilities		
		\$	\$	\$		\$
<b>Cashflow Hedge</b>						
<b>Interest Rate Risk</b>						
NZD interest rate swaps (term 2 years 2.80%)	31-Mar-21	4,000,000	-	182,241	Financial Derivatives	299,817
<b>Market Risk</b>						
Electricity Swaps (term 1 year, average rate of \$143.82)	31-Mar-21	3,779,611		1,328,350	Financial Derivatives	(1,328,350)
NZD interest rate swaps (terms 1 - 3 years 2.80 - 4.85%)	31-Mar-20	11,900,000	-	482,058	Financial Derivatives	128,705
Electricity Swaps	31-Mar-20	-	-	-		

These swap contracts have been designated as cashflow hedges. The above interest rate swaps provide fixed rate cover for \$4m of the Group's non-current borrowings (2020 \$11.9m).

Maturity Profile	31-Mar-21		31-Mar-20	
	Interest Rate	Notional Amount of Hedging Instrument	Interest Rate	Notional Amount of Hedging Instrument
		\$		\$
<b>Interest Rate Risk</b>				
Less than 1 year		-	4.84%	7,900,000
1-2 years	2.80%	4,000,000		
2-5 years			2.80%	4,000,000
<b>Market Risk</b>				
Less than 1 year		2,713,738		-
1-2 years		1,065,873		-
		<u>7,779,611</u>		<u>11,900,000</u>

**Capital Management**

The Trust's capital includes Trust capital, reserves, retained earnings and minority interests. The Trust's equity is largely managed as a by-product of the decisions made by the Board of the Directors in managing the operations of the Group. The objective of managing the Trust's equity is to ensure that the Trust effectively achieves its objectives and purposes under the Trust Deed whilst remaining a going concern.

**Sensitivity Analysis**

In managing interest rate and currency risks, the Group aims to reduce the impact of short term fluctuations on the Group's earnings. Over the longer term however, permanent changes in foreign exchange and interest rates will have an impact on profit.



## WEST COAST ELECTRIC POWER TRUST AND GROUP

### NOTES TO THE FINANCIAL STATEMENTS

At 31 March 2021 it is estimated that a general increase of one percentage point in interest rates could decrease the Group's profit by \$119,042 (2020 \$47,095) and increase equity (excluding retained earnings) by \$68,888 (2020 \$154,542).

A decrease of one percentage point in interest rates would have the opposite impact on profit and decrease equity by \$74,349 (2020 \$158,855).

It is estimated that a general increase of ten percentage points in the value of the New Zealand dollar against other foreign currencies would have decreased the Group's profit before tax by less than \$10,000 for the year ended 31 March 2021 (2020 less than \$10,000).

#### Classification of Financial Instruments

GROUP - 2021		FVOCI				Total
	Note	Hedging Instruments	FVOCI	FV Profit & Loss	Amortised Cost	Carrying Value
		\$000	\$000	\$000	\$000	\$000
<b>Current Assets</b>						
Cash and cash equivalents	14				12,605	12,605
Short Term Deposits					20,000	20,000
Trade and other receivables	15				11,569	11,569
Financial derivatives	20					
					44,174	44,174
<b>Non Current Assets</b>						
Other investments	13		103			103
			103			103
<b>Total Financial Assets</b>			103		44,174	44,277
<b>Current Liabilities</b>						
Trade and other payables	19				5,775	5,775
Finance lease payable	18				522	522
Loans and borrowings	17				18,900	18,900
Financial derivatives	20	1,359				1,359
		1,359			25,197	26,556
<b>Non Current Liabilities</b>						
Loans and borrowings	17					
Finance lease payable	18				3,476	3,476
Financial derivatives	20	152				152
		152			3,476	3,628
<b>Total Financial Liabilities</b>		1,511			28,673	30,184

## WEST COAST ELECTRIC POWER TRUST AND GROUP

### NOTES TO THE FINANCIAL STATEMENTS

GROUP - 2020		FVOCI Hedging Instruments		FV Profit & Loss	Amortised Cost	Total Carrying Value
	Note	\$000	FVOCI \$000	\$000	\$000	\$000
<b>Current Assets</b>						
Cash and cash equivalents	14				10,189	10,189
Short Term Deposits					15,500	15,500
Trade and other receivables	15				9,534	9,534
Financial derivatives	20			62		62
				62	35,223	35,285
<b>Non Current Assets</b>						
Other investments	13		103		144	247
			103		144	247
<b>Total Financial Assets</b>			103	62	35,367	35,532
<b>Current Liabilities</b>						
Trade and other payables	19				6,493	6,493
Finance lease payable	18				420	420
Loans and borrowings	17				450	450
Financial derivatives	20	310				310
		310			7,363	7,673
<b>Non Current Liabilities</b>						
Loans and borrowings	17				19,500	19,500
Finance lease payable	18				3,798	3,798
Financial derivatives	20	172				172
		172			23,298	23,470
<b>Total Financial Liabilities</b>		482			30,661	31,143

