ANNUAL REPORT

For the year ended: 31 March 2019

Network Waitaki Limited
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Oamaru 9444

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FINANCIAL STATEMENTS

DIRECTORY

DIRECTORS:

Mr. C. J. Dennison (Chairman)

Mr. D. Atkinson

Mr C. Bailey

Mr. D. A. Ruddenklau

Mr. J. D. Walker (to 25/6/18)

Mr M. C. Underhill (from 25/6/18)

Mr A. J. Wood

WAITAKI POWER TRUST

TRUSTEES:

Dr. H. F. Brookes (Chairman)

Mr. A. J. Brady

Mr. J. Clements

Mr. H. J. Tonkin

Mr. J. Webster

SOLICITORS:

Berry & Co., Eden Street

Oamaru

AUDITORS:

Nathan Wylie

PricewaterhouseCoopers

Christchurch

ON BEHALF OF The Auditor-General

REGISTERED OFFICE:

10 Chelmer Street, Oamaru

CHIEF EXECUTIVE

Mr. G. W. A. Douch (from 1 April 2019)

Mr. G. B. Clark (to 31 March 2019)

PRINCIPAL BANKERS

ANZ, The Octagon, Dunedin

Message from Chairman and Chief Executive

Christopher Dennison

Graham B. Clark

Introduction

We have much pleasure in reporting on the operations of Network Waitaki for the year ended 31 March 2019.

At the Annual General Meeting of the Company in June 2018 Mr John Walker stood down as a Director after 13 years of service. Mr Mike Underhill, well known within the electricity sector, was appointed as a new Director.

Mr Graham Clark, Chief Executive, advised the Board of his intention to retire at the end of the 2018/19 Financial Year. Mr Geoff Douch has been appointed as the new Chief Executive and commenced his employment with Network Waitaki on 1 April 2019.

Network Waitaki is owned by the Waitaki Power Trust who holds the shares in the Company for the benefit of electricity consumers.

The Company's mission is to be a locally owned and operated electricity Distribution Company that provides the benefits of local consumer trust ownership by:

- Owning and operating a safe, reliable and efficient distribution system that meets the evolving needs of its consumers, in accordance with the Asset Management Plan.
- Supporting the economic growth and wellbeing of the community it serves.

A primary task of the Trust is to measure the performance of Network Waitaki against the targets detailed in the Statement of Corporate Intent. Network Waitaki also monitors its performance by benchmarking itself against its peers in the industry, using regulatory disclosure documentation as required by the Commerce Commission.

Network Waitaki has similar to previous years performed well on all measures.

Health and Safety

The health and safety of our workers and the public is a key priority of Directors and Management across all activities of the Company. Actions around health and safety include investigation of all incidents, including near misses, to attain learning opportunities that provide input into policy and procedure reviews. An area of review was the decision to risk assess all live line glove and barrier tasks. This decision has seen glove and barrier activities remain at the lower levels of the last two years. Associated with health and safety is the provision of training for our staff to ensure competencies are maintained.

An inspection and maintenance programme of distribution boxes has been undertaken to ensure the safety of the public and to identify damaged equipment. An extensive advertising programme is undertaken annually to promote safety around electricity assets. Network Waitaki's Public Safety Management process is audited annually by Telarc. The following table highlights reported public incidents involving electricity in the area serviced by Network Waitaki.

Summary of Incidents Involving the Public

Activities	2014/15	2015/16	2016/17	2017/18	2018/19
Rural/Farming Activities	19	11	19	15	15
Construction Activity	8	2	7	8	8
Trades	1	3	0	0	0
Leisure & Sports	2	0	0	0	0
Consumer activities	7	5	11	12	4
Vandalism	0	2	1	1	1
Vehicles	19	20	19	19	18
Total	**56**	**43**	**57**	**55**	**46**

Emerging Technologies

The electricity industry is evolving and the continuous growth in and development of emerging technologies will impact on the use and supply of electricity. These technologies include

- Electric Vehicles that will potentially significantly increase demand on distribution and transmission networks. Network Waitaki has 4 electric vehicle charging stations located in Oamaru, Kurow, Omarama and Hampden.
- Electric batteries that have the potential to control peak demand and store energy from distributed generation sources.
- Distributed generation including photovoltaics that are becoming increasingly competitively priced.

While it is early days in the uptake of these technologies the Electricity Authority is very mindful of the importance for Electricity Distribution pricing to reflect the cost of the service it delivers. The Electricity Authority requires Electricity Distribution Businesses to review their prices to reflect cost.

Performance Highlights

Network Waitaki's charges have a high-volume component. This pricing structure results in significant variation to revenues due to climatic conditions. Electricity distribution revenues were $18.5M against a budget of $19.0M. The following table summarises the 2019 performance of Network Waitaki against the 2018 year.

Financial ($M)	2019	2018
Operating Revenue (including interest)	23.2	23.9
Net Profit Before Discount & Tax	5.5	6.7
Discount	1.5	1.6
Net Profit After Discount & Tax	2.8	3.7
Capital Expenditure	9.0	8.9

Network	2019	2018
SAIDI minutes	148	135
Energy Delivered (GWh)	254	265
Maximum Demand (MW)	63	65
Network Connections (Number of ICP's)	12,981	12,879

Safety	2019	2018
Public Safety Incidents Reported	46	55
Field Observations	339	294
Lost Time Incidents	1	3

Pricing and Discounts

Despite being a rural distribution company with a high percentage of residential consumers, Network Waitaki's distribution prices are among the lowest in the country. The company furthermore continues to provide discounts in accordance with targets as per the Statement of Corporate Intent. We have adjusted the discount methodology from 1 April 2018 to comply with IRD requirements that will result in no change to the tax treatment of discounts.

As alluded to earlier, emerging technologies will change the way in which consumers use electricity and it is imperative that electricity distribution price structures reflect the cost drivers of a distribution company. Network Waitaki will continuously and in a responsible manner develop price structures in line with its cost structure. The aim is to ensure a secure and stable revenue stream that is not affected by volume differences driven by events outside of the company's control, such as changing usage patterns due to emerging technologies and rainfall in the irrigation areas.

Collaboration

The electricity distribution Industry is signified by strong collaboration among companies. Two significant areas of focus for Network Waitaki on the collaboration front are strengthening of the Transmission Supply into the lower Waitaki Valley and sharing of services.

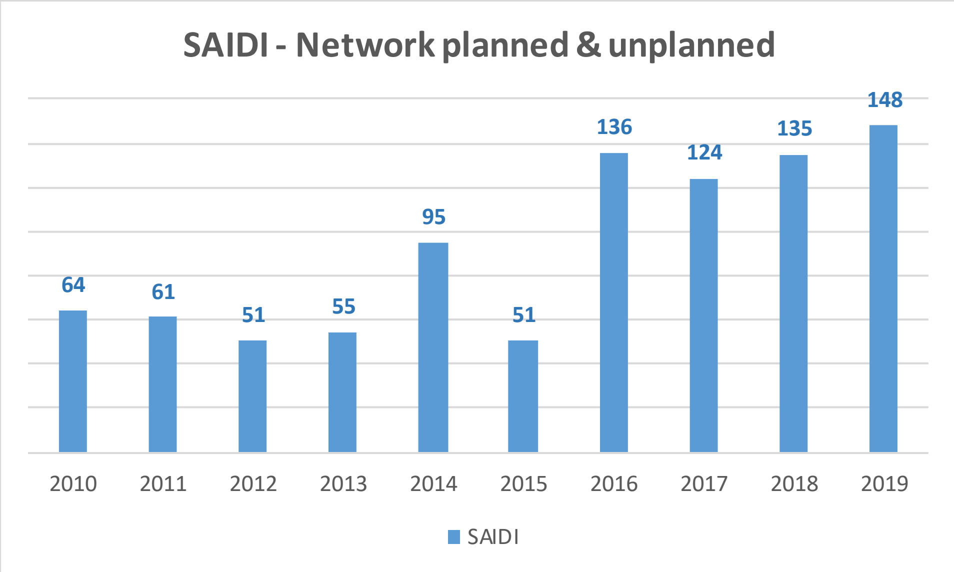
In terms of Transmission supply, Network Waitaki has been in discussion with Alpine Energy and Transpower to identify an economically viable transmission supply solution. This investigation is ongoing.

