mainpower TRUST

ANNUAL REPORT

2024

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DIRECTORY

Trustees

Secretary

Kathy Hansell — Koller & Hassall Limited

Trust Office

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PO Box 370
Rangiora 7400

Phone 03 313 8103
Email info@mainpowertrust.co.nz
Website www.mainpowertrust.co.nz

Banker

Westpac New Zealand

Solicitors

Simpson Grierson, Christchurch

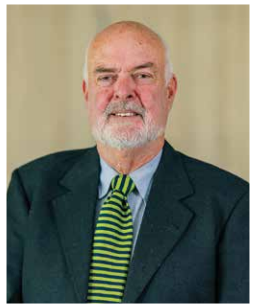
Auditor

Deloitte Limited

mainpower TRUST

MEET THE TRUSTEES

Left to right: Richard Allison, Andrew Thompson, Kevin Brookfield (Chair), Gary Walton, Cameron Henderson, Jo Ashby, Allan Berge, Kathy Hansell (Secretary)



Kevin Brookfield
Chair

Kevin has been the Trust Chair since March 2018. The added time to Kevin's role with MainPower Trust effectively means other business ventures stay on hold.

Alongside MainPower Trust, Kevin presides over a 15 hectare lifestyle block in Amberley. Kevin enjoys a close input with four growing grandchildren, and wouldn't have it any other way.

Richard Allison
Deputy Chair

Richard was first elected to MainPower Trust in 1999 and is Deputy Chair. Following Massey University, he and his wife Jeanette worked in London and backpacked around Europe.

They returned to New Zealand and went farming. From 2001, they have been managing preschools in Rangiora and Christchurch.

Jo Ashby
Trustee

Jo was elected to the MainPower Trust in 2013. Jo and her family run a dairy farm business they have owned for more than 20 years. She is a qualified accountant (currently retired status) having specialised in rural accounting.

Jo has been involved with a number of community organisations over the 35 years she has lived in the Waimakariri district.

Allan Berge
Trustee

Allan was elected as a Trustee in March 2017. Allan held the position of Chief Executive and Managing Director of MainPower for 28 years prior to his retirement in 2015.

Allan is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants Australia and New Zealand, a Fellow of the Institute of Management New Zealand and a member of the Institute of Directors.

Cameron Henderson
Trustee

Cameron was elected to the MainPower Trust in 2023. Cameron and his family operate two irrigated farms near Oxford. One is home to a 50kw solar farm.

He has been involved in a range of local community groups having served as a president of North Canterbury Federated Farmers,deputy chair of the Waimakariri Zone Committee and current trustee of Waimakariri Landcare Trust.

Andrew Thompson
Trustee

Andrew is the Chief Financial Manager of Forte Health and has previously held senior commercial roles with Fulton Hogan and Sealord. He is a Fellow of the Institute of Chartered Accountants Australia and New Zealand, and is on the Woodend-Sefton Community Board. A development role with MainPower in the mid-2000's advancing the Mt Cass Wind Farm and energy efficiency programmes cemented his interest in the electricity industry.

Gary Walton
Trustee

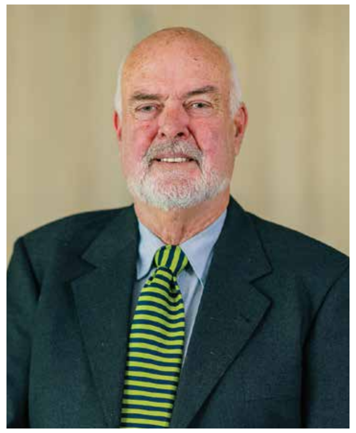
Gary was elected to the Trust in 2020. He is married to Julie and has five children and two grandchildren.

Together, they intensively farm a small block in Loburn, producing eggs at the gate, beef, lamb and a range of vegetables.

Gary operates his own farm advisory business and is the Chairman of Loburn Irrigation Company.

Kathy Hansell
Secretary

Kathy is a Chartered Accountant and a Director of Koller & Hassall Ltd in Rangiora. Kathy has been assisting the Trust as Trust Secretary since 2010.



CHAIR'S REPORT

Welcome to the MainPower Trust's 2024 AGM.

As is customary, I will introduce you to your current Trust members. Myself, Richard Allison, Jo Ashby, Andrew Thompson, Allan Berge, Gary Walton and Cameron Henderson.

There have been no Board changes this last year. The annual retirement by rotation included reappointments for Fraser Jonker and Brian Wood and both have accepted our request to renew.

This year sees the preparation of the Capital Distribution Review Report, which is held every 6 years. Most will have received this either online or direct mail. This is the first time we have been able to email information directly to beneficiaries. It also has the additional benefit of reducing administrative (mail) costs of the trust.

Prior to coming to an initial proposed decision, the Trustees sought advice from Northington Partners on the performance of and outlook for MainPower New Zealand Limited. They have advised us that the Company is performing well against its peers.

On 12th March 2024 the Trustees resolved unanimously their Capital Review Proposal. The decision, subject to the consultative process, is that it is in the best interests of Beneficiaries that the Trust continue to hold 100% of the distributable capital of the Trust. The consultative process requires the Trustees to ask beneficiaries if they agree with their initial decision.

Responses, queries and submissions are welcome and should be in to Kathy & office by 23rd August 2024. A public meeting will be held on 3rd September at the Artisan Café oval room where beneficiaries can discuss submissions with Trustees. You are welcome to attend.

The Trust's close relationship with the Board surrounding the Mt Cass Windfarm project has strengthened and we continue to be kept fully informed. Board Chair Tony King has no doubt kept you informed on current progress.

In October the full Board and Trust have booked in for an in-depth strategic meeting covering a joint appraisal of core business and opportunities.

Thanks again to our professional advisors: Kathy Hansell for her sterling secretarial expertise and Hugh Lindo our legal counsel. Both are present today and welcome any questions.

Special thanks to the Company, Board and Senior Executive staff over what has been a challenging year.

And finally, everyone who's part of Team MainPower. We acknowledge your efforts and professionalism.

Kevin Brookfield

Trust Chair
MainPower Trust

FINANCIAL REPORT 2024

FINANCIAL REPORT 2024

Audited consolidated financial statements

The Trustees are pleased to present the audited consolidated Group financial statements of MainPower Trust for the year ended 31 March 2024.