PARENT - 2021		FVOCI Hedging Instruments		Amortised Cost	Total Carrying Value
	Note	\$000	FVOCI \$000	\$000	\$000
<b>Current Assets</b>					
Cash and cash equivalents	14			168	168
Trade and other receivables	15				
				168	168
<b>Total Financial Assets</b>				168	168
<b>Current Liabilities</b>					
Trade and other payables	19			15	15
				15	15
<b>Total Financial Liabilities</b>				15	15

**WEST COAST ELECTRIC POWER TRUST AND GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

PARENT - 2020		FVOCI Hedging Instruments	FVOCI	Amortised Cost	Total Carrying Value
	Note	\$000	\$000	\$000	\$000
<b>Current Assets</b>					
Cash and cash equivalents	14			141	141
Trade and other receivables	15				
				141	141
<b>Total Financial Assets</b>				141	141
<b>Current Liabilities</b>					
Trade and other payables	19			19	19
				19	19
<b>Total Financial Liabilities</b>				19	19

**Maturity Analysis of Financial Liabilities**

Group 2021	Balance Sheet	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years	5-7 Years	More than 7 Years
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Secured bank loans	18,900	18,961	18,961				
Trade and other payables	5,775	5,775	5,775				
Lease Liabilities	3,998	6,485	451	286	603	403	4,742
<b>Total Non Derivative Liabilities</b>	<b>28,673</b>	<b>31,221</b>	<b>25,187</b>	<b>286</b>	<b>603</b>	<b>403</b>	<b>4,742</b>
<b>Interest Rate Swaps:</b>							
Net Interest Settled Outflow (Inflow)	182	188	96	91			
Electricity Swaps outflow/liability	1,329	1,341	1,279	62			
	<b>30,184</b>	<b>32,750</b>	<b>26,562</b>	<b>439</b>	<b>603</b>	<b>403</b>	<b>4,742</b>

Group 2020	Balance Sheet	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years	5-7 Years	More than 7 Years
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Secured bank loans	19,950	20,049	20,049				
Trade and other payables	6,493	6,493	6,493				
Lease Liabilities	4,218	7,007	542	437	681	403	4,944
<b>Total Non Derivative Liabilities</b>	<b>30,661</b>	<b>33,549</b>	<b>27,084</b>	<b>437</b>	<b>681</b>	<b>403</b>	<b>4,944</b>
<b>Interest Rate Swaps:</b>							
Net Interest Settled Outflow (Inflow)	482	531	350	91	90		
	<b>31,143</b>	<b>34,080</b>	<b>27,434</b>	<b>528</b>	<b>771</b>	<b>403</b>	<b>4,944</b>

## WEST COAST ELECTRIC POWER TRUST AND GROUP

### NOTES TO THE FINANCIAL STATEMENTS

Parent 2021	Balance Sheet	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years
	\$000	\$000	\$000	\$000	\$000
Trade and other payables	15	15	15		
<b>Total Non Derivative Liabilities</b>	<b>15</b>	<b>15</b>	<b>15</b>		

Parent 2020	Balance Sheet	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years
	\$000	\$000	\$000	\$000	\$000
Trade and other payables	19	19	19		
<b>Total Non Derivative Liabilities</b>	<b>19</b>	<b>19</b>	<b>19</b>		

#### 21. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy for the Group's assets and liabilities:

GROUP - 2021					
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset measured at fair value		\$000	\$000	\$000	\$000
Electricity Network Assets (Note 10)	31-Mar-20	94,057			94,057
Land and Buildings (Note 10)	31-Mar-19	14,573		13,087	1,486
Foreign Exchange Contracts (Note 20)	31-Mar-21				
Liabilities measured at fair value					
Interest Rate Swaps (Note 20)	31-Mar-21	182		182	
Electricity Swaps (Note 20)	31-Mar-21	1,329		1,329	
GROUP 2020					
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset measured at fair value		\$000	\$000	\$000	\$000
Electricity Network Assets (Note 10)	31-Mar-20	94,936			94,936
Land and Buildings (Note 10)	31-Mar-19	14,030		12,473	1,557
Foreign Exchange Contracts (Note 20)	31-Mar-20	62		62	
Liabilities measured at fair value					
Interest Rate Swaps (Note 20)	31-Mar-20	482		482	

There have been no transfers between Levels 1 and 2 during the period.