The other area of collaboration relates to sharing of services. Network Waitaki has been working with PowerNet with the view of sharing a common Control Room. Investigations have shown that this is a viable opportunity and implementation is planned for early in the 2019/20 year.

Network Performance

Reliability

Network SAIDI (System Average Interruption Duration Index) minutes (average duration of distribution supply interruptions per connected consumer) are presented below. SAIDI minutes have increased in recent years due to a reduction in the use of live line techniques.



Electricity Demand and Energy Transported

North Otago has experienced another year with above average rainfall during the traditional irrigation period. The following table compares the current year's total energy transported against the 2017/18 year and the 3-year average.

Energy Transported (GWh)	2018/19	2017/18	3 Year Average
Energy Transported – Excluding Black Point GXP	237.8	241.6	242.8
Energy Transported – Black Point GXP	16.5	23.4	22.5
Energy Transported – Total	254.3	265.0	265.3

Regulatory Developments

Compliance with regulatory requirements is a key focus of Network Waitaki. The key regulators applicable to electricity distribution businesses are the Commerce Commission and the Electricity Authority. Network Waitaki is an exempt electricity distribution company and is thus not subjected to price and quality control by the Commerce Commission, although we strive to comply in any event. We are required to provide information in terms of the Information Disclosure requirements of the Commerce Commission.

The Electricity Authority on the other hand determines the market rules and price structures that electricity distribution businesses must comply with. Network Waitaki is participating in and closely monitoring developments and outcomes of the "*Electricity price review*" and "*More efficient distribution prices*" consultations conducted by the Expert Review Panel and the Electricity Authority, respectively. We expect that the outcomes of these consultations will impact on the development of future pricing structures.

We are also following developments regarding the default distributor agreement (DDA) proposal by the Electricity Authority. A few retailers on our network did not sign the Use of System Agreements in line with the Model Use of System Agreements that were published in 2012 by the Electricity Authority, in anticipation of the release of the DDA. We expect that the DDA process could possibly impact on our current Use of System Agreements.

Community Support

Network Waitaki contributes to the vitality and culture of its community through a sponsorship program. Through this sponsorship programme we have supported 60 community-based sporting and cultural activities, including Musical Theatre Oamaru's production of Mamma Mia. These groups shared in $136,745.

Network Waitaki provides a scholarship to students from North Otago secondary schools who wish to further their education in disciplines required by the Company. There are currently two students involved in this programme. We encourage local students intending to attend university to consider and apply for the Network Waitaki Scholarship.

Customer Service

Network Waitaki is very mindful of the importance of good customer relations. While electricity retailers are our electricity customers, it is the electricity consumer who is directly affected by decisions made with regard to network operations. The most visible form of service to our consumers is when electricity goes out through either planned or unplanned outages.

In a continuous effort to improve services to our consumers, Network Waitaki has implemented a system of digital communications through the use of texting and e-mails for all planned outages. Digital communications, in our experience, deliver messages to consumers in a more convenient, cost efficient and timely manner, where required. Our website also contains updated planned power outage information which means that consumers can immediately be informed about an upcoming outage in their respective areas. This initiative has been well received by our consumers.

Conclusion

It is pleasing to again be able to report on a very successful year. The Company has invested in distribution assets to the value of $7.3M during the year ($7.8M in 2018). The strong balance sheet gives comfort to readers that the Company will be able to fund planned future investment identified in the Company's published Asset Management Plan.

A Net Profit After Tax of $2.8M was achieved following the distribution of a $1.5M discount (excl. GST).

We would like to offer our thanks to the commitment of Directors and dedication of staff that have contributed to the Company attaining these results.

Chris Dennison
Chairman

Graham Clark
Chief Executive (Retired 31 March 2019)

DIRECTORS' REPORT

The Board of Directors

Chris Dennison
(Chairman)

Derek Atkinson

Mike Underhill

Chris Bailey

David Ruddenklau

Tony Wood

DIRECTORS' INTERESTS

The following Directors of Network Waitaki Limited have declared interests in identified entities as shareholder and/or director. The declaration serves as notice that the Director may benefit from any transactions between Network Waitaki Limited and the identified entities.

Chris Dennison (Chairman) Chris has been a Director since June 2013 and Chairman from July 2017. He is a Director of Dennison Farms Limited, Chairman of Tracmap Aviation Ltd, Chairman of Tracmap Holdings Ltd, Chairman of Tracmap NZ Ltd and a Director of Farmlands Co-operative.
Derek Atkinson Derek has been a Director since June 2010.
Mike Underhill Mike has been a Director since June 2018. He is a Director of Electra, a facilitator to the gas industry via the GIC, a training facilitator on the NZ electricity sector and a shareholder of Herbert Gardens Ltd.
Chris Bailey Chris has been a Director since June 2017. He is a Director of i.t.online Limited, Chairman of Cactus Outdoor Limited, a Director of Original Performance Solutions, a Director of Chrysalis Housing Limited, a Director of Strava Limited, a Director of Specialist Education Limited and Independent Trustee of LemonTree Trust.
David Ruddenklau David joined the board in July 2011. He is a Director and Shareholder of Newhaven Farms Limited, and Carhill Limited, a Trustee for Pukeraro Trust and a Shareholder of North Otago Irrigation Company.
Tony Wood Tony joined the board in July 2012. He is a Director and Shareholder of A J Wood Chartered Accountants Ltd, A J Wood Trustees Ltd (also Trustee to various Clients' Family Trusts) and Mackismith Properties Ltd, and a Trustee of Wood Family Trust. Tony is the Chairman of North Otago Search and Rescue.

GENERAL DISCLOSURES

PRINCIPAL ACTIVITIES
The principal activity of Network Waitaki Limited is ownership of its electricity distribution network.

REVIEW OF OPERATIONS
The Operating Revenue (before customer discount) was $22,905,417 (2018 $23,613,400) for the year.
Profit before Taxation is $3,994,291 (2018 $5,158,299)

SHARE CAPTIAL
Total issued and paid up capital as at 31 March 2019 was 14,000,000 Ordinary Fully-Paid Shares. There has been no movement in Share Capital during the year.

USE OF COMPANY INFORMATION
There were no notices from Directors of Network Waitaki Limited or a Director of a related body corporate requesting to use company information received in their capacity as Directors which would not otherwise have been available to them.

DIVIDENDS
A dividend of Nil was declared and paid during the 2019 year. (2018 $100,000)

DISCOUNT
A discount (excluding GST) of $1,478,837 has been paid to Customers (2018 $1,579,845).

DONATIONS
The company made donations (excluding GST) totaling $116,745 in the year (2018 $110,595).

CORPORATE GOVERNANCE
Network Waitaki Limited operates under a set of corporate governance principles designed to ensure the Company is effectively managed.