Authorised for issue on 24 July 2024
for and on behalf of trustees:

K.W. Brookfield (Chair)

R.W. Allison (Deputy Chair)

MainPower Trust Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

	Notes	Group 2024 $000	Group 2023 $000
Operating revenue	2	71,247	67,204
Other income	3	812	(398)
		72,059	66,806
Operating expenses	4	(39,858)	(35,577)
Depreciation and amortisation		(17,670)	(17,537)
Net finance income/(expense)	5	(4,092)	(2,139)
Accounted Joint Venture		(133)	-
		(61,753)	(55,253)
Profit before income tax expense		**10,306**	**11,553**
Income tax expense	6	(5,357)	(4,261)
Profit after Income Tax Expense		**4,949**	**7,292**
Attributable to:			
Equity holders of the parent		4,949	7,296
Non-controlling interests		(2)	(4)
		4,947	7,292
Net Gain/(Loss) on cash flow hedges for interest rate swaps		(296)	369
Total Comprehensive Income		**4,651**	**7,661**
Attributable to:			
Equity holders of the parent		4,653	7,665
Non-controlling interests		(2)	(4)
		4,651	**7,661**

The accompanying notes form part of and are to be read in conjunction with these financial statements

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MainPower Trust Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	Group 2024 $000	Group 2023 $000
Current assets			
Cash and Cash Equivalents		1,385	1,080
Trade and Other Receivables	7	6,480	6,716
Inventories	8	7,835	7,786
Prepayments		1,646	1,621
Tax Assets	6	423	1,676
Advances Receivable	22	3,795	-
Other Current Financial Assets	9	4,408	4,328
Current Interest Rate Swaps	27	-	6
Assets Held for Sale	15	8,389	20,593
Total Current Assets		34,361	43,806
Non-current assets			
Other Financial Assets	10	9,127	8,460
Property, Plant and Equipment	11	327,357	312,218
Capital Works Under Construction	12	18,376	16,736
Advances Receivable	22	8,200	-
Right-of-Use Assets	14	13,659	12,084
Non-Current Interest Rate Swaps	27	562	832
Intangible Assets	13	2,753	3,517
Total Non-Current assets		380,034	353,847
Total Assets		**414,395**	**397,653**
Current liabilities			
Trade and Other Payables	16	7,582	8,885
Advances Payable		-	39
Borrowings	18	5,500	-
Other Current Financial Liabilities	21	2,339	1,765
Liabilities Directly Associated with Assets Held for Sale	15	-	2,801
Total current liabilities		15,421	13,490
Non-current liabilities			
Other Non-Current Financial Liabilities	20	12,013	10,858
Deferred Tax Liabilities	17	53,985	49,812
Interest Rate Swaps	27	90	-
Non-Current Borrowings	18	50,000	45,150
Non-Current Provisions	19	762	801
Total non-current liabilities		116,850	106,621

The accompanying notes form part of and are to be read in conjunction with these financial statements

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MainPower Trust Consolidated Statement of Financial Position continued

As at 31 March 2024

	Notes	Group 2024 $000	Group 2023 $000
Trust Funds			
Retained Earnings		239,122	234,057
Reserves / Gain on Revaluation		43,003	43,413
Total equity attributable to members of the trust		282,125	277,470
Non-Controlling Interest		-	73
Total liabilities and equity		**414,395**	**397,653**

The accompanying notes form part of and are to be read in conjunction with these financial statements

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MainPower Trust Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Notes	Retained earnings $000	Asset Revaluation Reserve $000	Non-Controlling Interests $000	Cash flow Hedge Reserve $000	Total equity $000
Group						
Balance at 31 March 2022		226,762	42,761	77	283	269,883
Profit after Income Tax Expense		7,296	-	(4)	-	7,292
Net Gain /(Loss) on Cash Flow Hedges		-	-	-	369	369
Preference Shares Gifted to Beneficiaries		(1)	-	-	-	(1)
Balance at 31 March 2023		234,057	42,761	73	652	277,543
Profit after Income Tax Expense		4,951	-	(2)	-	4,949
Net Gain /(Loss) on Cash Flow Hedges		-	-	-	(296)	(296)
Revaluation Surplus		114	(114)	-	-	-
Acquisition of Controlled Entity		-	-	(71)	-	(71)
		5,065	(114)	(73)	(296)	4,582
Balance at 31 March 2024		239,122	42,647	-	356	282,125

The accompanying notes form part of and are to be read in conjunction with these financial statements

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MainPower Trust Consolidated Cashflow Statement

For the year ended 31 March 2024

	Notes	Group 2024 $000's	Group 2023 $000's
Cash flows from operating activities			
Receipts from customers		70,540	65,702
Interest received		455	200
Dividends received		178	232
Payments to suppliers and employees		(40,468)	(37,034)
Interest and other finance costs paid		(3,167)	(2,281)
Income tax (paid)		(95)	(19)
Net cash provided by operating activities		27,443	26,800
Cash flows from investing activities			
Proceeds from investment securities		(3,004)	400
Payment for investment securities		(335)	(274)
Payment for property, plant and equipment		(33,101)	(32,893)
Proceeds from sale of property, plant and equipment		158	41
Payment for intangible assets		(257)	(1,225)
Acquisition of a Subsidiary		(62)	-
Net cash used in investing activities		(36,601)	(33,951)
Cash flows from financing activities			
Repayment of Lease Liabilities		(2,273)	(2,096)
Advances from Third Party		-	1,000
Advances from Non-controlling Interests		-	39
Proceeds from borrowing		10,350	9,550
Net cash used in financing activities		8,077	8,493
Net increase/(decrease) in cash and cash equivalents		(1,081)	1,342
Summary			
Cash and cash equivalents at beginning of year		2,466	1,124
Net increase/(decrease) in cash and cash equivalents		(1,081)	1,342
Cash and cash equivalents at end of year		1,385	2,466
Represented by:			
Cash and bank balances		1,385	1,080
Cash and bank balances attributable to held for sale operations	15	-	1,386
Cash and Cash Equivalents at End of Year		1,385	2,466

The accompanying notes form part of and are to be read in conjunction with these financial statements

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Notes to the consolidated financial statements
For the year ended 31 March 2024

1. Statement of accounting policies

Reporting Entity
MainPower Trust (the 'Trust') is a Trust for the benefit of customers connected to the network of MainPower New Zealand Limited. The Group consists of MainPower Trust and MainPower New Zealand Limited and its subsidiaries.