#### Land and Building Assets:

Westpower engaged an external valuer to comment on whether any material impact to the previous valuation (revaluation as at 31 March 2019) had arisen due to the COVID-19 pandemic. The external valuer believes that the values of these buildings have not been affected.

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### Electricity Distribution Assets:

The Westpower electricity distribution assets were revalued at 31 March 2020 by an external valuer. The impacts of COVID-19 on the lines business have not been material; accordingly, no adjustments have been made to the valuation cashflows as a result of the pandemic.

### Description of unobservable inputs to level 3 valuations:

- **Electricity Distribution Assets**

The Group's electricity distribution assets were valued 31 March 2020 on a discounted cashflow basis. Below is a summary of the key unobservable inputs into this valuation.

Significant unobservable input	Sensitivity of the input to fair value.
WACC (post tax) Range 5.18%	The impact on the midpoint valuation of a change of .5% in WACC to the high or low points of the range is approximately 4%
Operating expenditure forecasts	A 5% movement in operating expenditure forecasts would result in a reduction/increase in the valuation of approximately 1.7%
Capital expenditure forecasts	A 5% movement in capital expenditure forecasts would result in a reduction/increase in the valuation of less than .1%

A reconciliation of the movement in value of electricity distribution assets is provided in Note 10

- **Building Assets - Specialised**

Westpower's substation buildings are considered purpose build with no reliable market evidence and so have been valued on a depreciated replacement cost basis. An optimised depreciated replacement cost methodology has been applied in line with Treasury Guidelines including development of asset registers, standard replacement costs, optimisation and assessment of useful lives.

Below is a reconciliation of the movement in the value of specialised building assets for the period:

Land and Buildings (Level 3) - Reconciliation of Movements		
		Group \$000
<b>Balance 31 March 2019</b>		<b>1,628</b>
plus Additions		
less Depreciation		(71)
<b>Balance 31 March 2020</b>		<b>1,557</b>
plus Additions		
less Depreciation		(71)
Reclassifications on Revaluation		
Revaluation Movement		
<b>Balance 31 March 2021</b>		<b>1,486</b>

- **Financial Assets at fair value through other comprehensive income (FVOCI)**

As financial assets at FVOCI (note 13) are not actively traded the fair value of these investments has been assessed based on the net asset backing of these investments.

**WEST COAST ELECTRIC POWER TRUST AND GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

**22. COMMITMENTS**

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
<b>Capital Commitments</b>				
No longer than 1 year	328	986		
<b>Operating Lease Commitments</b>	see note 18			

**23. CONTINGENCIES**

ElectroNet Services Limited, Mitton ElectroNet Limited and ElectroNet Transmission Limited have provided guarantees secured over the assets of the companies, to Westpac in relation to debts owed by Westpower Limited. (No change from 2020).

Westpower Limited has provided a guarantee to Westpac in relation to the debts owed by Amethyst Hydro Limited (No change from 2020).

Westpower Limited has provided bank guarantees from Westpac to the value of \$600,000 (2020 \$600,000).

ElectroNet Services Limited has provided Contractors Performance Guarantees from Westpac to the value of \$598,716 (2020 \$2,931,714).

ElectroNet Transmission Limited has provided Contractors Performance Guarantees from Westpac to the value of \$1,117,404 (2020 \$955,940).

Mitton ElectroNet Limited has provided a bank guarantee to the value of \$25,000 to the Wellington Regional Chamber of Commerce in relation to a carnet (2020 \$25,000).