Board of Directors
The Board is the governing body of the company and currently has six members. The Board is appointed by the shareholders to oversee the management of the Company and is responsible for all corporate governance matters. The Board endeavors to ensure that the activities undertaken are carried out in the best interests of all shareholders, while respecting the right of other stakeholders. The Board formally met eleven times during the financial year.

Responsibilities
The Board is responsible for the management, supervision, regulatory compliance, health and safety, and direction of the Company. This incorporates the long-term strategic financial plan, strategic initiatives, budgets and the policy framework. The Board has developed and maintains clear policies which define the individual and collective responsibilities of the Board and management.

REMUNERATION OF DIRECTORS

		Total Directors' fees paid $
Mr.	D. Atkinson	33,951
Mr.	C. Bailey	33,951
Mr.	C.J. Dennison	57,289
Mr.	D.A. Ruddenklau	33,951
Mr.	M.C. Underhill	25,577
Mr.	J.D. Walker	8,375
Mr.	A.J. Wood	33,951
Total Directors' fees		**227,045**

EMPLOYEE REMUNERATION

The Companies Act 1993 requires the number of current and former employees receiving remuneration greater than $100,000 to be disclosed. Details of remuneration ranges for employees of Network Waitaki Limited are:

Remuneration Range	Number of Employees
$100,000 - $109,999	7
$110,000 - $119,999	6
$120,000 - $129,999	2
$140,000 - $149,999	1
$150,000 - $159,999	2
$160,000 - $169,999	1
$300,000 - $309,999	1
$380,000 - $389,999	1

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

The Company continues to indemnify all Directors named in this report against any liability to any person other than Network Waitaki Limited or a related company for any act done or omission made in a Director's capacity as a Director of Network Waitaki Limited and all costs incurred in defending or settling any claim or proceedings related to such liability, unless the liability is criminal liability or liability for breach of Section 131 of the Companies Act 1993.

During the financial year, Network Waitaki Limited paid insurance premiums in respect of Directors' and Officers' liability insurance. The policies do not specify the premium for individual Directors and executive officers.

The Directors' and Officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than Network Waitaki Limited or a related body corporate) incurred in their position as Director or executive officer unless the conduct involves a willful breach of duty or an improper use of inside information or position to gain advantage.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matter of circumstance since the end of the financial year, not otherwise dealt with in this report that has significantly affected or may significantly affect the operation of Network Waitaki Limited, the results of those operations or the state of affairs of Network Waitaki Limited.

AUDITORS

In accordance with Section 45 of the Energy Companies Act 1992, the Controller and Auditor-General are responsible for the audit of Network Waitaki Limited. In accordance with Section 29 of the Public Finance Act 1977, the Controller and Auditor-General have contracted the audit of Network Waitaki Limited to Nathan Wylie using the staff and resources of PricewaterhouseCoopers. The auditor's fee for 2018/19 is $64,900 (2017/18 was $61,900).

C.J. Dennison
Chairman

AJ Wood.

A.J. Wood
Director

TREND STATEMENT

		2019	2018	2017	2016	2015	2014
		$'000	$'000	$'000	$'000	$'000	$'000
FINANCIAL PERFORMANCE							
Operating Revenue (including interest)		23,150	23,889	22,782	23,796	26,903	21,825
Profit before Tax		3,994	5,158	4,644	7,260	7,887	3,859
Taxation		(1,213)	(1,425)	(972)	(2,036)	(2,137)	(1,163)
Net Surplus		2,781	3,733	3,672	5,224	5,750	2,696
Customer Discounts		1,479	1,580	1,741	1,768	1,729	1,676
FINANCIAL POSITION							
Current Assets		11,481	11,993	11,937	14,591	15,688	12,416
Non-Current Assets		100,409	95,828	91,376	85,551	79,444	74,039
Total Assets		111,890	107,821	103,313	100,142	95,132	86,455
Liabilities		19,315	18,027	17,152	17,653	17,867	14,940
Net Assets		92,575	89,794	86,161	82,489	77,265	71,515
Share Capital		14,571	14,571	14,571	14,571	14,571	14,571
Retained Earnings		78,004	75,223	71,590	67,918	62,694	56,944
Equity		92,575	89,794	86,161	82,489	77,265	71,515
FINANCIAL RATIOS							
NPBT to Shareholders Funds		4.3%	5.7%	5.4%	8.8%	10.2%	5.4%
NPAT to Shareholders Funds		3.0%	4.2%	4.3%	6.3%	7.4%	3.8%
Ratio of Shareholders' Funds to Total Assets		82.7%	83.3%	83.4%	82.4%	81.2%	82.7%
NPBT Earnings Per Share in Cents		28.53	36.84	33.17	51.86	56.34	27.56
Net Assets Per Share		$6.61	$6.41	$6.15	$5.89	$5.51	$5.11
STATISTICS							
SAIDI (normalised)		148.29	134.70	124.16	135.74	51.07	79.62
SAIFI (normalised)		1.68	1.69	1.06	0.76	1.10	1.28

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of Network Waitaki Limited as at 31 March 2019 and its financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of Network Waitaki Limited have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all relevant reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Network Waitaki Limited and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider they have taken adequate steps to safeguard the assets of Network Waitaki Limited and to prevent and detect fraud and other irregularities.

The Directors have pleasure in presenting the Financial Statements of Network Waitaki Limited for the year ended 31 March 2019.

The Board of Directors of Network Waitaki Limited authorises these Financial Statements for issue on 27 May 2019.

For and on behalf of the Board of Directors

C.J. Dennison
Chairman

A.J. Wood
Director

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2019

	Notes	2019	2018
		$	$
Operating Revenue	2	22,905,417	23,613,400
Less			
Customer Discount		(1,478,837)	(1,579,845)
Operating Revenue after Customer Discount		21,426,580	22,033,555
Less			
Operating Expenses	3	(4,621,692)	(4,748,278)
Transmission Costs		(4,840,864)	(5,053,577)
Employee Costs		(3,758,527)	(3,152,927)
Depreciation, Amortisation and Impairment	4	(4,389,802)	(4,129,241)
Operating Profit		3,815,695	4,949,532
Finance Income		244,951	275,122
Finance Costs to WPT		(66,355)	(66,355)
Finance Income Net		178,596	208,767
Profit Before Tax		3,994,291	5,158,299
Taxation	5	(1,213,292)	(1,424,657)
Net Profit for the Year		2,780,999	3,733,642
Total Comprehensive Income		2,780,999	3,733,642

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

	Share Capital	Retained Earnings	Total Equity
	$	$	$
Balance at 1 April 2017	14,571,119	71,589,626	86,160,745
Profit for the year, being total comprehensive income	-	3,733,642	3,733,642
Dividend Paid	-	(100,000)	(100,000)
Balance at 31 March 2018	14,571,119	75,223,268	89,794,387
Balance at 1 April 2018	14,571,119	75,223,268	89,794,387
Profit for the year, being total comprehensive income	-	2,780,999	2,780,999
Dividend Paid	-	-	-
Balance at 31 March 2019	14,571,119	78,004,267	92,575,386

These financial statements should be read in conjunction with the attached notes.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

		Notes	2019	2018
			$	$
Assets				
Current Assets				
Cash and Cash Equivalents			929,797	1,406,386
Short Term Deposits			5,900,000	6,750,000
Trade and Other Receivables		6	2,938,255	2,399,758
Inventories		9	1,704,623	1,352,305
Work in Progress			8,987	577
Taxation Receivable			-	84,476
Total Current Assets			11,481,662	11,993,502
Non-Current Assets				
Property, Plant and Equipment		7	99,905,590	95,180,931
Intangible Assets		8	503,199	647,284
Total Non-Current Assets			100,408,789	95,828,215
Total Assets			111,890,451	107,821,717
Liabilities				
Current Liabilities				
Trade and Other Payables		10	2,619,712	2,344,573
Employee Entitlements		11	735,105	666,170
Taxation Payable			136,970	-
Total Current Liabilities			3,491,787	3,010,743
Non-Current Liabilities				
Loan from Waitaki Power Trust		15	1,150,000	1,150,000
Deferred Tax		5	14,673,278	13,866,587
Total Non-Current Liabilities			15,823,278	15,016,587
Total Liabilities			19,315,065	18,027,330
Equity				
Share Capital		12	14,571,119	14,571,119
Retained Earnings		13	78,004,267	75,223,268
Total Shareholders' Equity			92,575,386	89,794,387
Total Liabilities and Shareholders' Equity			111,890,451	107,821,717

These financial statements should be read in conjunction with the attached notes.

STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Notes	2019	2018
		$	$
Cash Flows from Operating Activities			
Cash was Provided from:			
Receipts from Customers		20,918,172	22,568,961
Interest Received		244,951	275,122
		21,163,123	22,844,083
Cash was Disbursed to:			
Payments to Suppliers and Employees		(13,314,601)	(12,812,035)
Income Tax Paid		(185,155)	(217,801)
Interest paid to WPT		(66,355)	(66,355)
Net GST Paid		46,775	(9,675)
		(13,519,336)	(13,105,866)
Net Cash from Operating Activities	14	7,643,787	9,738,217
Cash Flows from Investing Activities			
Cash was Provided from:			
Transfer from Term Deposits		850,000	-
Proceeds of Sale of Assets		-	-
		850,000	-
Cash was Applied to:			
Transfer to Term Deposits		-	(50,000)
Purchase of Property, Plant and Equipment and Intangible Assets		(8,970,376)	(8,917,273)
		(8,970,376)	(8,967,273)
Net Cash from Investing Activities		(8,120,376)	(8,967,273)
Cash Flows from Financing Activities			
Cash was Applied to:			
Dividends paid		-	(100,000)
Net Cash from Financing Activities		-	(100,000)
Net Increase/(Decrease) in Cash Held		(476,589)	670,944
Cash and Cash Equivalents at Beginning of the Year		1,406,386	735,442
Cash and Cash Equivalents at End of the Year		929,797	1,406,386

These financial statements should be read in conjunction with the attached notes.

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

ENTITY REPORTING
Network Waitaki Limited is a consumer trust-owned electricity distribution network operator in North Otago. The Company's registered office is 10 Chelmer Street, Oamaru, New Zealand.

PARENT TRUST
Network Waitaki Limited is wholly owned by Waitaki Power Trust.

GENERAL INFORMATION
Network Waitaki Limited is a limited liability company incorporated and domiciled in New Zealand.

STATEMENT OF COMPLIANCE WITH NZ IFRS
Basis of Preparation
The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as applicable for profit-oriented entities.

The company is eligible and has elected to report in accordance with Tier 2 for-profit accounting standards, NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR) on the basis that the company has no public accountability and is not a large public sector nonprofit entity.

In adopting NZ IFRS RDR, the company has taken a number of disclosure concessions.

DATE OF ISSUE FOR THE FINANCIAL STATEMENTS
These financial statements have been approved for issue by the Board of Directors on 27 May 2019. The directors' do not have the power to amend the financial statements after its issue.

PROFIT-ORIENTED ENTITY
The Company is a profit-oriented entity for the purpose of complying with NZ IFRS RDR.

STATUTORY BASE
Network Waitaki Limited is:

- a New Zealand registered company under the Companies Act 1993,
- an energy company as defined in the Energy Companies Act 1992.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Companies Act 1993 and the Energy Companies Act 1992.

FUNCTIONAL AND PRESENTATION CURRENCY
The Company's financial statements are presented in whole New Zealand dollars, which is the Company's functional and presentation currency.

MEASUREMENT BASE
The financial statements have been prepared on the historical cost basis, and its modification by the revaluation of certain assets as identified in specific accounting policies below. Accounting policies adopted and applied ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES
The preparation of financial statements in conformity with NZ IFRS RDR requires management to make certain critical accounting estimates and judgments that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable in the circumstances.

These estimates and judgments form the basis for the carrying values of assets and liabilities where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying judgments are regularly reviewed. Any changes to estimates are recognised in the period if the change affects that period, or in future periods if the change also affects future periods.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments that have had the most significant impact on the amounts recognised in these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Network reticulation assets
Network reticulation assets are depreciated at the rates provided by the ODV handbook issued by the Commerce Commission in 2004. These rates are considered a reasonable estimate of useful lives.

Easements
Easements are recorded at cost.

GOODS AND SERVICES TAX (GST)

The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables.

REVENUE RECOGNITION

Investment income

- Interest is recognised using the effective interest method.
- Dividends are recognised when the right to receive payment is established.
- Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Lease income
Revenues from operating leases are recognised on a straight line basis over the period between rental reviews.

Network Lines Revenue
The Company provides network lines services to customers allowing connection to the wider distribution network. Such services are recognised as series of distinct goods or services and is one performance obligation satisfied over time as the customer simultaneously receive and consume the benefits of the service. Revenue is recognised as the service is being provided using an output method based on the actual delivery services provided on a daily basis.

Pricing is determined annually and retailers are charged based on a published price schedule and quantities delivered. Pricing includes a transmission and distribution charge relating to the operation of the network Payment is due in respect of the network line service in the month following the service being provided. A receivable is recognised by the Company reflecting the amount owing for services provided.

As the delivery services are a promise to transfer a series of distinct services that are substantially the same, revenue is recognised based on a measure of progress for the single performance obligation that best depicts the transfer of services to the customer. It is therefore appropriate for revenue to be recognised in line with billing, as this best reflects the transfer of value to the customer. Revenue will be recognised over time.

Capital Contributions Revenue
The Company provides electrical connection services to customers to support and provide a connection to the wider distribution network. Such contracts are not considered to have an enforceable right to payment for the performance obligation until the connection is complete. This single performance obligation is satisfied at a point in time when the electrical connection work is complete.

Pricing is determined with reference to the time and material associated with a specific contract for electrical work is based on the level of activity required to enable a connection. Payment is generally based on 50% deposit and the remainder due at the completion of the connection. A contract asset is recognised by the Company reflecting the amount owing for services provided.

As a practical expedient in line with NZ IFRS 15.63, Network Waitaki has not adjusted the promised amount of consideration for any deposit received in respect of electrical contract works for a significant component. This is due to the period between the Network Waitaki transfers the electrical work to the customer and when the customer pays for the electrical work being less than one year.

Contracting Revenue
The Company provides contracting services to customers to provide labour to other electricity distribution businesses. Such contracts are not considered to have an enforceable right to payment for the performance obligation until the contracted work is complete. This single performance obligation is satisfied at a point in time when the contracted work is complete.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pricing is determined with reference to the time and material associated with a specific job. Payment is due in respect of contracting services in the month following the service being provided. A receivable is recognised by the Company reflecting the amount owing for services provided.

Metering Revenue
Revenue received from the rental of meters is recognised in accordance with the relevant agreements.

INCOME TAX

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable on the taxable profit from the current year, plus any adjustments to income tax payable in respect of the prior year. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or receivable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

CAPITAL AND OPERATING EXPENDITURE

Capital expenditure relates to expenditure incurred in the creation of a new asset and expenditure incurred on existing reticulation system assets to the extent the system is enhanced.

Operating expenditure relates to expenditure incurred in maintaining and operating the property, plant and equipment and investment properties of the Company.

DIVIDENDS

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date. Distribution of dividends to the Company shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Board of Directors.

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

SHORT TERM DEPOSITS

Short term deposits comprise cash deposits held with financial institutions with an original maturity greater than three months and less than twelve months.

WORK IN PROGRESS

Work in progress is stated at actual direct costs incurred, less non-recoverable amounts.

CAPITAL RISK MANAGEMENT

The Company's objective when managing capital, which comprises share capital plus retained earnings, is to safeguard the ability to continue as a going concern and to provide acceptable returns to shareholders.

The Company is not subject to any externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Company may adjust the amount of discount paid to customers.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in the financial asset policy.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise mainly buildings, land, meters and relays, and office equipment. Buildings, meters and relays purchased prior to the adoption of NZ IFRS, 1 April 2006, are shown at 'deemed cost' less subsequent depreciation and impairment write-down. Land purchased prior to 1 April 2006 is shown at deemed cost.

Property, Plant and Equipment acquired subsequent to the adoption of 'deemed cost', after 1 April 2006, is recorded at the value of the consideration given to acquire the assets, plus the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service, less subsequent depreciation and impairment write-down.

Network Reticulation Assets comprises mainly Low Voltage, 11kV, 33kV and LV conductor and associated transformers and substations. Reticulation assets are shown at deemed cost less subsequent depreciation and impairment write-down.

Network Reticulation Assets acquired subsequent to the adoption of 'deemed cost' are recorded at the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service less subsequent depreciation and impairment write-down.

Capital Contributions are amortised over 10 years.

Easements Assets sited on easements will normally be renewed at the end of their economic life in the same location in which they are currently housed. On this basis, the easement itself has an indefinite life. Annually, easements are tested for signs of impairment.

Contracting Equipment comprises mainly plant and equipment used in the construction and repair of network reticulation systems. Items are recorded at the value of the consideration given to acquire the assets and the value of directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service less subsequent depreciation and impairment write-down.

Depreciation of Property, Plant and Equipment Depreciation is provided on all property, plant and equipment, other than freehold land, at rates that will allocate the assets' cost or valuation, to their residual values, over their estimated lives. All network reticulation system assets and contracting equipment assets are depreciated on a straight line basis; other assets are depreciated using both straight line and diminishing value.

Depreciation of Property, Plant and Equipment (continued)

The following depreciation rates have been used:

Item	Depreciation rate
Network Reticulation System	1.0% to 10.0%
Fibre Network	7.0%
Buildings	1.25% to 13.5%
Meters and Relays	14.29% to 20.0%
Plant and Equipment	5.0% to 67.0%

Gains and losses on disposal of property, plant and equipment are taken into account in determining the operating result for the year.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS

Intangible Assets consist solely of computer software, which is recorded at the value of the consideration given to acquire the assets plus the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Amortisation of intangible assets is provided for at rates that will allocate the assets' cost or valuation, to their residual values, over their estimated lives. All intangible assets are amortised on a straight line basis.

Intangible assets are carried at cost less accumulated amortisation.

The following amortisation rates have been used:

Item	Amortisation rate
Computer Software	15% to 40%

IMPAIRMENT

Assets that have an indefinite useful life, for example easements, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value, with additional allowance for obsolescence where necessary. The cost of finished goods comprises direct materials and, where applicable, direct labour and other direct variable costs incurred in order to bring inventories to their present location and condition. Costs are assigned to individual items of inventory on a weighted average cost basis.

BORROWING COSTS

Borrowing costs for assets are capitalised when the construction period of qualifying assets is greater than nine months. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the current cost of borrowing from financial markets.

BORROWINGS

Borrowings are initially measured at fair value plus transaction costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

FINANCIAL ASSETS

Classification

From 1 April 2018 the Company's only financial assets are measured at amortised cost.

Amortised Cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition and Measurement

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, trade receivables and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Company writes off a financial asset where there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or in the case of trade receivables when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries are recognised in the statement of comprehensive income.

FINANCIAL RISK MANAGEMENT

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates relevant financial risks and acts to manage these risks where possible within the parameters set out by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and credit risk.

Market risk

(i) Foreign exchange risk

The Company's revenue is entirely denominated in New Zealand dollars and it has limited currency exposure in the foreseeable future. The Company may from time to time purchase assets denominated in foreign currency. Board approval is required for foreign currency-denominated contracts valued above a specified threshold, together with a recommendation on the manner in which the foreign currency exposure is to be managed, which may include the use of foreign exchange contracts.

(ii) Cash flow and fair value interest rate risk

Apart from a loan from the Waitaki Power Trust, the Company has no interest risk from long-term borrowing. The loan from the shareholder is an unsecured loan with interest charged at a commercial rate. Board approval is required for borrowings, together with a recommendation on the manner in which the interest rate risk is to be managed.

Credit risk

Credit risk is managed by the Company under policy approved by the board. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independent parties with a minimum Standard and Poor's rating of BBB for long-term investments and A-2 for short-term investment, or financial institutions that provide well-supported first ranking security, are acceptable. Investments with banks and financial institutions are limited to a term of no more than 24 months and no more than $3 million or 25% of current investments, whichever is the greater, in any one institution. Credit risk associated with trade receivables is limited through electricity retailer invoicing for line and metering charges rather than individual consumer invoicing for line and metering charges. Credit risk is also limited in trade receivables by the requirement of a minimum of 50% deposit of the total cost of new connections before work is started.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Company. The Company monitors its rolling forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom at all times. Such financial forecasting takes into consideration the Company's debt financing plans and compliance with the Statement of Corporate Intent.

Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest-bearing call accounts and term deposits.

Note 18 analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period, at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analyses if their contractual maturities are essential for an understanding of timing of the cash flows. The amounts disclosed in the table are contractual undiscounted cash flows.

FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Foreign currency monetary items at balance date are translated at the exchange rate in effect at the balance date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates ruling at the date when the fair value is determined.

Exchange differences on foreign currency balances are recognised in the Statement of Comprehensive Income in the period that they occur.

TRADE AND OTHER PAYABLES

Trade and Other Payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Trade and Other Payables are recognised at fair value.

PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

EMPLOYEE ENTITLEMENTS

Wages, salaries and annual leave

Employee Entitlements to salaries, wages and annual leave are recognised when they accrue to employees.

Sick and special leave

Employee Entitlements to sick and special leave are recognised when taken by employees. A provision is made for the additional amount that the Company expects to pay as a result of unused sick or special leave that has accumulated at balance date.

Long service leave

Long service leave is not recognised in the first 10 years of service. After 10 years of service an allowance is made of 1/5 per year towards long service leave entitlement. This allowance is then discounted back to current value. Employees are entitled to long service leave after serving for 15 years

SHARE CAPITAL

Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

LEASES

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss component of the statements of comprehensive income on a straight-line basis over the period of the lease.

Finance Leases

The Company is the Lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of incentives given to lessees) is recognised on a straight-line basis over the lessee term.

The Company is the Lessee

Leases in which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under a finance lease are depreciated over the shorter of the asset's useful life and the lease term.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards adopted by the company

Application of NZ IFRS 15 Revenue from Contracts with Customers
In the current year, the Company has adopted NZ IFRS 15 Revenue from Contracts with Customers effective from 1 April 2018, using the cumulative retrospective approach. The cumulative effect from adoption is recognised at the date of transition which is 1 April 2018.

The Company's accounting policies for its key revenue streams are disclosed below. The standard has also required more extensive disclosures on the Company's revenue transactions and related policies.

NZ IFRS 15 provides guiding principles on when, how and how much revenue to recognise in an entity's financial statements in any given reporting period. The standard and its subsequent amendment replace all existing NZ IFRS guidance for revenue recognition.

The Company recognises revenue from the following major sources;

- Network lines revenue
- Capital contribution revenue
- Contracting revenue

The application and adoption of NZ IFRS 15 to the Company's revenue streams has not impacted the timing of recognition associated with Network lines revenue, Capital contribution revenue or Contracting revenue.

On adoption of NZ IFRS 15, the Company has revised its accounting policies for revenue recognition, these are included in Significant Accounting Policies.

In line with the requirements of the standard with regards to the transition option adopted, the Company has not restated the comparable information presented, which continues to be reported under previous revenue standards, NZ IAS 11 and NZ IAS 18.

Application of NZ IFRS 9 Financial Instruments

In the current year, the Company has adopted NZ IFRS 9 Financial Instruments effective from 1 April 2018. As permitted by the transitional provisions of NZ IFRS 9, the Company elected not to restate comparative figures. Any adjustments at the date of transition were recognised in the opening retained earnings and reserves of the current period. There were no adjustments required. Additionally, the Company adopted consequential amendments to NZ IFRS 7 Financial Instruments; Disclosures that were applied to the disclosures for the year ended 31 March 2019.

NZ IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and rules for hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

(i) Classification and measurement of financial assets

Under NZ IFRS 9, all the financial assets are measured at amortised cost, fair value through profit or loss or fair value through OCI on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company's financial assets include cash and cash equivalents, term deposits, trade and other receivables and other debtors. These financial assets are continued to be measured at amortised cost as they meet the conditions under NZ IFRS 9.

(ii) Impairment of financial assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses ('ECL'). It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under NZ IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts.

The introduction of new impairment model has an impact on the Company's trade and other receivables. For trade and other receivables, the Company applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component. Based on the assessment undertaken, no material adjustment was required on transition.

(iii) Hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

The application of the NZ IFRS 9 hedge accounting requirements has had no impact on the results and financial position of the Company for the current and/or prior years.

New Standards and interpretations not yet adopted

NZ IFRS 16: Leases

NZ IFRS 16, "Leases' replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting for leases under NZ IFRS 16 is almost the same as NZ IAS 17. However, because the guidance on the definition of a lease has been updated (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

The standard is effective for accounting periods beginning on or after 1 January 2019. The company intends to adopt NZ IFRS 16 on its effective date. The standard will affect primarily the accounting for the company's operating leases. The company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). As at the reporting date, the company has non-cancellable operating lease commitments of $3,150,517, see note 19.

The company expects to recognise right-of-use assets of $2,578,831 on 1 April 2019 and lease liabilities of $2,578,831.

The company expects that net profit before tax will decrease by approximately $62,447 for 2020 as a result of adopting the new rules.

Operating cash flows will increase, and financing cash flows decrease by approximately $319,694 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The company's activities as a lessor are operating leases and hence the company does not expect any significant impact on the financial statements.

		2019	2018
		$	$
2	**Operating Revenue**		
	The company derives revenue from the transfer of goods and services over time and at a point in time in the following major classifications:		
	Revenue recognised over time		
	Network Lines Revenue	18,548,887	18,576,952
	Revenue recognised at a point in time		
	Capital Contributions	1,790,631	1,667,620
	Administration levy	140,404	-
	Contracting	1,019,096	1,807,793
	Fault Recoveries	147,099	-
		3,097,230	3,475,413
	Other Revenue		
	Metering	537,429	571,272
	Bad Debts Recovered	461	3,109
	Fibre Rent Received	401,630	-
	Rent Received	16,554	12,600
	Loss Rental Rebate	245,500	400,301
	Other Income	57,726	573,753
		1,259,300	1,561,035
		22,905,417	23,613,400
	Note		
(i)	As at 31 March 2019, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) is $405,446, of which 100% will be recognised as revenue during the next reporting period.		
(ii)	$279,321 of revenue recognised in the reporting period was included in the contract liability balance at the beginning of the period.		

		2019	2018
		$	$
3	**Operating Expenses**		
	Operating Expenses Comprise:		
	Operating Costs	4,076,255	4,266,520
	Directors' Fees	227,045	201,083
	Donations	116,745	110,595
	Audit Fees (Financial Statements) – PWC	64,900	61,900
	Audit Disbursements (Financial Statements) – PWC	10,250	10,050
	Taxation Services – PWC	-	400
	Taxation Services – Other firms	15,316	16,879
	Regulatory Audit Including Disbursements – PWC	35,040	53,389
	Other Regulatory Audits – Other firms	34,809	5,544
	Rent	15,751	21,000
	Bad Debts Written Off	25,581	918
		4,621,692	4,748,278
4	**Depreciation, Amortisation and Impairment**		
	Depreciation Comprises:		
	Buildings	69,551	70,860
	Network Reticulation System	2,989,035	2,870,595
	Meters and Relays	20,346	59,298
	Plant and Equipment	694,698	625,315
	Fibre Network	182,308	182,308
	Intangibles	193,718	179,002
	Total Depreciation	4,149,656	3,987,378
	Loss on Disposal of Property, Plant and Equipment	240,146	141,863
	Total Depreciation, Amortisation and Impairment	4,389,802	4,129,241

		2019	2018
		$	$
5	Taxation		
	Tax Expenses For Period Made Up Of:		
	Current Taxation Expense	406,601	686,805
	Deferred Taxation Expense	806,691	737,852
		1,213,292	1,424,657
	Profit Before Income Tax	3,994,291	5,158,299
	Prima Facie Taxation @28 cents	1,118,402	1,444,324
	Movement in Income Tax Due to -		
	Non Deductible Expenses	32,333	49,298
	Prior Period Adjustment	62,557	(68,965)
		94,890	(19,667)
	Tax Expense	1,213,292	1,424,657
	Deferred Tax Movements		
	Capital Contributions	(94,053)	(109,747)
	Depreciation	(197,331)	(714,373)
	Prior Period Adjustment	(556,224)	66,919
	Other	40,917	19,349
		(806,691)	(737,852)
	Income Tax Expense	406,601	686,805

5	Taxation (Continued)			
		Depreciation	Other	Total
		$	$	$
	Deferred Tax Liability			
	Opening Balance as at 1 April 2017	11,582,327	1,546,408	13,128,735
	Change in the Year	714,373	23,479	737,852
	Closing Balance as at 31 March 2018	12,296,700	1,569,887	13,866,587
	Opening Balance as at 1 April 2018	12,296,700	1,569,887	13,866,587
	Change in the Year	197,331	609,360	806,691
	Closing Balance as at 31 March 2019	12,494,031	2,179,247	14,673,278
	Current and Non-Current Deferred Tax Liability			
	2018			
	Current Deferred Tax	-	-	-
	Non-Current Deferred Tax	12,296,700	1,569,887	13,866,587
	Total Deferred tax	12,296,700	1,569,887	13,866,587
	2019			
	Current Deferred Tax	-	-	-
	Non-Current Deferred Tax	12,494,031	2,179,247	14,673,278
	Total Deferred tax	12,494,031	2,179,247	14,673,278

		2019	2018
		$	$
6	Trade and Other Receivables		
	Trade Receivables	2,413,063	2,058,364
	Loss Allowance	(54,277)	(34,663)
	Total Receivables	2,358,786	2,023,701
	Other Receivables	365,251	90,642
	Prepayments	214,218	222,449
	GST	-	62,966
	Balance at End of Year	2,938,255	2,399,758
	Less Non-Current Trade Receivables	-	-
	Current Trade and Other Receivables	2,938,255	2,399,758
	Trade and Other Receivables less than 90 days old	2,874,776	2,021,747
	Trade and Other Receivables greater than 90 days old	63,479	378,011
	Trade and Other Receivables greater than 90 days old and impaired	-	-
		2,938,255	2,399,758
	The company applies the simplified approach to measure the loss allowance on amounts due from customers and trade receivables at an amount equal to lifetime expected credit losses, taking into account the historic default experience and future prospects of the electricity industry.		

7	Property, Plant and Equipment						
		Network Reticulation System	Land & Buildings	Meters And Relays	Fibre Network	Plant And Equipment	Total
		$	$	$	$	$	$
	Gross Carrying Amount						
	At 1 April 2017	111,755,673	2,268,441	2,595,397	2,604,400	5,727,109	124,951,020
	Additions	7,835,704	398,333	-	-	873,452	9,107,489
	Disposals	(466,717)	(4,000)	-	-	2,740	(467,977)
	At 31 March 2018	119,124,660	2,662,774	2,595,397	2,604,400	6,603,301	133,590,532
	Additions	7,266,215	1,028,177	-	-	707,011	9,001,403
	Disposals	(646,221)	-	-	-	(11,829)	(658,050)
	At 31 March 2019	125,744,654	3,690,951	2,595,397	2,604,400	7,298,483	141,933,885
	Accumulated Depreciation and Impairment						
	At 1 April 2017	28,936,515	469,971	2,503,952	1,184,214	2,687,735	35,782,387
	Charge for the Year	2,870,595	70,860	59,298	182,308	625,315	3,808,376
	Disposals	(193,856)	(563)	-	-	349	(194,070)
	At 31 March 2018	31,613,254	540,268	2,563,250	1,366,522	3,313,399	39,396,693
	Charge for the Year	2,989,035	69,551	20,346	182,308	694,698	3,955,938
	Disposals	(330,920)	-	-	-	(928)	(331,848)
	At 31 March 2019	34,271,369	609,819	2,583,596	1,548,830	4,007,169	43,020,783
	Net Book Values						
	At 31 March 2018	87,511,406	2,122,506	32,147	1,237,878	3,289,902	94,193,839
	Work in Progress	940,338	35,195	-	-	11,559	987,092
		88,451,744	2,157,701	32,147	1,237,878	3,301,461	95,180,931
	At 31 March 2019	91,473,285	3,081,132	11,801	1,055,570	3,291,314	98,913,102
	Work in Progress	895,247	90,174	-	-	7,067	992,488
		92,368,532	3,171,306	11,801	1,055,570	3,298,381	99,905,590

		2019	2018
		$	$
8	**Intangible Assets**		
	Purchased Software		
	Gross Carrying Amount		
	Opening Balance	1,710,499	1,619,980
	Additions	99,633	90,519
	Disposals		-
	Closing Balance	1,810,132	1,710,499
	Accumulated Amortisation and Impairment		
	Opening Balance	1,113,215	934,213
	Charge for Year	193,718	179,002
	Disposals		-
	Closing Balance	1,306,933	1,113,215
	Net Book Value	503,199	597,284
	Work in Progress	-	50,000
	Carrying Amount	503,199	647,284

		2019	2018
		$	$
9	**Inventories**		
	Stores Inventory	1,704,623	1,352,305
10	**Trade and Other Payables**		
	Trade Payables	1,607,927	1,603,473
	Accruals	576,846	461,779
	Contract Liability - Capital Contributions (note 10(a))	405,446	279,321
	GST	29,493	-
	Balance at End of Year	2,619,712	2,344,573
	All trade and other payables have a maturity within one year		
10(a)	**Contract Liability - Capital Contributions**		
	Opening Balance	279,321	226,587
	Amount of transaction price received for unsatisfied performance obligations	2,057,160	1,720,354
	Revenue recognised from performance obligations satisfied	(1,931,035)	(1,667,620)
	Closing Balance	405,446	279,321
11	**Employee Entitlements**		
	Leave Entitlements	616,142	551,853
	Other Entitlements	118,963	114,317
	Total	735,105	666,170

		2019	2018
		$	$
12	**Share Capital**		
	Fully Paid-up Ordinary Shares	14,000,000	14,000,000
	Non-Issued Shares and Shares Held by the Company	-	-
	Total Number of Ordinary Shares Authorised	**14,000,000**	**14,000,000**
	The Company has one class of shares, which is "ordinary shares". Each ordinary share has a value of $1.00 and ranks equally for voting and distribution rights. All shares are held by Waitaki Power Trust. A share premium of $571,119 was paid with the acquisition of shares. As at the date of authorisation for issue of these financial statements, no dividends have been proposed or declared that are not recognised as a distribution in the 2019 year (2018 Nil).		
13	**Retained Earnings**		
	Balance at beginning of year	75,223,268	71,589,626
	Net Surplus for Year	2,780,999	3,733,642
	Dividend Paid	-	(100,000)
	Balance at End of Year	78,004,267	75,223,268
14	**Reconciliation of Net Profit with Cashflow from Operating Activities**		
	Net Profit for the Year	2,780,999	3,733,642
	Add/(Less) Non-Cash Items:		
	Depreciation and Amortisation	4,389,802	4,129,241
	Deferred Taxation	806,691	737,852
		5,196,493	**4,867,093**
	Add/(Less) Movements in Working Capital Items:		
	(Increase) / Decrease in Trade and Other Receivables	(538,497)	591,035
	(Increase) / Decrease in Inventories	(352,319)	(60,237)
	(Increase) / Decrease in Work in Progress	(8,409)	(16)
	Increase / (Decrease) in Tax Payable	221,446	469,004
	Increase / (Decrease) in Trade and Other Payables	275,139	134,790
	Increase / (Decrease) in Employee Entitlements	68,935	2,906
		(333,705)	1,137,482
	Net Cash Flows from Operating Activities:	7,643,787	9,738,217

		2019	2018
		$	$
15	**Loan from Waitaki Power Trust**		
	Opening Balance at 1 April 2018	1,150,000	1,150,000
	Amount Drawn Down through to 31 March 2019	-	-
	Closing Balance	**1,150,000**	**1,150,000**
	The loan is unsecured and interest charged on the loan is at commercial rates		
16	**Capital Commitments**		
	Network Assets	394,000	1,361,000
	Non-Network Assets	151,000	715,000
	Total	**545,000**	**2,076,000**
17	**Related Party Transactions**		
	Payments from Waitaki Power Trust to Network Waitaki Limited		
	Loan Outstanding at Balance Date	1,150,000	1,150,000
	Payments from Network Waitaki Limited to Waitaki Power Trust		
	Interest	66,355	66,355
	Outstanding Balance at Balance Date	-	-
	Payments from Network Waitaki Limited to A.J. Wood Chartered Accountants Limited		
	A.J. Wood Chartered Accountants Ltd is related to Network Waitaki Limited through its director, Mr. A.J. Wood, who is a shareholder and director of A. J. Wood Chartered Accountants Ltd.		
	Directors Fees	33,951	32,781
	Payments from Network Waitaki Limited to Original Performance Solutions Limited		
	Original Performance Solutions Limited is related to Network Waitaki Limited through its director, Mr C Bailey, who is a shareholder and director of Original Performance Solutions Limited.		
	Directors Fees	33,951	22,333
	Payments from Network Waitaki Limited to key management personnel		
	Payments to key management personnel are made in accordance with employment agreements.		
	Salaries	1,568,097	1,140,619

18 Analyses of Financial Liabilities

	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
At 31 March 2018				
Loan	$66,355	$66,355	$199,065	$1,813,550
Trade and Other Payables	$2,344,573	-	-	-
At 31 March 2019				
Loan	$66,355	$66,355	$199,065	$1,813,550
Trade and Other Payables	$2,619,712	-	-	-

The loan is interest only, with no maturity date; however, the Waitaki Power Trust has given an undertaking to give a minimum of 12 months' notice of the requirement to make any repayment of the advance outstanding or part thereof. The current interest rate is 5.77% (2018 5.77%). The over 5-year amounts allow for payments up to 10 years.

19 Operating Leases

	2019 $	2018 $
Lessors – Operating Leases		
No later than one year	434,502	405,228
Later than one year and no later than five years	1,641,216	1,595,660
Later than five years	4,721,841	5,032,445
	6,797,559	**7,033,333**

Network Waitaki leases out the fibre network it purchased in 2011. Its cost and accumulated depreciation values are shown in Note 7.

Lessees – Operating Leases

The future minimum lease payments under non-cancellable operating leases are as follows:

	2019 $	2018 $
No later than one year	465,727	514,130
Later than one year and no later than five years	1,827,591	2,048,045
Later than five years	857,199	1,421,141
	3,150,517	**3,983,316**

20 Contingent Liabilities

The Company has no contingent liabilities as at 31 March 2019 (2018 Nil).

FINANCIAL PERFORMANCE MEASURES			
STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 MARCH 2019			
	ACTUAL	SCI	VARIANCE
	$	$	$
Statement of Comprehensive Income			
Revenue Excluding Capital Contributions	21,359,737	27,309,841	(5,950,104)
Capital Contributions	1,790,631	1,267,000	523,631
Total Revenue	23,150,368	28,576,841	(5,426,473)
Less Expenses Excluding Depreciation	13,287,438	18,369,965	(5,082,527)
Less Depreciation	4,389,802	4,568,747	(178,945)
Net Profit before Discount and Tax	5,473,128	5,638,129	(165,001)
Less Discount	1,478,837	1,600,000	(121,163)
Net Profit Before Taxation	3,994,291	4,038,129	(43,838)
Less Taxation	1,213,292	1,130,676	82,616
Net Profit After Discount and Taxation	2,780,999	2,907,453	(126,454)
Comment			
The lower Net Profit after Taxation represents higher capital contributions as well as lower discount which has been offset by a lower operating profit and higher tax.			
BALANCE SHEET AS AT 31 March 2019			
	ACTUAL	SCI	VARIANCE
	$	$	$
Shareholders' Equity	92,575,386	92,814,100	(238,714)
Current Assets	11,481,662	5,399,517	6,082,145
Current Liabilities	3,491,787	2,168,313	1,323,474
Working Capital	7,989,875	3,231,204	4,758,671
Non-Current Assets	100,408,789	103,861,628	(3,452,839)
Non-Current Liabilities	15,823,278	14,278,732	1,544,546
Net Non-Current Assets	84,585,511	89,582,896	(4,997,385)
Total Net Assets	92,575,386	92,814,100	(238,714)
Comment			
Working Capital was higher than budget mainly as a result of under spending the capital budget which is reflected in lower Non-Current Assets. The Non-Current Liabilities variance is attributable to deferred tax.			

FINANCIAL PERFORMANCE MEASURES (CONTINUED)			
Key Financial Reporting Measures			
	ACTUAL	SCI	VARIANCE
NPBT to Shareholder Funds	4.31%	4.35%	-0.04%
Net Assets per Share	$6.61	$6.63	-$0.02
NPBT Earnings per Share in Cents	28.53	28.84	(0.31)
Ratio of Shareholders' Funds to Total Assets	82.74%	84.95%	-2.21%
Rate of Return After Tax on Shareholder Funds	3.00%	3.13%	-0.13%
Comment			
The lower than planned NPBT to Shareholder' Funds is mainly because of the lower Net Profit before Taxation as explained under the Statement of Comprehensive Income explanations.			
Non-Financial Performance Measures			
	ACTUAL	SCI	VARIANCE
Average Interruption Duration (SAIDI) – normalised Average number of minutes electricity supply was lost per customer, normalised by limiting the impact of a major event day	148	150 to 250	Outside Band
Average Interruption Frequency (SAIFI) – normalised Average frequency of interruptions to electricity supply per customer during the year, normalised by limiting the impact of a major event day	1.68	1.0 to 2.0	Inside Band
Comment			
The performance of the network has been affected by a change in policy restricting work on live equipment. Over half of the SAIDI minutes this year were due to planned outages.			

Health and safety measures – energy company boards and management understand that the most important matter they manage is health and safety. Therefore, we believe that our commitment to maintaining Health and Safety Management System Accreditation is fundamental to our company. Network Waitaki Limited continues to meet the Tertiary level requirements for ACC Workplace Safety Management Practice which was confirmed by an independent audit dated 19/9/18.

SOURCES OF INFORMATION

Network Waitaki's website, **www.networkwaitaki.co.nz**, contains information about our policies and operations. Paper copies are available from our office at 10 Chelmer Street Oamaru.

Information available on the **Network Waitaki website includes:**	**Other websites of interest include:**
	www.comcom.govt.nz (Commerce Commission)
Network Disclosures	www.utilitiesdisputes.co.nz. (Utilities Disputes Ltd)
Pricing Methodology	www.ea.govt.nz (Electricity Authority)
Tariff	www.mbie.govt.nz (Ministry of Business, Innovation and Employment)
Use of System Agreement	www.transpower.co.nz (Transpower)
Price Path Threshold	www.contact.co.nz (Contact Energy)
Tree Management	www.genesisenergy.co.nz (Genesis Energy)
Network Assets Management Plan	www.meridianenergy.co.nz (Meridian Energy)
Working Around Overhead Lines	www.mercury.co.nz (Mercury Energy)
Statement of Corporate Intent	www.trustpower.co.nz (TrustPower) www.whatsmynumber.org.nz (Consumer Powerswitch) www.eeca.govt.nz (Energy Efficiency and Conservation Authority)

Feedback: email service@networkwaitaki.co.nz with suggestions on how we can improve our reporting and consulting with consumers.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NETWORK WAITAKI LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

The Auditor-General is the auditor of Network Waitaki Limited (the company). The Auditor-General has appointed me, Nathan Wylie, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements and the performance information of the company on his behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 12 to 32, that comprise the statement of financial position as at 31 March 2019, the 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 significant accounting policies and other explanatory information; and
- the performance information of the company on pages 33 to 34.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 31 March 2019; 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 Reduced Disclosure Regime; and
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 31 March 2019.

Our audit was completed on 27 May 2019. 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 Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

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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 Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is also responsible on behalf of the company for preparing performance information that is fairly presented.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 it 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 and performance information.

For the budget information reported in the financial statements and performance information, our procedures were limited to checking that the information agreed to the company's statement of corporate intent.

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

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 risks of material misstatement of the financial statements and the performance information, 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 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 company's internal control.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance;
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 and performance information 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 company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 11, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements in the areas of compliance with the Electricity Distribution (Information Disclosure) Determination 2012 which are compatible with those independent requirements. Other than the audit and these engagements, we have no relationship with, or interests in, the company.

Nathan Wylie
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand

DIRECTORY

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