The MainPower Trust was established by deed on 24th October 1995 and most recently amended 20th June 2024.

Statement of Compliance
These Consolidated 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 Reduced Disclosure Regime ('NZ IFRS – RDR') and other applicable accounting standards as appropriate for profit-oriented entities.

The Group has adopted External Reporting Board Standard A1 'Accounting Standards Framework (For Profit Entities Update)' ('XRB A1'). For the purposes of complying with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), the Group is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to IFRS Accounting Standards – Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and it is not a large for profit public sector entity.

Basis of Preparation
The Consolidated Financial Statements have been prepared in accordance with NZ GAAP and NZ IFRS RDR.

These Consolidated Financial Statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments as outlined in Note 1(l) and property, plant and equipment as outlined in Note 1(e).

These Consolidated Financial Statements are presented in New Zealand dollars, rounded to the nearest thousand.

Revenue, expenses, cash flows and assets are recognised net of the amount of Goods and Service Tax (GST), except for receivables and payables which are recognised inclusive of GST. Cash flows in respect of payments to and receipts from Inland Revenue are shown net in the Consolidated Statement of Cash Flows.

Significant Estimates, Assumptions and Judgements
Preparing financial statements to conform with NZ IFRS RDR requires the trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances and are regularly reviewed by the Group. Actual results may differ from these estimates.

Estimates and judgements have been made in the following areas:
- Electricity distribution network valuation (Note 11)
- Property, plant and equipment useful lives (Note 11)
- Determination of held-for-sale classification (Note 15)

Specific Accounting Policies

The following material accounting policies have been applied in the preparation and presentation of these Consolidated Financial Statements:

(a) Revenue recognition

The Group's principal activities are providing electricity distribution services and contracting services for end users of its network.
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

i. *Electricity Line Revenue*
Electricity Line Revenue is recognised at the fair value of services provided. These revenue streams relate to the provision of electricity distribution services; revenue is recognised over time based on an output method as the service is delivered to match the pattern of consumption.
Pass-through and recoverable cost revenue charged to customers includes transmission costs, statutory levies, and utility rates.

ii. *Customer Contribution Revenue*
Customer contribution revenue is recognised at the fair value of the works completed at a point in time.

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1. Statement of Accounting Policies continued

(a) Revenue Recognition continued

iii. *Contracting Revenue*
Contracting revenue is recognised at the fair value of the works completed or goods provided. For contracts with multiple performance obligations, revenue is recognised at a point in time when the performance obligation is satisfied.

iv. *Interest Revenue*
Interest revenue is recognised in the Consolidated Statement of Comprehensive Income as it accrues, using the effective interest rate method.

v. *Dividend Revenue*
Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established.

(b) Finance Expenses

Finance Expenses are expensed using the effective interest rate method to the Consolidated Statement of Comprehensive Income, unless they directly relate to the construction of qualifying assets, in which case they are capitalised.

(c) Distinction between Capital and Revenue Expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that has been incurred in the maintenance and operation of the property, plant and equipment of the Group.

(d) Inventories

Inventories are valued at the lower of cost at weighted average cost price or net realisable value.

(e) Property, plant and equipment

All property, plant and equipment are initially recognised at cost less accumulated depreciation and impairment losses. The cost of purchased property, plant and equipment is the fair value of the consideration given to acquire the assets and the value of other attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use. The cost of self-constructed assets includes the cost of materials, direct labour and an allowance for overheads.

Land and buildings are valued at fair value as determined on the basis of a periodic independent valuation prepared by external valuers, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in these Consolidated Financial Statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not significantly different from fair value.

The electricity distribution network is valued at fair value as determined on the basis of a periodic independent valuation prepared by external valuers, based on a discounted cash flow methodology. The fair values are recognised in these Consolidated Financial Statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of the distribution network is not materially different from fair value. Consideration is given as to whether the distribution network is impaired as detailed in Note 1(h).

Any revaluation increase arising on the revaluation of land and buildings and the distribution network 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 Consolidated Statement of Comprehensive Income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings and the distribution network 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 to a previous revaluation of that asset.

Capital Works Programme
The Group operates an extensive integrated electricity distribution network comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/ refurbishment programme, consistent with the Group's approved Asset Management Plan. Losses on contracts are taken to the Consolidated Statement of Comprehensive Income in the period in which they are identified. Refer also to Note 11 Property, Plant and Equipment regarding revaluations.

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1. Statement of Accounting Policies continued

(f) Depreciation

Depreciation is charged to the Consolidated Statement of Comprehensive Income on a combination of straight line and diminishing value basis on all tangible assets with the exception of land, at rates calculated to allocate the assets' fair value, less any residual value, over their useful lives.

Depreciation on revalued buildings and the distribution network is charged to the Consolidated Statement of Comprehensive Income. 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.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The main bases for the calculation of depreciation are as follows:

	Years
Buildings	6.5 to 100
Electricity Distribution Network	1 to 102
Plant, Equipment, Vehicles, Furniture and Fittings	2 to 25
Generation Assets	1 to 100

The carrying amount for an item of property, plant and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains and losses are included in the Consolidated Statement of Comprehensive Income. When revalued assets are sold, the amounts included in the Asset Revaluation Reserve in respect of those assets are transferred to Retained Earnings.

(g) Intangible Assets

i. *Computer Software*
Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives on a diminishing value basis. Useful lives are generally between three to five years.

Computer software is capitalised only to the extent to which the Group controls the software.

ii. *Research and Development Costs*
Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if future benefits are expected to exceed these costs. Otherwise, development expenditure is recognised as an expense in the period in which it is incurred.

(h) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amounts are the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. A cash generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If a revalued asset is determined to be impaired, then the impairment is firstly applied against the related component of the Asset Revaluation Reserve, with any remaining impairment loss expensed in the Consolidated Statement of Comprehensive Income. If the impairment loss is subsequently reversed, the reversal is firstly applied to the Consolidated Statement of Comprehensive Income to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the Asset Revaluation Reserve. For assets which are not revalued, an impairment loss is expensed immediately in the Consolidated Statement of Comprehensive Income. Any 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, if no impairment loss had been recognised.