The Group has no other contingent liabilities or contingent assets

## WEST COAST ELECTRIC POWER TRUST AND GROUP

### NOTES TO THE FINANCIAL STATEMENTS

#### 24. RECONCILIATION OF PROFIT FOR THE YEAR WITH NET CASH FROM OPERATING ACTIVITIES

	Group		Parent	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
<b>Profit for the year</b>	<b>7,970</b>	<b>6,211</b>	<b>30</b>	<b>(6)</b>
<i>Adjustments for non cash items</i>				
Depreciation	7,010	6,529		
Amortisation of intangibles	258	243		
Vested assets	(671)	(564)		
Loss (Gain) on sale of property, plant and equipment	113	148		
Loss on impairment and revaluation		1,065		
Reversal of previous loss on revaluation				
Movement in financial instruments	62	(62)		
Change in deferred tax	338	(1,723)		
Change in employee benefits (non current)	4	30		
	<b>7,114</b>	<b>5,666</b>		
<i>Movement in working capital items</i>				
Change in trade and other receivables	(2,416)	765	1	2
Change in inventories	(111)	(215)		
Change in trade and other payables	1,135	1,252	(4)	5
Change in employee benefits (current)	(103)	591		
Change in current tax asset	134	(13)		
<i>Adjustments for items classified as investing activities</i>				
Change in capital creditors	660	(313)		
Change in finance lease (current)		(23)		
Change in finance lease (non current)				
<i>Adjustments for items classified as financing activities</i>				
Change in tax creditors (RWT on dividend)	(3)			
<b>Net Cash from Operating Activities</b>	<b>14,381</b>	<b>13,921</b>	<b>27</b>	<b>1</b>

#### RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

GROUP	31-Mar-20	Cash Flows	Non-Cash Movement	31-Mar-21
	\$000			\$000
Long term borrowings	19,500		(19,500)	
Short term borrowings	450	(1,050)	19,500	18,900
Lease liabilities *	4,218	(516)	296	3,998
<b>Total liabilities from financing activities</b>	<b>24,168</b>	<b>(1,566)</b>	<b>296</b>	<b>22,898</b>
* for more information refer to note 18				

# WEST COAST ELECTRIC POWER TRUST AND GROUP

## NOTES TO THE FINANCIAL STATEMENTS

### 25. RELATED PARTIES

#### Parent and Ultimate Controlling Party

The immediate parent of the Group is the West Coast Electric Power Trust. See summary of group entities Note 26.

#### Trustees and Directors Interests

Trustees and Directors or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The transactions were for the purchase of electrical contracting and IT services. The terms and conditions of the transactions with directors and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Note	Transaction Value for the year ended		Balance Outstanding	
		31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
		\$000	\$000	\$000	\$000
<b>Trustees</b>					
<i>Services provided to:</i>					
G Topp	a)	52	3	-	-
B Thomson	b)	87	115	5	8
I Hustwick	c)	-	23	-	11
<i>Services received from:</i>					
I Hustwick	c)	-	2	-	-
B Thomson	b)	926	703	44	99
<b>Directors</b>					
<i>Services provided to:</i>					
H Little	d)	-	8	-	-
S Merriman	e)	12	53	1	3
R Pickworth	f)	105	115	5	8
A Williams	g)	1	1	-	-
<i>Services received from:</i>					
S Merriman	e)	1	1	1	-
A Williams	g)	18	12	1	-
R Pickworth	f)	926	703	44	99

- a) The Group provided services to Greg Topp Electrical Limited and Reefton Powerhouse Charitable Trust Incorporated. G Topp is the managing director and a shareholder of Greg Topp Limited and a Trustee of the Reefton Powerhouse Charitable Trust Incorporated.
- b) The Group provided services to and received services from Westroads Limited. B Thomson is a director of Westroads Limited.
- c) The Group provided services to and received services from Destination Westland Limited in the 2020 financial year. I Hustwick was a director of Destination Westland Limited during this year.



## WEST COAST ELECTRIC POWER TRUST AND GROUP

### NOTES TO THE FINANCIAL STATEMENTS

- d) The Group provided services to Lilyvale Farms Limited. H Little is a shareholder of Lilyvale Farms limited.
- e) The Group provided services to Marshall and Heaphy Limited. S Merriman is the managing director and a partner of Marshall and Heaphy Limited. The group received services from The Towers on the Park Limited. S Merriman is a shareholder of The Towers on the Park Limited.
- f) The Group provided services to and received services from Westroads Limited. R Pickworth is a director of Westroads Limited. The Group provided services to Transwaste Canterbury Limited. R Pickworth is a director of Transwaste Canterbury Limited.
- g) The Group received services from The Ashley Hotel Limited, The Ashley Hotel Christchurch Limited and The Towers on the Park Limited. A Williams is a director and shareholder of these companies. The Group provided services to The Ashley Hotel Limited. A Williams is a director and shareholder of The Ashley Hotel Limited.