Equity instruments, being shares in subsidiaries, are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the Consolidated Statement of Comprehensive Income.

1. Statement of Accounting Policies continued

(i) Leased assets

The Group leases certain motor vehicles, plant and equipment, sites, accessways, concessions, and electricity distribution equipment. At contract inception all contracts are assessed as to whether they contain a lease. That is, if the contract conveys the right to control the use of the identified asset(s) 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 lease of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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 life of the asset, as follows:

	Years
Sites, Accessways and Concessions	4 to 40
Plant, Equipment and Vehicles	3 to 11
Electricity Distribution Equipment	16 to 21

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. The right of use asset is also subject to impairment in accordance with Note 1(h).

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 period. 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 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 (IBR) 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.

The Group's lease liabilities are included in Financial Liabilities apportioned into Current and Non-Current terms. (refer Note 21).

iii. Short-term and Lease of Low-Value Assets
The Group applies the short-term lease recognition exemption to its short-term leases (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 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 expense on a straight-line basis over the lease term.

(j) Income tax

Income tax expense is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

1. Statement of accounting policies continued

(k) Employee benefits

Provisions made in respect of employee benefits expected to be settled within twelve months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within twelve months, such as long service leave, sickness and retiring leave, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date, taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

(l) Financial Instruments

The Group classifies its financial assets and liabilities into one of the categories below, depending on the purpose for which the asset was acquired, or the liability was incurred. The Group's accounting policy for each category is as follows:

i. Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short term highly liquid investments

ii. Financial Assets at Amortised Cost
The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

iii. Fair Value through Profit or Loss or Other Comprehensive Income
The Group has certain derivatives which are stated at fair value and the movements are recognised in the Consolidated Statement of Comprehensive Income (refer to Note1(l)vi)

iv. Payables
Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are recognised at fair value (being cost), and subsequently at amortised cost.

v. Borrowings
Borrowings are recorded initially at fair value, plus transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowing using the effective interest rate method.

vi. Derivative Financial Instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 27. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Profit or Loss or Other Comprehensive Income depending on the hedge accounting designation of the derivative.

(m) Basis of Consolidation

i. Subsidiaries
Subsidiaries are entities controlled either directly or indirectly by the Trust. The financial statements of subsidiaries are consolidated into the Group's financial statements. All intergroup balances and transactions are eliminated in full.

ii. Joint Venture
A joint venture is where the Group shares joint control over an entity and has rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method.

(n) Adoption of New and Revised Standards and Interpretations

There were no new or amended accounting standards mandatory for the year ended 31 March 2024 that were considered to have a material impact on the Group.

(p) Adoption of New and Revised Standards and Interpretations – Standards and Interpretations in Issue not yet Effective

No new accounting standards or interpretations have been adopted during the year that have a material impact on these Consolidated Financial Statements.

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	Group 2024 $000	Group 2023 $000
2. Operating Revenue		
Distribution Revenue	54,785	47,602
Pass-through and Recoverable Cost Revenue	10,064	12,991
Customer Rebates	(4,931)	(4,739)
Net Electricity Delivery Services Revenue	59,918	55,854
Capital Contributions Revenue	4,993	6,886
Contracting Revenue	2,685	2,395
Generation Revenue	1,872	1,075
Interest Revenue	315	211
Dividends	178	232
Gain on sale of Property, Plant & Equipment	124	22
Gain on Purchase of Subsidiary	9	-
Sundry Revenue	1,153	529
Operating revenue	71,247	67,204
Timing of Revenue Recognition		
Over Time	63,436	57,901
At a Point in Time	7,811	9,303
Operating revenue	71,247	67,204
3. Other income		
Fair value movement on investments	812	(398)
	812	(398)
4. Operating Expenses		
Bad debts written off	128	53
Directors fees and expenses	433	398
Trustees fees and expenses	154	150
Network Operations	4,181	2,336
Network Maintenance	9,223	6,852
Employee remuneration and benefits	5,949	7,779
Loss on disposal of property, plant and equipment	1,293	524
Operating Lease Costs	75	79
Generation Production & Operations	1,337	888
Community Relationship Expenses	939	772
Transmission Rental Charges[1]	9,140	10,627
Audit of the Consolidated Financial Statements	104	92
Other Assurance Services[2]	30	25
Sundry Expenses	5,488	5,002
Impairment Expenses	1,384	-
Operating Expenses	39,858	35,577

1. Transmission Rental Charges and Operating Lease Costs presented above are net of payments relating to lease liabilities and associated right-of-use assets accounted for under NZ IFRS 16. Such payments are presented within Depreciation and Finance Expenses as appropriate.
2. Commerce Commission Information Disclosure audit.
3. Refer Note 11 and 14 for further detail on impairment expenses.

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	Group 2024 $000	Group 2023 $000
5. Finance Expenses		
Interest Expense on Loans	3,435	2,281
Interest Rate Swaps Fair Value Movement	70	(637)
Interest Expense on Lease Liabilities	407	410
Sundry Finance Expenses	180	85
	4,092	2,139

6. Income Tax Expenses

	Group 2024 $000	Group 2023 $000
Income Tax Expense comprises:		
Current Income Tax Expense	1,177	1126
Adjustments to Prior Years	7	771
Temporary Differences	1,862	2,364
Deferred Tax Expense from Removal of Depreciation on Buildings	2,311	-
	5,357	4,261
Reconciliation of Profit Before Income Tax with Income Tax Expense:		
Profit Before Income Tax	10,306	11,557
Prima Facie Income Tax Expense Calculated at Respective Tax Rates	2,940	3,212
Other Permanent Differences	99	278
Deferred Tax Expense from Removal of Depreciation on Buildings	2,311	-
	5,350	3,490
(Over)/Under Provision in Previous Year	7	771
	5,357	4,261

In the year to 31 March 2023 the New Zealand Government passed the Taxation (Annual Rates for 2022-2023, Platform Economy, and Remedial Matters) Bill (No.2). This bill confirms that the companies applying the network approach to taxation of distribution networks will be required to apply the component approach from 1 April 2024. The legislated change in approach for calculating tax may mean that Main Power will be able to deduct less for its maintenance expenditure for tax purposes than it has previously.

The Group has recognised an additional deferred tax expense of $2.3m at 31 March 2024 as a result of the Government's removal of tax depreciation on commercial buildings effective from 1 April 2024.

The tax rates used in the above reconciliation are the trustee tax rate of 33% payable by New Zealand trustees on taxable income, and the company tax rate of 28% payable by New Zealand companies on taxable profits under New Zealand tax law.

Losses Carried Forward
The Parent (MainPower Trust) has unrecognised tax losses to carry forward arising from unused imputation credits of $1,046,248 (2023: $879,614).

Current tax assets and liabilities		
Current Tax Asset	423	1,676
Current Tax Liability	-	-

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Notes to the consolidated financial statements continued
For the year ended 31 March 2024

7. Trade and Other Receivables

	Group 2024 $000	Group 2023 $000
Trade receivables and Other Accruals	6,641	6,848
Provision for Doubtful Debts	(178)	(148)
Interest receivable	17	16
	6,480	6,716

8. Inventories

	Group 2024 $000	Group 2023 $000
Inventory on Hand	7,835	7,786
	7,835	7,786

9. Other Current Financial Assets

	Group 2024 $000	Group 2023 $000
Distribution Network Self-Insurance Fund Investment	3,227	3,095
Forsyth Barr Portfolio	1,181	1,233
	4,408	4,328

10. Other Non-Current Financial Assets

	Group 2024 $000	Group 2023 $000
Forsyth Barr Portfolio	9,127	8,460
	9,127	8,460

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11. Property, plant and equipment

	Freehold Land $000	Buildings $000	Electricity Distribution Network $000	Plant, Equipment, Vehicles, Furniture & Fittings $000	Generation Assets $000	Total $000
Consolidated Group						
Gross Carrying Amount						
Balance at 31 March 2022	5,970	16,431	337,268	13,238	15,954	388,861
Additions	-	222	25,809	607	602	27,240
Disposals	-	-	(723)	(490)	(28)	(1,241)
Classified as Assets Held for Sale	-	-	-	-	(8,623)	(8,623)
Balance at 31 March 2023	5,970	16,653	362,354	13,355	7,905	406,237
Additions	1826	842	27,830	1,011	-	31,509
Disposals	-	(136)	(1,563)	(743)	-	(2,442)
Impairment	-	-	-	-	(1,430)	(1,430)
Balance at 31 March 2024	7,796	17,359	388,621	13,623	6,475	433,874
Accumulated Depreciation and Impairment						
Balance at 31 March 2022	-	-	65,558	10,294	4,153	80,005
Depreciation expense	-	766	13,255	708	223	14,952
Disposals	-	-	(242)	(462)	-	(704)
Classified as Assets Held for Sale	-	-	-	-	(234)	(234)
Balance at 31 March 2023	-	766	78,571	10,540	4,142	94,019
Depreciation expense	-	738	12,936	788	237	14,699
Disposals	-	(34)	(444)	(693)	-	(1,171)
Impairment	-	-	-	-	(1,030)	(1,030)
Balance at 31 March 2024	-	1,470	91,063	10,635	3,349	106,517
Net book value at 31 March 2023	**5,970**	**15,887**	**283,783**	**2,815**	**3,763**	**312,218**
Net book value at 31 March 2024	**7,796**	**15,889**	**297,558**	**2,988**	**3,126**	**327,357**

a) Generation Assets

Generation assets relating to the Mt Cass wind farm project continue to be classfied as held for sale as at 31 March 2024. Refer to Note 15.
The balance at 31 March 2024 in Generation Assets largely relates to the Cleardale Hydro Station and solar generation panels.

b) Revaluations and impairment review

i) Electricity distribution network

A valuation of the Group's electricity network distribution assets was undertaken by Ernst & Young as at 31 March 2020 using the discounted cashflow basis in accordance with NZ IFRS 13 Fair Value Measurement. The Group's electricity network distribution assets were revalued to fair value of $253.36m.

The major assumption in the valuation were reviewed at the reporting date with no changes identified that would have a material impact on the fair value of the assets.

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11. Property, plant and equipment continued

ii) Cleardale hydro station

The Cleardale Hydro Station assets were reviewed for impairment at 31 March 2024. The review concluded that these assets were impaired. The revised carrying value of the Cleardale assets is $1.3m resulting in an impairment charge of $0.4m. This is included in Operating Expenses (refer Note 4).

The major assumptions within the impairment review included:
-Weighted average cost of capital 8.04%;
-Risk Free rate based on the ten-year Government Stock Yield of 4.66%;
-Electricity pricing forecast considering expected supply and demand factors specific to the Cleardale location;
-Forecast cashflow, including operating costs and capital expenditure required to maintain the asset at current operating levels.

iii) Mt Cass Wind Farm project

The Group's Mt Cass assets were reviewed for impairment at 31 March 2024. The assets subject to review include the held for sale balance of $9.4m (refer Note 15) and the advances receivable of $12.0m (refer Note 22).

The review concluded that the Capital Works Under Construction balance of $984k included in the Held for Sale category was fully impaired. The fair value of the remaining assets held for sale of $8.4m, and the advances receivable of $12.0m, was not deemed to be materially different to their carrying value.

The Group used a discounted cash flow (DCF) analysis to establish a value-in-use of the Mt Cass project as of 31 March 2024. This analysis was used by the Board to determine an appropriate valuation.

The inputs and assumptions used in the DCF analysis are highly sensitive to change, particularly those made in the calculation of an appropriate discount rate, and those predicting future generation revenues. As such, changes in future prices, or inputs used in deriving the discount rate, could have a material impact on the valuation of the Group's assets associated with the Mt Cass wind farm.

The major assumptions within the impairment review, and associated sensitivities, included:
-Electricity pricing forecast taking into account expected supply and demand factors specific to the Mt Cass location. This is considered highly sensitive given the compounded effect over several years of a small change in predicted demand or supply The Group considered a range of possible forecast electricity prices and has opted for an average price path in this valuation;
-Weighted average cost of capital 7.67%. A change in one input used in the calculation of the WACC could have a material impact on the valuation. Where there is some uncertainty in particular input, the Group has generally opted for the mid-point of a given range:
-Forecast cashflow, including operating costs and capital expenditure for the expected useful life of the assets.

iv) Land and non-substation buildings

The Group's Land and Buildings assets were revalued to fair value of $22.4m as at 31 March 2022 in accordance with the independent valuation conducted by FordBaker Limited.

The major assumptions in the valuation were reviewed at the reporting date with no changes identified that would have a material impact on the fair value of the assets.

v) Other

The Group's Plant, Equipment, Vehicles, Furniture and Fittings are carried at cost less accumulated depreciation.

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12. Capital Works Under Construction

	Freehold Land $000	Buildings $000	Electricity Distribution Network $000	Plant, Equipment, Vehicles, Furniture & Fittings $000	Generation Assets $000	Total $000
Balance at 31 March 2022	-	-	15,214	194	5,720	21,128
Additions	-	222	27,230	506	4,935	32,893
Transfers	-	(222)	(25,809)	(607)	(602)	(27,240)
Classified as Assets Held for Sale	-	-	-	-	(10,045)	(10,045)
	-	-	1,421	(101)	(5,712)	(4,392)
Balance at 31 March 2023	**-**	**-**	**16,635**	**93**	**8**	**16,736**
Additions	159	73	29,159	302	190	29,883
Transfers	(159)	-	(27,830)	(246)	(8)	(28,243)
	-	73	1,329	56	182	1,640
Balance at 31 March 2024	**-**	**73**	**17,964**	**149**	**190**	**18,376**

Capital Works Under Constructions relating to the Mt Cass wind farm project have been classified as held for sale and subsequently disposed of as at 31 March 2024. Refer to Note 15.

13. Intangible Assets

	Computer Software $000	Development Costs $000	Total $000
Gross Carrying Amount			
Balance at 31 March 2022	6,056	507	6,563
Additions	-	1,225	1,225
Transfers	1,525	(1,525)	-
Disposals	-	-	-
Balance at 31 March 2023	7,581	207	7,788
Additions	6	251	257
Transfers	201	(201)	-
Disposals	(17)	-	(17)
Balance at 31 March 2024	7,771	257	8,028
Accumulated Amortisation and Impairment			
Balance at 31 March 2022	3,573	-	3,573
Amortisation Expense	698	-	698
Disposals	-	-	-
Balance at 31 March 2023	4,271	-	4,271
Amortisation Expense	1,021	-	1,021
Disposals	(17)	-	(17)
Balance at 31 March 2024	5,275	-	5,275
Net Book Value at 31 March 2023	3,310	207	3,517
Net Book Value at 31 March 2024	**2,496**	**257**	**2,753**

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14. Right-of-Use Assets at Present Value

	Sites, Accessways and Concessions $000	Plant, Equipment and Vehicles $000	Electricity Distribution Equipment $000	Total $000
Consolidated Group				
Gross Carrying Amount				
Balance at 1 April 2022	1,079	5,458	11,750	18,287
Additions	105	285	1,522	1,912
Modifications	-	(8)	-	(8)
Classified as Assets Held for Sale	(758)	-	-	(758)
Balance at 31 March 2023	426	5,735	13,272	19,433
Additions	458	3,348	1,441	5,247
Modifications	(54)	(5)	(1,441)	(1,500)
Disposals	-	(1,621)	-	(1,621)
Balance at 31 March 2024	830	7,457	13,272	21,559
Accumulated Depreciation				
Balance at 1 April 2022	199	2,726	2,536	5,461
Depreciation expense	66	943	879	1,888
Disposals	-	-	-	-
Balance at 31 March 2023	265	3,669	3,415	7,349
Depreciation expense	69	932	949	1,950
Disposals	-	(1,399)	-	(1,399)
Balance at 31 March 2024	334	3,202	4,364	7,900
Net book value at 31 March 2023	161	2,066	9,857	12,084
Net book value at 31 March 2024	**496**	**4,255**	**8,908**	**13,659**

Right of Use assets relating to the Mt Cass wind farm project have been classified as held for sale and sold. Refer to Note 15.

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Notes to the consolidated financial statements continued

For the year ended 31 March 2024

15. Assets Held for Sale

As at 31 March 2023 the Group disclosed $20.6m assets held for sale and $2.8m liabilities related to assets held for sale in respect to its subsidiaries GreenPower New Zealand Limited and Mt Cass Wind Farm Limited. During the reporting period the Group disposed of these subsidiaries, retaining a joint interest through a 50% shareholding in GreenPower New Zealand Limited. Completion of the sale of the remaining "Other Assets Held by the Group" totaling $9.4m, is expected to occur within the next 12 months of the reporting date.

As at 31 March 2024, the Capital Works Under Construction of $984k were deemed to be impaired to their fair value of nil (refer Note 11)

The Major classes of assets and liabilities classified as held for sale as at 31 March 2024, are as follows:

	Group 2024 $000	Group 2023 $000
Major Classes of Assets and Liabilities Held for Sale		
Cash	-	1,386
Prepayments	-	16
Property, Plant, and Equipment	8,389	8,389
Capital Works Under Construction	984	10,045
Right of Use Assets	-	758
Impairment	(984)	
Total Assets Held for Sale	8,389	20,593
Comprised of:		
All Assets Relating to the Subsidiaries GPNZ and MCWFL	-	11,220
Other Assets Held by the Group	8,389	9,373
	8,389	20,593
Trade and Other Payables	-	(1,021)
Loan from Third Party	-	(1,000)
Lease Liabilities	-	(53)
Other Non-Current Liabilities	-	(727)
Total Liabilities Relating to Assets Held for Sale	-	(2,801)

16. Trade and other payables

	Group 2024 $000	Group 2023 $000
Trade payables	3,464	4,944
Other Accruals	991	1,301
Employee Entitlements	2,666	2,338
GST Payable	461	302
	7,582	8,885

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Notes to the consolidated financial statements continued

For the year ended 31 March 2024

17. Deferred Tax Liabilities

	Group 2024 $000	Group 2023 $000
Opening Balance	49,812	47,448
Charged to Profit and Loss:		
- Property, Plant & Equipment	2,034	2,330
- Building Depreciation Removed	2,311	-
- Intangible Assets	(51)	225
- Other Temporary Differences	(121)	(191)
	4,173	2,364
Closing Balance	53,985	49,812
Represented as:		
Deferred Tax on Property, Plant and Equipment	52,572	50,538
Deferred Tax on Building Depreciation Removed	2,311	-
Deferred Tax on Intangible Assets	455	506
Deferred Tax on Other Temporary Differences	(1,015)	(894)
Deferred Tax on tax losses	(338)	(338)
	53,985	49,812

18. Borrowings

	Group 2024 $000	Group 2023 $000
Current Term Loan	5,500	-
Non-Current Term Loan	50,000	45,150
Total Borrowings	55,500	45,150

The Group has multi-option bilateral credit facilities of $165m which are unsecured and subject to a negative pledge arrangement.

All tranches were restructured in November 2023. $20m of the facility is due for renewal by 29 March 2025; of this, $5.5m has been drawn down as of 31 March 2024 and has been classified as a current liability.

Of the remaining $145m, $30m is due for renewal by December 2025 and $115m due for renewal by November 2026. As at 31 March 2024, $50m has been drawn down.

During the year no interest was capitalised to MainPower's Generation or Electricity Distribution Network Assets (2023: Nil).

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19. Non-current provisions

	Employee Entitlements $000
Balance at 31 March 2023	801
Amounts Utilised	(548)
Other Movements	509
Balance at 31 March 2024	**762**

The provision is an actuarial assessment of entitlements to long service, sick and retirement leave that may become due to employees in the future.

The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken.

The movements in the year comprise of the amounts paid out to employees during the year, a reclassification of vested long service leave to current liabilities, movements caused by reassessment of the actuarial assumptions at the reporting date and increases for estimates in sick leave payable to employees due to continued service.

20. Other Non-Current Liabilities

	Group 2024 $000	Group 2023 $000
Rebate Shares at Cost	6	6
Lease Liabilities (refer Note 21)	12,007	10,852
	12,013	10,858

Rebate shares have a nominal value of 10 cents per share. MainPower Trust holds 12,835 rebate shares with the remainder (42,305) relating to unclaimed redemptions from Qualifying Customers who have left the MainPower Network.

647 rebate shares were redeemed during the year at 10 cents each (2023: 587).

21. Lease Liabilities

	Group 2024 $000	Group 2023 $000
Opening Balance at 1 April	12,617	13,179
Additions	5,248	1,912
Modifications	(1,500)	(8)
Disposals	(153)	-
Accretion of Interest	407	410
Payments	(2,273)	(2,096)
Liabilities Directly Attributed to Assets Held for Sale (Note 15)	-	(780)
Closing Balance as at 31 March	14,346	12,617
Represented as:		
Current	2,339	1,765
Non-Current (refer Note 20)	12,007	10,852
	14,436	12,617

The following amounts are represented in the Statement of Comprehensive Income:

	Group 2024 $000	Group 2023 $000
Depreciation Expense on Right-to-Use Assets	1,950	1,888
Interest Expense on Lease Liabilities	407	410
Expenses relating to Short-Term Leases	-	22
Expenses relating to Low-Value Leases	75	58
	2,432	2,378

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22. Group Structure

Details of the Group's material subsidiaries for the year ended 31 March 2024 are as follows:

Name	Principal Activity	Place of Operation	Ownership Interest and Voting Power 2024	2023
MPNZ Investments Limited	Provision of growth initiative outside electricity distribution network.	New Zealand	100%	100%
GreenPower New Zealand Limited	Non-trading 100% owner of Mt Cass Wind Farm Limited	New Zealand	50%	100%
Mt Cass Wind Farm Limited	Construction and operation of wind turbine farm	New Zealand	50% (as 100% owned by GreenPower New Zealand Limited)	100% (as 100% owned by GreenPower New Zealand Limited)
Kakariki Power Limited	Electricity energy sales operations	New Zealand	100%	80%

GreenPower and Mt Cass

In May 2023 the Group sold 50% of its share in GreenPower New Zealand Limited. ("GreenPower"). GreenPower wholly owns 100% of Mt Cass Wind Farm Limited ("Mt Cass").

The above-described transaction has resulted in the derecognition by the Group of the GreenPower and Mt Cass subsidiaries and subsequent recognition of an equity-accounted joint venture. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement and therefore the joint arrangement has been classified as a joint venture.

The change has resulted in the separate recognition of Advances Receivable, $3.8m current and $8.2m non-current, being amounts owed by the joint venture to the Group for pre-construction activities for the Mt Cass Wind Farm project. In prior periods, as GreenPower and Mt Cass were recognised as 100% subsidiaries, these advances were eliminated as intragroup balances.

Kakariki Power Limited

In March 2024 the Group acquired the 20% minority interest in Kakariki Power Limited bring the Group's total ownership to 100%. The transaction resulted in a gain on bargain purchase.

23. Commitments

The Group was committed to capital expenditure amounting to $1.6m (2023: $5.4m) at the reporting date. The value for last year included $4.1m for the Mt Cass wind farm project.

The Group's capital expenditure commitment in relation to the Mt Cass wind farm project is $0.8m.

The Group is contractually committed to cash outflows relating to several service agreements over the next three years from the reporting date. The total committed operating expenditure for these contracts is $2.2m (2023: $3.3m). The largest commitment is for the provision of cloud-based software services ($1.0m).

24. Contingent Assets and Liabilities

The Group had no significant contingent assets or liabilities as at 31 March 2024 (2023: nil).

25. Significant Events after Balance Date

In April 2024 the Mt Cass project received notification from one of its shareholders that the funding requested to reach financial close would not be available. The MainPower New Zealand Limited Board subsequently resolved to support the Mt Cass project's pre-construction activities whilst alternative investment is sought. The future of the project at the date of signing this report is uncertain.

The financial effect of the above is unknown at this stage. The carrying value of the assets relating to the Mt Cass project are deemed to be equivalent to their fair value, as detailed in Note 11, although we draw the reader's attention to the highly sensitive nature of the inputs used in the analysis. The inputs in that value-in-use assessment have not materially changed as a consequence of the withdrawal of shareholder support.

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26. Related-party transactions

Group Structure
There were no significant related party transactions within the Group during the period.

No provisions were made for doubtful debts relating to the outstanding balances nor any doubtful debts expense was recognized in relation to related parties during the period.

	Group 2024 $000	Group 2023 $000
Key Management Personnel Compensation		
Employee Remuneration and Benefits	2,931	2,746

Executive staff remuneration comprises salary and other short-term benefits. MainPower executives appointed to the boards of related companies do not receive directors' fees personally.

Other Transactions Involving Related Parties
During the period, Stephen Lewis as a sole trader has provided services to the Network outside of his commitments as a director. This was invoiced monthly, and the total did not exceed $1,000 for any individual transactions.

During the period, Brian Wood as a sole trader has provided services to the Group outside of his commitments as a director. This was invoiced monthly, and the total did not exceed $1,000 for any individual transactions.

The Group may transact on an arm's length basis with companies in which Directors have a disclosed interest. During the period the total did not exceed $1,000 for any individual transactions.

The Group paid directors' and trustees' fees totaling $403,973 and $147,500 respectively (2023: $378,000 and $144,722).

Key Management Personnel of the Group purchased sundry goods and services from Group companies during the period. The Group offers all employees and directors the option of joining its electricity retailer, Kakariki Power, and some Key Management Personnel have taken this up. Excluding Kakariki Power all other purchases by Key Management Personnel did not exceed $1,000 for any individual (2023: all less than $1,000). There were no significant outstanding balances with key management personnel at the end of the period (2023: nil). All transactions were conducted on standard commercial terms.

27. Financial Instruments

The Group has exposure to the following risks in the normal course of the Group's business:

- Liquidity risk
- Interest Rate risk
- Credit risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The significant accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied in respect of each class of financial asset, financial liability, and equity instrument are disclosed in Note 1.

Liquidity risk management
Liquidity risk represents the risk that the group may not be able to meet its contractual obligations.

The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its contractual obligations and it has sufficient funding arrangements in place to cover potential shortfalls.

Unsecured multi option credit facilities as at 31 March 2024 maturing as follows:
$20m on 29 March 2025
$30m on 16 December 2025
$115m on 30 November 2026

	Group 2024 $000	Group 2023 $000
Amount used at Reporting Date	55,550	45,150
Amount unused at Reporting Date	109,500	39,850
	165,050	85,000

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27. Financial Instruments continued

Interest rate risk management
Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group has interest bearing debt which is subject to interest rate variations in the market.

In accordance with the Group's treasury policy, interest rate swaps are used to manage the Group's interest rate exposure on long term floating rate borrowings within the range of 30% and 70% of borrowings. The Group has entered into interest rate swaps with Westpac New Zealand Limited and annually undertakes a valuation to establish the fair value of those swaps.

Swaps entered into after December 2021 are hedge accounted, meaning that any fair value gain or loss is recognized in the Cash Flow Hedge Reserve through Other Comprehensive Income. Fair value gains or losses on hedges entered into prior to December 2021 are recognized through Profit or Loss.
The following table details outstanding interest rate swaps as at the reporting date.

	Average contracted fixed interest rates	Notional principal swap amounts		Carrying value asset/ (Liability)	
Swap maturity dates	**%**	**2024 $000**	**2023 $000**	**2024 $000**	**2023 $000**
30 June 2023	-	-	5,000	-	6
31 March 2024	-	-	5,000	-	27
31 March 2026	3.91	7,000	7,000	116	153
30 June 2025	2.77	5,000	5,000	142	225
30 December 2025	2.84	5,000	5,000	170	245
30 June 2025	2.91	5,000	5,000	134	182
8 March 2029	4.45	10,000	-	(63)	-
10 March 2030 (Forward Start)	4.17	5,000	-	(27)	-
		37,000	**32,000**	**472**	**838**
Disclosed as:					
Current Assets				-	6
Non-Current Assets				562	832
Current Liabilities				-	-
Non-Current Liabilities				(90)	-
				472	**838**

Credit risk management
Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group.

The Group manages its exposure to credit risk by:

- Placing cash, short term investments and derivative instruments with registered New Zealand banks with a minimum rating in line with the MainPower New Zealand Limited treasury policy
- Performing credit evaluations on customers requiring credit wherever practical and monitoring credit exposures to individual customers.

	Group 2024 $000	Group 2023 $000
Cash and Cash Equivalents	1,385	1,080
Trade and Other Receivables (refer Note 7)	6,480	6,716
Other Current Financial Assets (refer Note 9)	4,408	4,328
Trade and Other Payables (refer Note 16)	7,582	8,885

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Independent Auditor's Report

To the Trustees of MainPower Trust

Opinion

We have audited the financial statements of MainPower Trust and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages **14-37** present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

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

Other than in our capacity as auditor and the other assurance engagement in relation to the Commerce Commission disclosure audit, we have no relationship with or interests in the Trust or any of its subsidiaries, except that partners and employees of our firm deal with the Trust and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Trust and its subsidiaries.

Trustees' responsibilities for the consolidated financial statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the trustees are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on at the External Reporting Board's website at:

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

This description forms part of our auditor's report.

Restriction on use

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

Deloitte Limited

For Deloitte Limited
Christchurch, New Zealand
24 July 2024

This audit report relates to the consolidated financial statements of MainPower Trust (the 'Trust') for the year ended 31 March 2024 included on the Trust's website. The Trustees are responsible for the maintenance and integrity of the Trust's website. We have not been engaged to report on the integrity of the Trust's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 24 July 2024 to confirm the information included in the audited consolidated financial statements presented on this website.

REQUESTS FOR INFORMATION BY BENEFICIARIES

MainPower Trust is a signatory to the ETNZ Guidelines for Access to Information by the Beneficiaries of Electricity Community and Consumer Trusts (the Guidelines). As such, the Trust is required to provide details of requests for information by beneficiaries during the previous year (excluding items referred to in Clause 6.2 of the Guidelines). The Trust is required to provide details of the number of requests received and the cost of processing those requests. It is also required to report on the number of Trust decisions not to supply such information which have been subject to review and the cost and outcomes of such reviews.

There were no requests received in the twelve months to 31 March 2024 for information by beneficiaries other than for items included in Clause 6.2 of the Guidelines. There was therefore no additional cost to the Trust in processing any requests.

There were no instances where information was not disclosed to qualifying customers during the year to 31 March 2024. As a result, there were no Trust decisions subject to review and no associated costs.