#### Other Related Party Transactions

	Transaction Value for the year ended		Balance Outstanding	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	\$000	\$000	\$000	\$000
<i>ElectroNet Services Limited and West Coast Electric Power Trust (WCEPT)</i>				
Services provided to WCEPT (GST incl.)	5	6	-	-
<i>Westpower Limited and West Coast Electric Power Trust (WCEPT)</i>				
Dividend paid to WCEPT	200	200	-	-
Services provided to WCEPT (GST incl.)	8	8	-	-

#### Key Management Personnel Compensation

Key management personnel include the Trustees of the West Coast Electric Power Trust

	31-Mar-21	31-Mar-20
	\$000	\$000
Trustees honoraria	105	105
Trustees meetings fees	7	9
	<u>112</u>	<u>114</u>

#### 26. Group entities

##### Subsidiaries

	Country of Ownership Incorporation	Interest (%)	
		2021	2020
Westpower Limited (subsidiary of West Coast Electric Power Trust)	New Zealand	100	100
ElectroNet Services Limited (ENS) (subsidiary of Westpower)	New Zealand	100	100
Mitton ElectroNet Limited (subsidiary of ENS)	New Zealand	100	100
ElectroNet Transmission Limited (subsidiary of ENS)	New Zealand	100	100
ElectroNet Technology Limited (subsidiary of ENS)	New Zealand	100	100
Amethyst Hydro Limited (subsidiary of Westpower)	New Zealand	88	88

## WEST COAST ELECTRIC POWER TRUST AND GROUP

### NOTES TO THE FINANCIAL STATEMENTS

#### 27. Significant Event – COVID-19

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and remained in lockdown at Alert Level 3 until 13 May. The country moved to Alert Level 1 on 9 June 2020. Additionally, parts of the country moved into Alert Level 2 for some time during August and September 2020 and February and March 2021.

Our business activity during Alert Level 4 was restricted to emergency works response, some essential preventative maintenance and high priority capital work. Many of our staff were working from home. During Alert Level 3, most of our business activity resumed with the required health and safety protocols in place and a large number of staff returned to their usual place of work. Alert Level 1 predominantly saw a return to pre COVID-19 activity.

Westpower's electricity delivery service revenue during the first quarter of the year was only slightly reduced. Contracting revenue dropped significantly during April 2020 as projects and transmission maintenance requirements were delayed, but has since recovered strongly. Staff utilisation (productive time over total paid time) in the contracting business dropped from normal aggregated levels of 80% plus to levels under 30%. The Mitton ElectroNet Limited consulting and ElectroNet Technology business's revenue was not affected significantly as staff were able to work from home, while generation revenue was stable due to the automation of the Amethyst Hydro Limited generation scheme.

The group applied for the Government wage subsidy scheme for its contracting businesses, ElectroNet Services Limited and ElectroNet Transmission Limited, and received a total of \$1.5m in wage subsidies. The group meet all of the conditions of the subsidy, including a significant decline in contracting revenue while being unable to further mitigate its losses during the Level 4 lockdown.

Impacts on the overall level of network maintenance for the year and other expense impacts were negligible. There was no noticeable impact on our SAIDI and SAIFI results.

The Group engaged its external valuer to assess whether the fair value of land and non-substation buildings at 31 March 2021 differed materially to their carrying value at that date. The valuer has confirmed that fair value was not materially different to carrying value and also noted that, while there remains some uncertainty about land and non-substation building values due to COVID-19, there was not a material valuation uncertainty as at 31 March 2021. No impairment test has been performed over the carrying value of the electricity distribution, contracting, consulting and generation cash generating units this year because the group considers that there are no impairment indicators as at 31 March 2021.

#### 28. Post Balance Date Events

No significant events have occurred in the period between balance date and the authorisation of the financial statements for issue by the Trustees.

## Independent Auditor's Report

### To the readers of West Coast Electric Power Trust and Group's financial statements for the year ended 31 March 2021

The Auditor-General is the auditor of West Coast Electric Power Trust (the Trust) and Group. The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, 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 1 to 42, that comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of comprehensive income, statement of changes in equity and 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:
  - its financial position as at 31 March 2021; and
  - its 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 Equivalents to International Financial Reporting Standards.

Our audit was completed on 19 July 2021. 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 the 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 of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the 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.

## **Independence**

We are independent of the Trust 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 issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we are carrying out an assurance engagement for a Group subsidiary pursuant to the Electricity Distribution Information Disclosure Determination 2012 for the disclosure year ended 31 March 2021. This engagement is compatible with those independence requirements.

Other than the audit and this assurance engagement, we have no relationship with, or interests in, the Trust or any of its subsidiaries.



Julian Tan  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand