

**Consolidated Statement of Comprehensive Revenue and Expense
for the year ended 31 March 2022**

	Notes	Group 2022 \$000	2021 \$000
Revenue from Exchange Transactions			
Investment Gains/(Losses)	2a	15,749	67,052
Generation, Retail & Energy	2b	162,737	128,003
Other Revenue	2c	4,298	7,313
		182,784	202,368
Less Expenses			
Cost of Sales - Electricity		120,904	92,886
Audit Fees – Deloitte Limited	2d	172	109
Other Fees paid to Auditor	2d	26	20
Investment Advice/Management Fees		47	78
Trustee Remuneration		212	208
Employee Remuneration	2e	6,485	6,755
Depreciation & Amortisation Expense	2f	7,831	6,551
Finance Costs		5,183	6,221
Other Expenses	2g & 25b,c,d	27,674	15,484
Total Expenses		168,534	128,312
Net Operating Surplus		14,250	74,056
Less Grants Approved		(9,905)	(12,223)
Add Grants Rescinded		241	110
		4,586	61,943
Gains/(Losses) on Derivatives	2h	(3,681)	(26,679)
Share of Surplus / (Deficit) from Joint Ventures	14	(9,385)	81,218
Net Surplus/(Deficit) for the year		(8,480)	116,482
Other Comprehensive Revenue or Expense			
<u>Item that may be reclassified subsequently to surplus or deficit</u>			
<i>Cash Flow Hedges</i>			
Fair value gain/(loss) on Interest Rate Swaps	19d	7,088	3,973
Fair value gain/(loss) on Foreign Exchange Contracts	19d	6	(7)
Other Comprehensive Revenue or Expense		7,094	3,966
Total Comprehensive Revenue and Expense for the year		(1,386)	120,448

**Consolidated Statement of Changes in Net Assets/Equity
for the year ended 31 March 2022**

	Notes	General Funds	Capital Maintenance Reserve	Population Growth Reserve	Minority Interests	Hedging Reserve	Total
		\$000	\$000	\$000	\$000	\$000	\$000
Balance at 31 March 2020	19	147,418	82,206	100,976	238	(7,819)	323,019
Net Surplus/(Deficit) for the year		116,482	-	-	-	-	116,482
Other Comprehensive Revenue or Expense for the year		-	-	-	-	3,966	3,966
Total Comprehensive Revenue & Expense for the year		116,482	-	-	-	3,966	120,448
Transfer from General Funds	19	(35,381)	2,706	32,675	-	-	-
Disposal of Subsidiary		238	-	-	(238)	-	-
Balance at 31 March 2021	19	228,757	84,912	133,651	-	(3,853)	443,467
Net Surplus/(Deficit) for the year		(8,480)	-	-	-	-	(8,480)
Other Comprehensive Revenue or Expense for the year		-	-	-	-	7,094	7,094
Total Comprehensive Revenue & Expense for the year		(8,480)	-	-	-	7,094	(1,386)
Transfer from General Funds	19	(43,517)	17,587	25,930	-	-	-
Balance at 31 March 2022	19	176,760	102,499	159,581	-	3,241	442,081

**Consolidated Statement of Financial Position
for the year ended 31 March 2022**

	Notes	Group	
		2022	2021
		\$000	\$000
Current Assets			
Cash and Cash Equivalents	20a	3,085	16,111
Receivables from Non-Exchange Transactions	4	646	372
Receivables from Exchange Transactions	5	25,802	20,730
Inventories	6	2,282	1,348
Investments	7	41,873	35,782
Other Financial Assets	8	40,750	41,554
		114,438	115,897
Non Current Assets			
Property, Plant & Equipment	13	73,722	74,325
Investments	7	248,789	247,277
Investment Property	10	5,450	4,800
Other Intangible Assets	15	610	825
Goodwill	9	16,268	16,268
Other Financial Assets	8	23,427	18,523
Investment in Joint Ventures	14	180,602	180,223
		548,868	542,241
Total Assets		663,305	658,138
Current Liabilities			
Payables under Exchange Transactions	16	12,653	27,164
Provision for Grants	17	16,658	14,917
Borrowings	18	14,500	-
Other Financial Liabilities	8	54,996	43,752
		98,807	85,833
Non Current Liabilities			
Other Financial Liabilities	8	19,910	26,056
Provision for Grants	17	2,508	2,782
Borrowings	18	100,000	100,000
		122,418	128,838
Total Liabilities		221,224	214,671
Equity			
Capital and Reserves		442,081	443,467
Equity attributable to the Trust	19	442,081	443,467
Total Liabilities and Equity		663,305	658,138

For and on behalf of the Trust:

Trustee



Trustee



**Consolidated Cashflow Statement
for the year ended 31 March 2022**

	Notes	Group	
		2022	2021
		\$000	\$000
Cashflows from Operating Activities			
<u>Cash was provided from:</u>			
Receipts from customers – exchange transactions		161,893	130,936
Rent received		205	189
Interest & Dividends received		916	1,213
		<u>163,015</u>	<u>132,338</u>
<u>Cash was disbursed to:</u>			
Payment to Suppliers		(157,788)	(105,296)
Payment to Employees		(6,496)	(7,511)
Interest paid		(5,105)	(6,221)
Payment of Grants		(8,198)	(7,560)
		<u>(177,588)</u>	<u>(126,588)</u>
Net cash inflow/(outflow) from operating activities	20b	(14,573)	5,750
Cashflows from Investing Activities			
<u>Cash was provided from:</u>			
Funds received from Investments		36,007	54,518
Proceeds from sale of Property, Plant & Equipment		16,364	33,574
Distributions from Joint Ventures		9,375	7,650
		<u>61,746</u>	<u>95,742</u>
<u>Cash was disbursed to:</u>			
Payment for Investments		(29,634)	(39,756)
Payment for Property, Plant & Equipment		(23,469)	(28,064)
Payment for Other Intangible Assets		(19)	(208)
Acquisition of Subsidiaries		-	-
Capital Contribution to Joint Ventures		(18,288)	(19,243)
Issue of Loan to Joint Venture		(150)	(1,121)
		<u>(71,560)</u>	<u>(88,516)</u>
Net cash inflow/(outflow) from investing activities		(9,814)	7,350
Cashflows from Financing Activities			
<u>Cash was provided from:</u>			
Proceeds from Borrowings		14,500	-
Proceeds from Prudential Security		-	9,719
		<u>14,500</u>	<u>9,719</u>
<u>Cash was disbursed to</u>			
Repayment of Borrowings		-	(8,600)
Repayment of Prudential Security		(3,139)	-
		<u>(3,139)</u>	<u>(8,600)</u>
Net cash inflow from financing activities		11,361	1,119

Consolidated Cashflow Statement
for the year ended 31 March 2022 (cont'd)

	Notes	Group	
		2022	2021
		\$000	\$000
Net increase/(decrease) in Cash and Cash Equivalents		(13,026)	14,219
Add Cash and Cash Equivalents at beginning of the year		16,111	1,892
Cash and Cash Equivalents at end of the year	20a	3,085	16,111

Notes to the Consolidated Financial Statements for the year ended 31 March 2022

The consolidated financial statements of the Group are for the year ended 31 March 2022. The financial statements were authorised for issue by the Trustees on 2 September 2022.

1. SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

Central Lakes Trust (the Trust) is a Charitable Trust incorporated in New Zealand on 7 February 2001 under the Charitable Trusts Act 1957. The Central Lakes Trust Group consists of Central Lakes Trust and its 100% owned subsidiaries, Pioneer Energy Limited and Central Lakes Direct Limited.

The principle activities of the Trust are:

- To lawfully make charitable grants for the benefit of the Central Lakes Trust region,
- To ensure that grant applications are assessed and decided upon in an unbiased manner.
- To produce a portfolio of grants that is representative of the region's interests and needs.
- To be helpful, responsive and accessible to communities within the Central Lakes Trust region.
- To prudently manage investments to maximise returns.

Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP").

These financial statements comply with Not For Profit Public Benefit Entity Accounting Standards (PBE Standards (NFP)). The financial statements have been prepared in accordance with Tier 1 PBE Standards (NFP).

For the purpose of these financial statements, the Trust has been designated as a public benefit entity (PBE). Public benefit entities (PBEs) are reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

Functional and Presentation Currency

The financial statements are presented in thousands of New Zealand dollars (\$000). The New Zealand dollar is the Group's functional currency.

Measurement Basis

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain assets and liabilities as identified in the following accounting policies. Cost is based on the fair values of the consideration given in exchange for assets.

Changes in Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied consistently to all periods in these consolidated financial statements.

Critical Judgements, Estimates and Assumptions

In the application of the Group's accounting policies the Trustees are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may vary from these estimates.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements, estimates and assumptions made in the preparation of these financial statements are outlined below:

- **Impairment Assessment of Generation and Heat Property, Plant and Equipment and Investments in Joint Ventures**

At the end of each reporting period the Group assesses whether there is any indication that its assets may be impaired. In the event that any such indication exists, the Group shall estimate the recoverable amount of the assets. In the current year, to support management's assessment as to whether there was any indication that any assets may be impaired the Group obtained an independent valuation which utilised a discounted cash flow model.

- **Depreciation**

In determining the appropriate depreciation rate to apply against property, plant and equipment, management are required to make estimates regarding the useful lives and residual values of property, plant and equipment. The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. The estimates used by management in determining the depreciation rate may ultimately be different to the actual pattern of use. In the event these estimates differ to the actual pattern of use the depreciation charge recognised may be more or less than what would have been charged had this information been available at the time of determining the estimate.

- **Valuation of electricity derivative financial instruments**

The valuation of the electricity derivative contracts relies on an internally developed pricing methodology. Agreed prices are compared against publicly available ASX and Energy Link forward hedge prices over the agreement period in order to determine a fair value of each derivative. Assumptions that can have a significant impact on the fair value are the publicly available forecasted spot price at each grid exit point and unobservable forecast volumes to be delivered.

- **Valuation of Investment Properties**

The valuation of investment property requires estimation and judgement. The fair value of investment properties are determined using observable inputs as set out in note 10.

- **Borrowing Costs**

Judgement has been applied to calculate the proportion of borrowings related to qualifying assets and the capitalisation period. Judgement has also been exercised to determine that borrowing costs that have been expensed are not attributable to qualifying assets.

- **Investments in joint ventures**

Southern Generation Limited Partnership, Pulse Energy Alliance Limited Partnership, Dairy Creek Limited Partnership, Ecotricity Limited Partnership (sold during the prior period) and Ecogas Limited Partnership are limited liability partnerships whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Southern Generation Limited Partnership, Pulse Energy Alliance Limited Partnership, Dairy Creek Limited Partnership, Ecotricity Limited Partnership and Ecogas Limited Partnership are classified as joint ventures of the Group.

- **Investments in private equities**

Refer to note 7 and note 21.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

Significant Accounting Policies

Significant accounting policies which are pervasive to the financial statements are set out below. Significant policies specific to certain transactions or balances are set out within the particular note to which it relates.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Trust and its controlled entities.

Controlled entities are those entities over which the Trust has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. In preparing the consolidated financial statements, all intra-group assets, liabilities, equity, revenues, expenses and cashflows relating to transactions between entities within the Group are eliminated in full on consolidation.

Controlled entities are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is lost. On acquisition, the assets, liabilities and contingent liabilities of a controlled entity are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under NZ PBE IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with NZ PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in surplus or deficit.

Minority interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the minority interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Impairment of Non-Financial Assets excluding Goodwill

At each balance date or when events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount, the Group reviews the recoverability of the carrying amounts of its tangible and intangible assets to determine whether they have suffered an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or group of assets (cash generating units).

An impairment loss is recognised immediately in the surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. A reversal of an impairment loss is recognised immediately in the surplus or deficit.

Comparatives

When the presentation or classification of items change, comparative amounts are reclassified unless the reclassification is impracticable.

Adoption of New or Amended Standards or Interpretations

All mandatory new or amended accounting standards and interpretations were adopted in the current year, none had a significant impact on these financial statements.

New or Amended Standards and Interpretations on Issue but not yet Effective

The Group has not yet assessed the impact of the following new standards and interpretations on issue which have yet to be adopted:

- PBE IPSAS 41: Financial Instruments – Effective for periods beginning on or after 1 January 2022
- PBE FRS 48: Service Performance Reporting – Effective for periods beginning on or after 1 January 2022

The Trustees expect to adopt the above Standards in the period in which they become mandatory. The Trustees anticipate that with the exception of PBE FRS 48: Service Performance Reporting, the above Standards are not expected to have a material impact on the financial statements in the period of initial application, however a detailed assessment of the impact has yet to be performed.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

2. REVENUE & EXPENSES

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made.

a) Investment Revenue

Policy:

Interest revenue - for all financial assets measured at amortised cost interest revenue is accrued on a time basis at the effective interest rate applicable. This is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to the net carrying amount of the financial asset on initial recognition.

Net gains or losses arising on financial assets at Fair Value through Surplus or Deficit - incorporates any dividend or interest earned on the financial asset, as well as realised and unrealised gains and losses including foreign exchange.

Rent - rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

	Group	
	2022	2021
	\$000	\$000
Interest	1,004	1,213
Net gains/(losses) arising on Investments at Fair Value through Surplus or Deficit	14,540	65,650
Rent	205	189
Total	15,749	67,052

b) Generation, Retail & Energy

Policy:

Supply of electricity (generation and retail) and energy revenue – is recognised at the time of supply and is measured at the fair value of the consideration received or receivable net of discounts and GST.

Exchange		
Electricity Generation and Retail Sales	141,516	111,501
Energy Sales	21,221	16,502
Total Exchange	162,737	128,003

c) Other Revenue

Policy:

Other revenue – revenue is recognised when services are provided.

Gain/(Loss) on Sale - Property, Plant and Equipment - is calculated at the difference between the net disposal proceeds and the carrying amount of the asset.

Other Revenue	4,412	3,206
Gain/(Loss) on Sale - Property, Plant and Equipment	(114)	4,107
Foreign Exchange Gain/(Loss)	-	-
Total Other Revenue	4,298	7,313

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

2. REVENUE & EXPENSES (cont'd)

d) Audit Fees

	Group	
	2022	2021
	\$000	\$000
Statutory audit – Deloitte Limited	163	109
Other fees – Deloitte Limited ⁽ⁱ⁾	9	-
Other fees paid to Deloitte Limited by entities related to the Group ⁽ⁱⁱ⁾	26	20
Total	198	129

- i) Other fees paid to Deloitte Limited in the current year relate to a risk management framework review and the tax compliance services.
- ii) Other fees paid to Deloitte Limited by entities related to the Group are for the audit of joint venture investment entities.

e) Employees Remuneration includes:

Contribution to Defined Contribution Plans	199	221
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f) Depreciation and Amortisation Expense

Policy:

Refer to Note 13 and 15

Depreciation expense	7,669	6,276
Amortisation expense	162	275
Total	7,831	6,551

g) Other Expenses

Policy:

Operating leases - are leases that do not transfer substantially all the risks and rewards incidental of ownership of the leased item to the Group. Rentals payable under operating leases are recognised as an operating expense in surplus or deficit on a straight line basis over the lease term.

Net operating surplus/(deficit) has been arrived at after charging the following expenses:

Operating Lease Payments	4,542	749
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h) Gain/Losses on Derivatives

Policy:

Electricity derivatives - Changes in the fair value of electricity derivatives that are designated as fair value hedges are recorded in surplus or deficit immediately, together with any changes in the fair value of the hedged item that are attributable to the hedging risk.

Electricity Hedge Contracts

Gains/(Losses)	(3,681)	(26,679)
Total	(3,681)	(26,679)

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

3. TAXATION

The Group is exempt from Income Tax. The Trust is a charitable organisation which was granted exemption from Income Tax under Section CB 4(1)e of the Income Tax Act 1994 (replaced with Section CW 42(1) of the Income Tax Act 2007). Charitable Status for the Trust was effective from the inception of the Trust. Charitable status for Pioneer Energy Limited was effective from 23 October 2002, and accordingly income earned after that date is exempt from taxation.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Policy:

GST - The Group is registered for GST and reporting is exclusive of GST in terms of revenue, expenses and assets, except for receivables and payables which are recognised inclusive of GST. Where the amount of GST is not recovered from the taxation authority it is recognised as part of the cost of an asset or item of expense. The net amount of GST recoverable from or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

	Group	
	2022	2021
	\$000	\$000
Prudential Security Bond	334	364
GST refund due	312	8
Total	646	372

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Policy:

Trade and other receivables are measured at amortised cost using the effective interest rate method and are reported net of provisions for impairment to reflect estimated recoverable amounts.

Trade Receivables	2,723	2,957
Provision for doubtful debts	(9)	(9)
	2,714	2,948
Prepayments & Accruals	9,540	7,391
Sundry Receivables	13,548	10,391
Total	25,802	20,730

As at 31 March 2022 Group trade receivables of \$311,317 (2021: \$299,718) were past due. There was no change in provision for doubtful debts (2021: \$41,000 decrease) was recognised in other expenses in the statement of comprehensive revenue and expenses.

Trade receivables that are less than 90 days past due are generally not considered impaired.

6. INVENTORIES

Policy:

Inventories are valued at the lower of cost and net realisable value.

Consumable	2,209	1,275
Carbon Credit Units	73	73
Total	2,282	1,348

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

7. INVESTMENTS

Policy:

Investment assets are classified, at initial recognition, as financial assets 'at fair value through surplus or deficit (FVTSD)' or 'amortised cost' as appropriate. The classification depends on the nature and purpose of the financial assets.

Financial assets are classified as at FVTSD when the financial asset is either held for trading or is designated as at FVTSD.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Investments in Unit Trusts, Managed Funds and Private Equities together with derivatives not designated as hedging instruments are classified as financial assets at FVTSD. The Group has not designated any financial assets at FVTSD.

Financial assets at FVTSD are stated at fair value with any resultant gain or loss recognised in surplus or deficit. Refer to Note 21 for consideration of the significant assumptions and judgements associated with assessing fair value for Unit Trusts, Managed Funds and Private Equities.

Amortised Cost - Investments in NZ Cash, and a Queenstown Lakes Community Housing Trust Loan are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Interest revenue is recognised by applying the effective interest rate.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is expensed in surplus or deficit. Purchases and sales of financial assets are accounted for at trade or settlement date (whichever is applicable).

Impairment of Financial Assets - Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

7. INVESTMENTS (Cont.)

	Group	
	2022	2021
	\$000	\$000
AT AMORTISED COST		
<i>Current</i>		
NZ Cash	41,873	35,782
Total	41,873	35,782
Non-Current		
Queenstown Lakes Community Housing Loan	4,219	6,153
Total	4,219	6,153
TOTAL AT AMORTISED COST INVESTMENTS	46,092	41,935
AT FAIR VALUE THROUGH SURPLUS OR DEFICIT		
Non-Current		
Unit Trusts	207,777	189,163
Private Equities	36,793	51,961
Total	244,570	241,124
TOTAL AT FAIR VALUE THROUGH SURPLUS OR DEFICIT INVESTMENTS	244,570	241,124
<i>Disclosed as:</i>		
<i>Current</i>	41,873	35,782
<i>Non Current</i>	248,789	247,277
<i>Total</i>	290,662	283,059

8. OTHER FINANCIAL ASSETS & OTHER FINANCIAL LIABILITIES

Policy:

Derivative Financial Instruments - The Group enters into certain derivative financial instruments to manage its exposure to movements in the spot price for electricity, foreign exchange rates and interest rates.

The Group does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date.

The resulting gain or loss is recognised immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in surplus or deficit depends on the nature of the hedge relationship.

Hedge Accounting - Where applicable the Group designates electricity derivatives as fair value hedges and hedges of foreign currency forward contracts and interest rate swaps are accounted for as cash flow hedges.

Changes in the fair value of electricity derivatives that are designated as fair value hedges are recorded in surplus or deficit immediately, together with any changes in the fair value of the hedged item that are attributable to the hedging risk.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

8. OTHER FINANCIAL ASSETS & OTHER FINANCIAL LIABILITIES (Cont.)

The effective portion of changes in the fair value of foreign currency forward contracts and interest rate swaps that are hedge accounted are designated as cash flow hedges and are recognised in other comprehensive revenue or expense and accumulate as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit. Changes in the fair value of the foreign currency forward contracts that are not hedge accounted are recorded in surplus or deficit.

	Group	
	2022	2021
	\$000	\$000
OTHER FINANCIAL ASSETS		
<i>Current – At Fair Value</i>		
Electricity Hedge Contracts (i)	40,744	41,547
Foreign Currency Forward Contracts	6	7
Total	40,750	41,554
<i>Non Current</i>		
<i>Non Current – At Amortised Cost</i>		
Other Finance Receivable – Dairy Creek	9,806	9,656
<i>Non Current – At Fair Value</i>		
Electricity Hedge Contracts (i)	9,901	8,867
Interest Rate Swap Contracts (ii)	3,720	-
Total	23,427	18,523
TOTAL OTHER FINANCIAL ASSETS	64,177	60,077
OTHER FINANCIAL LIABILITIES		
<i>Current – At Fair Value</i>		
Electricity Hedge Contracts (i)	(54,938)	(43,752)
Interest Rate Swap Contracts (ii)	(58)	-
Total	(54,996)	(43,752)
<i>Non Current – At Fair Value</i>		
Interest Rate Swap Contracts (ii)	(434)	(3,860)
Electricity Hedge Contracts (i)	(19,476)	(22,169)
Total	(19,910)	(26,056)
TOTAL OTHER FINANCIAL LIABILITIES	(74,906)	(69,808)

- i) The electricity hedge contracts are not designated in an effective hedge relationship.
- ii) The interest rate swap contracts and foreign exchange forward contracts are designated as effective cash flow hedges carried at fair value. Refer to Note 19 for a reconciliation of the gain/(loss) recognised in Other Comprehensive Revenue or Expense and accumulated in the Hedge Reserve.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

8. OTHER FINANCIAL ASSETS & OTHER FINANCIAL LIABILITIES (Cont.)

- iii) At 31 March 2018 the Group provided a loan facility to Dairy Creek Limited Partnership of \$9,000,000 at an annual interest rate of 9%. This was increased to \$10,140,000 in 2020. The loan is required to be repaid in 2027. Dairy Creek Irrigation Company Limited, a joint-venture of the Group, has an option to repay all or part of the loan in December 2022. The remaining balance will have the interest rate re-set at an annual rate equivalent to the NZ Government 5 year bond rate (at the time) plus 650 basis points. The Group classified this as financial asset measured at amortised cost.

Refer to Note 21 for further information.

9. GOODWILL

Policy:

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount is the higher of fair value less cost to sell and value in use. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in surplus or deficit and is not reversed in subsequent periods. On disposal of a relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the surplus or deficit on disposal.

	Group	
	2022	2021
	\$000	\$000
Cost	16,268	16,268
Accumulated impairment losses	-	-
Carrying Amount	16,268	16,268
Cost	16,268	16,268
Balance at 1 April	-	-
Acquisition of subsidiaries	-	-
Balance at 31 March	16,268	16,268
Accumulated Impairment Losses	-	-
Balance at 1 April	-	-
Impairment losses	-	-
Balance at 31 March	-	-

Goodwill arose on the acquisition of Pioneer Energy Limited by the Trust and on the acquisition of Ecosystems Limited by Pioneer Energy Limited.

The entire balance of goodwill has been allocated for impairment testing purposes to the Pioneer Energy Limited cash generating unit. Refer to Note 13 for details of the valuation of generation and energy assets of Pioneer Energy Limited which supports the carrying value of goodwill.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

10. INVESTMENT PROPERTY

Policy:

Investment property, which is property held to earn rentals, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in surplus or deficit in the period in which they arise.

Measurement and Assumptions:

The fair value of the Group's investment property at 31 March 2022 (and 31 March 2021) has been arrived at on the basis of a valuation carried out at that date by APL Property Limited, an independent registered valuer who is member of the New Zealand Property Institute and New Zealand Institute of Valuers.

The valuation was prepared by capitalising the potential revenue that the property can generate. Comparison to market evidence of transaction prices for similar properties was also performed.

The capitalisation rate utilised in the valuation is 5.5% (2021: 5.5%).

There were no significant contractual obligations of a capital and/or maintenance nature relating to the current investment property at balance date (2021: Nil).

	Group	
	2022	2021
	\$000	\$000
Balance at beginning of the year	4,800	4,325
Gain/(loss) on property revaluation at fair value	650	475
Balance at end of the year	5,450	4,800

11. SUBSIDIARIES & CONTROLLED ENTITIES

Details of the Group's subsidiaries at 31 March are as follows:

Name	Place of Incorporation	Principal Activity	Ownership interests and voting rights	Ownership interests and voting rights
			2022	2021
			%	%
Central Lakes Direct Limited	New Zealand	Investment Company	100	100
Pioneer Energy Limited	New Zealand	Electricity & Energy Generation	100	100
Energy For Industry Limited	New Zealand	Non Trading Company	100	100
Pioneer Generation Investment Limited	New Zealand	Holding Company	100	100
Omarunui LFG Generation Limited Partnership	New Zealand	Energy Generation	-	60
Christchurch DES Limited Partnership	New Zealand	Energy Generation	-	100

During the year Omarunui LFG Generation Limited Partnership was wound up and Christchurch DES Limited Partnership was amalgamated into Pioneer Energy Limited.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

12. ACQUISITION OF SUBSIDIARIES/PARTNERSHIP

There were no acquisition of subsidiaries or partnerships during the year (prior year nil).

13. PROPERTY, PLANT & EQUIPMENT

Policy:

Property, plant and equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Depreciation is provided on a straight line basis for the main generation assets. For all other assets, the diminishing value method has been adopted using the effective rates set out below.

Expenditure incurred to maintain these assets is charged to surplus or deficit in the period incurred.

Any capital expenditure incurred subsequent to the commissioning of fixed assets is capitalised to the asset at the time it is incurred. The cost of internally constructed assets comprise direct labour, materials, transport and overhead apportioned on the basis of labour and plant costs.

The estimated useful lives of the major asset classes have been estimated as follows:

Generation Assets	Rate	Method
Land	Nil	-
Land Improvements	1.5-11.4%	DV & SL
Buildings and Civil Assets	2-15%	DV & SL
Computer Equipment	4-100%	DV & SL
Furniture & Fittings	7.8-100%	DV & SL
Generation Plant	1-80.4%	DV & SL
Heat Plant	8-44%	SL
Motor Vehicles	8-21.6%	DV & SL
Office Equipment	7-48%	DV & SL
Other Equipment & Tools	8-67%	DV & SL

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Disposal - An item of property, plant and equipment is de-recognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit in the period the asset is derecognised.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

13. PROPERTY, PLANT & EQUIPMENT (Cont.)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in surplus or deficit in the period in which they are incurred.

Judgements:

Impairment Assessment - At the end of each reporting period the Group assesses whether there is any indication that its assets may be impaired. In the event that any such indication exists, the Group estimates the recoverable amount of the assets. In the prior year, to assess whether there was any indication that an asset may be impaired, the Group obtained an independent valuation using the discounted cash flow model. In the current year the Group has assessed whether there were any adverse changes to the key assumptions and judgements in the valuation model.

Depreciation - In determining the appropriate depreciation rate to apply against property, plant and equipment, the Trustees are required to make estimates regarding the useful lives and residual values of property, plant and equipment. The estimates used by the Trustees in determining the depreciation rate may ultimately be different to the actual pattern of use. In the event these estimates differ to the actual pattern of use the depreciation charge recognised may be more or less than what would have been charged had this information been available at the time of determining the estimate.

Borrowing Costs - Judgement has been applied to calculate the proportion of borrowings related to qualifying assets and the capitalisation period. Judgement has also been exercised to determine the borrowing costs that have been expensed are not attributable to qualifying assets.

Valuation:

During the 2022 year the Group elected to undertake a valuation of its controlled entity Pioneer Energy Limited's operating assets and investments (which included generation, heat plant and investments in joint ventures) carried at cost in the financial statements. The valuation was performed at 31 March 2022 and the assessed value at this date was \$103.7 million relating to generation and heat assets.

The fair value of the generation and heat assets (including associated electricity derivative contracts) of \$103.7 million was determined using a discounted cash flow model. The valuation was based on the present value of the estimated future cash flows of the assets using existing hedge contract prices and forecast prices based on Energy Link forward price paths. The valuation was prepared by independent valuers Northington Partners which has the appropriate qualifications and experience in valuing businesses with generation and heat assets.

The key assumptions and judgements in the valuation model were:

- The life of the generation assets is deemed to be 40 years with no residual values. The life of the heat assets is based on existing contract lengths, with a maximum of 25 years.
- The WACC for generation and heat assets is estimated to be between 7.72% and 10%, expressed on a post-tax nominal basis.
- General inflation over the life of the project of 2.00% - 3.00% has been assumed.
- Forecast hedged generation prices are based on output prices using existing hedge contracts and Energy Link forward price paths.
- Annual average generation of 198.3 GWh has been assumed.

The next valuation will be prepared with a valuation date of 31 March 2024.

Central Lakes Trust Group

CONSOLIDATED STATEMENTS

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

13. PROPERTY, PLANT & EQUIPMENT (Cont.)

Group 2022	Cost 1 April 2021	Additions	Disposals	Transfers from Capital Work in Progress	Cost 31 March 2022	Accumulated Depreciation & Impairment Charges 1 April 2021	Impairment Losses charged in Surplus/ (Deficit)	Depreciation Expense	Accumulated Depreciation reversed on Disposal	Accumulated Depreciation & Impairment Charges 31 March 2022	Carrying Value 31 March 2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	1,980	-	-	-	1,980	95	-	-	-	95	1,885
Land Improvements	967	-	-	16	983	396	-	41	-	437	546
Buildings and civil assets	38,630	-	37	99	38,692	13,603	-	1,016	29	14,590	24,102
Motor vehicles	2,411	-	34	214	2,591	1,901	-	192	34	2,059	532
Generation Plant	39,063	-	4,120	768	35,711	23,525	-	2,556	3,184	22,897	12,814
Heat Plant	46,151	-	204	1,034	46,981	25,627	-	3,771	200	29,198	17,783
Other Equipment and Tools	2,115	-	-	-	2,115	2,115	-	-	-	2,115	-
Furniture & fittings	342	-	-	4	346	246	-	14	-	260	86
Office equipment	92	16	-	-	109	87	-	3	-	90	19
Computer equipment	656	4	38	160	781	575	-	75	25	626	155
Total	132,407	20	4,433	2,295	130,288	68,169	-	7,669	3,472	72,366	57,922
Capital Work in Progress	10,088	23,466	15,459	(2,295)	15,800	-	-	-	-	-	15,800
Total Property, Plant & Equipment	142,495	23,486	19,892	-	146,088	68,169	-	7,669	3,472	72,366	73,722

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

13. PROPERTY, PLANT & EQUIPMENT (Cont.)

Group 2021	Cost 1 April 2020	Additions	Disposals	Transfers from Capital Work in Progress	Cost 31 March 2021	Accumulated Depreciation & Impairment Charges 1 April 2020	Impairment Losses charged in Surplus/ (Deficit)	Depreciation Expense	Accumulated Depreciation reversed on Disposal	Accumulated Depreciation & Impairment Charges 31 March 2021	Carrying Value 31 March 2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	2,000	-	20	-	1,980	105	-	-	10	95	1,885
Land Improvements	970	-	3	-	967	363	-	33	-	396	571
Buildings and civil assets	38,714	-	87	3	38,630	12,891	-	780	68	13,603	25,027
Motor vehicles	2,344	67	-	-	2,411	1,698	-	203	-	1,901	510
Generation Plant	39,505	69	1,273	762	39,063	22,797	-	1,969	1,241	23,525	15,538
Heat Plant	45,522	-	163	792	46,151	22,601	-	3,189	163	25,627	20,524
Other Equipment and Tools	2,115	-	-	-	2,115	2,115	-	-	-	2,115	-
Furniture & fittings	481	-	139	-	342	310	-	25	89	246	96
Office equipment	142	1	51	-	92	134	-	3	50	87	5
Computer equipment	1,165	-	534	25	656	1,035	-	74	534	575	81
Total	132,958	137	2,270	1,582	132,407	64,049	-	6,276	2,155	68,169	64,237
Capital Work in Progress	17,008	27,910	33,135	(1,695)	10,088	-	-	-	-	-	10,088
Total Property, Plant & Equipment	149,966	28,047	35,405	(113)*	142,495	64,049	-	6,276	2,155	68,169	74,325

*During the 2021 year, \$113,000 was transferred from Work in Progress to Joint Ventures (see note 14).

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

14. JOINT VENTURES

Policy:

A joint venture is a binding arrangement whereby two or more parties commit to undertake an activity and agree to share control over the activity (joint control). The Group has interests in joint ventures which are jointly controlled entities

The Group's investment in joint ventures is accounted for using the equity method. Under the equity method, an investment in a joint venture is initially recognised in the Statement of Financial Position at cost and adjusted thereafter to recognise the Group's share of net assets of the joint venture. The Group's share of any movements in the joint ventures other comprehensive revenue or expense is recognised in other comprehensive revenue and expenses. The cumulative movements are adjusted against the carrying amount of the investment.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in joint ventures that are not related to the Group.

Judgement:

Classification of joint ventures – Southern Generation Limited Partnership, Pulse Energy Alliance Limited Partnership, Dairy Creek Limited Partnership, Ecotricity Limited Partnership, EcoGas Limited Partnership and Southern Cross CLT Limited are limited liability entities whose legal form confers separation between the parties to the joint ventures and the Trust itself and whereby the limited partnership partners or shareholders commit and agree to share control over the jointly controlled entities.

See below for details.

a) Details of material joint ventures

Name of joint venture	Principal activity	Place of incorporation and operation	Proportion of ownership interest and (voting power) held by the Group	
			2022	2021
Southern Generation Limited Partnership (SGLP)	Electricity Generation	New Zealand	50% (50%)	50% (50%)
Pulse Energy Alliance Limited Partnership (PEALP)	Energy Retail	New Zealand	48.9% (48.9%)	48.9% (48.9%)
Ecotricity Limited Partnership (ELP) *	Energy Retail	New Zealand	-	60% (60%)
Dairy Creek Limited Partnership	Irrigation	New Zealand	98% (50%)	98% (50%)
Ecogas Limited Partnership (ECOGAS)	Biowaste	New Zealand	85% (50%)	85% (50%)
Southern Cross CLT Limited (SCCL)	Provision of Healthcare facilities	New Zealand	50% (50%)	50% (50%)

* Sold on 01/02/2021

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

14. JOINT VENTURES (Cont.)

a) Summary financial information

The above joint ventures are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's material jointly controlled entities and reconciliation with the carrying amount of the investment in the consolidated Group financial statements is set out below:

Summarised Statement of Financial Position	SGLP	PEALP	ECOGAS	SCCL	2022 \$000
Current assets	2,924	129,804	298	3,375	
Non-current assets	166,793	91,360	22,548	3,808	
Current liabilities	(1,246)	(56,922)	(446)	(688)	
Non-current liabilities	-	(4,218)	(12,703)	-	
Equity	168,471	160,024	9,696	6,496	
Portion of the Group's ownership	50%	48.9%	85%	50%	
Carrying amount of investment in Group's financial statements	89,206	78,493	9,655	3,248	180,602

Summarised Statement of Comprehensive Revenue and Expense	SGLP	PEALP	ECOGAS	SCCL	Group 2022 \$000
Revenue	27,083	178,011	1,093	720	
Expenses	(15,852)	(175,342)	(1,239)	(2,074)	
Surplus (deficit) for the year	11,231	2,669	(146)	(1,354)	
Other comprehensive revenue or expense for the year	-	(29,465)	-	-	
	11,231	(26,796)	(146)	(1,354)	
Total comprehensive revenue and expense for the year					
Portion of the Group's ownership	50%	48.9%	85%	50%	
Group's share of surplus /(deficit)	4,594	(13,103)	(124)	(752)	(9,385)

Central Lakes Trust Group

CONSOLIDATED STATEMENTS

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

14. JOINT VENTURES (Cont.)

	SGLP	PEALP	ECOGAS	SCCL	Group 2021 \$000
Summarised Statement of Financial Position					
Current assets	2,762	120,886	50	802	
Non-current assets	158,889	99,411	5,629	148	
Current liabilities	(1,161)	(30,507)	(39)	(25)	
Non-current liabilities	-	(2,971)	(2,800)	-	
Equity	160,490	186,819	2,840	925	
Portion of the Group's ownership	50%	49%	85%	50%	
Carrying amount of investment in Group's financial statements	85,049	91,607	2,943	624	180,223

	SGLP	PEALP	ECOGAS	SCCL	Group 2021 \$000
Summarised Statement of Comprehensive Revenue and Expense					
Revenue	20,810	163,092	-	-	
Expenses	(12,196)	(155,594)	(499)	(27)	
Surplus (deficit) for the year	8,614	7,498	(499)	(27)	
Other comprehensive revenue or expense for the year	(2)	150,846	-	22	
	8,612	158,344	(499)	(5)	
Total comprehensive revenue and expense for the year					
Portion of the Group's ownership	50%	49%	85%	50%	
Group's share of surplus/(deficit)	4,306	77,336	(424)	-	81,218

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

15. OTHER INTANGIBLE ASSETS

Policy:

Intangible assets acquired separately are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

- Computer software up to 3 years
- Retail up to 5 years
- Asset management up to 7 years

Finite life intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

- Customer contract (Heat supply contract-Bromley, Christchurch) up to 13 years
- Customer Acquisition (Electricity supply contracts as purchased) up to 8 years

In determining the appropriate amortisation rate to apply against intangible assets Trustees are required to make estimates regarding the estimated remaining useful lives and residual values of intangible assets. The Group reviews the estimated useful lives of intangible assets at the end of each annual reporting period. The estimates used by Trustees in determining the amortisation rate may ultimately be different to the actual pattern of use. In the event these estimates differ to the actual pattern of use the amortisation charge recognised may be more or less than what would have been charged had this information been available at the time of determining the estimate.

Judgements:

The Customer Contract asset will be fully amortised in 3 years.

Central Lakes Trust Group

CONSOLIDATED STATEMENTS

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

Group	Software	Retail	Customer Contract	Customer Acquisition	Matiri Consent	Asset Mgmt	Total
Cost	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 31 March 2020	2,132	143	527	2,459	500	374	6,135
Additions	204	-	-	-	-	-	204
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	(500)	-	(500)
Balance at 31 March 2021	2,336	143	527	2,459	-	374	5,839
Additions	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals	(53)	-	-	-	-	-	(53)
Balance at 31 March 2022	2,283	143	527	2,459	-	374	5,786

Accumulated Amortisation & Impairment

Balance at 31 March 2020	(1,898)	(83)	(298)	(2,459)	(89)	(13)	(4,840)
Amortisation	(135)	(60)	(41)	-	(13)	(26)	(275)
Accumulated Amortisation Reversed on Disposal	-	-	-	-	102	-	102
Balance at 31 March 2021	(2,033)	(143)	(339)	(2,459)	-	(39)	(5,014)
Amortisation	(118)	-	(46)	-	-	(26)	(190)
Accumulated Amortisation Reversed on Disposal	28	-	-	-	-	-	28
Balance at 31 March 2022	(2,123)	(143)	(385)	(2,459)	-	(65)	(5,176)
At 31 March 2021	303	-	188	-	-	335	825
At 31 March 2022	160	-	142	-	-	309	610

*During the 2022 year, \$23,000 was transferred from Work in Progress (See note 13)

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

16. PAYABLES UNDER EXCHANGE TRANSACTIONS

Policy:

Payables and accruals are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

Payables and accruals are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Provisions are recognised when the Group has a present obligation arising from past events, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee Benefits - Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and the cost is capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal rates using the remuneration rate expected to apply at the time of settlement.

Provisions not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

	Group	
	2022	2021
	\$000	\$000
Trade Payables	943	1,302
Employee Benefits	1,107	1,038
Income in Advance	849	3,915
Accrued Expenses	9,754	20,909
Total	12,653	27,164

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

17. PROVISION FOR GRANTS

Policy:

Grants expense - Grants approved by Trustees are recognised as an expense in surplus or deficit when approved by the Trustees. A provision for the grants approved is maintained in the Statement of Financial Position, including grants covering multiple years.

	Group	
	2022	2021
	\$000	\$000
Balance at beginning of the year	17,699	13,146
Grants approved covering:		
2020/2021 year	-	9,441
2021/2022 year	8,361	1,820
2022/2023 year	842	962
2023/2024 year	648	-
2024/2025 year	18	-
2025/2026 year	18	-
2026/2027 year	18	-
Total Grants Approved	9,905	12,223
Grants Paid	(8,198)	(7,560)
Grants Rescinded	(241)	(110)
Balance at the end of the year	19,165	17,699

	2022	2021
	\$000	\$000
Disclosed as:		
Current	16,658	14,917
Non Current	2,508	2,782
Balance at the end of the year	19,165	17,699

Since inception, grants have been approved of \$128,603,779 at 31 March 2022 (2021: \$121,205,927).

Included within the total grants approved since inception, are grants approved, which relate to grants for 2022/23 years and beyond. We refer to these as multi-year grants where we recognise the need for social service providers to have certainty of funding for future service provision.

The Trust has conditionally approved a construction grant to the Central Otago Queenstown Trail Network Trust of up to \$8.776 million. During 2022 \$1.7 million has been included in grants approved in anticipation of resource consent being obtained (2021 : \$1.7 million). The remaining balance is also subject to resource consents and therefore a liability is yet to be recognised. Subsequent to balance date, conditions have changed such that the final \$1.7m was approved in the 2023 year.

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

18. BORROWINGS

Policy:

Borrowings are recorded initially at fair value, net of 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 surplus or deficit over the period of the borrowing using the effective interest rate method.

At 31 March 2022 the Group's borrowings were as follows:

	Maturity Date/Facility Term	Weighted Average Interest Rates		Group 2022	Group 2021
		2022	2021	\$000	\$000
Syndicated Facilities Agreement with ASB and BNZ	30/04/2023	3.02%	2.94%	114,500	100,000
Total				114,500	100,000
Secured Bank Loan Facility				Group 2022	Group 2021
				\$000	\$000
Amount Drawn Current revolving				14,500	-
Amount Drawn Term				100,000	100,000
Amount Available (i)				5,500	47,000
Total				120,000	147,000

- i) At 31 March 2022 the Group allocated \$3million (2021 \$2.4million) of the amount available to letters of credit and guarantees.

The Syndicated Facilities Agreement provides for a total facility of \$120,000,000 consisting of the following sub-limits:

Term Loans - \$100,000,000

Revolving Facility - \$20,000,000

In addition there is a Letter of Credit / Bond Facility in place for \$30,000,000 (2021: \$30,000,000).

The loan, term facility and the cash advance facility are secured by way of a debenture over subsidiary, Pioneer Energy Limited's assets and undertakings. The cash advance facility is drawn down as required to cover shortfalls in day-to-day operating cash flows.

The Group has complied with all bank covenants set by the ASB and Bank of New Zealand during the year.

In addition, interest rate derivative swap facilities have been entered into.

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

19. EQUITY

Nature and Purpose of Reserves

Capital Maintenance Reserve

The annual percentage movement in the Consumer Price index is calculated on the Trust Capital at 31 March each year and transferred to a Capital Maintenance Reserve. The purpose of this is to set aside an amount and show the real value of the Trust's Capital after taking inflation into account of 7% (2021: 1%).

Population Growth Reserve

The purpose of this Reserve is to set aside an amount to allow for an increase in grant requests as a result of an increase in population in the Trust's region, since 2012.

Inflation and population growth rate statistics are sourced from Statistics New Zealand and are retrospectively applied on an annual basis upon the release of the latest 30-June population estimate data. The Trustees adopted a population growth reserve calculation using population growth of 4% (2021: 2.0%).

Hedging Reserve

The Group enters into interest rate swaps as a hedge against fluctuations in floating interest rates on certain borrowings and foreign exchange contracts as a hedge against fluctuations in the cost of capital equipment due to exchange rate movements where these are seen as significant. The effective portion of changes in the fair value of interest rate swaps and foreign currency forward contracts designated as cashflow hedges is recognised in other comprehensive revenue or expense and accumulated in the Hedging Reserve as a separate component of equity.

a) Trust Capital – General Funds

	Group	
	2022 \$000	2021 \$000
Balance at beginning of the year	228,757	147,418
Net surplus/(deficit) for the year	(8,480)	116,482
Transfer from Minority Interest	-	238
Transfer to Capital Maintenance Reserve	(17,587)	(2,706)
Transfer to Population Growth Reserve	(25,930)	(32,675)
Balance at end of the year	176,760	228,757

b) Capital Maintenance Reserve

Balance at beginning of the year	84,912	82,206
Transfer from General Funds	17,587	2,706
Balance at end of the year	102,499	84,912

c) Population Growth Reserve

Balance at beginning of the year	133,651	100,976
Transfer from General Funds	25,930	32,675
Balance at end of the year	159,581	133,651

Central Lakes Trust Group

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Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

19. EQUITY (Cont.)

d) Hedging Reserve

	Interest Rate Swaps \$000	Group Foreign Exchange Contracts \$000	Total \$000
2022			
Balance at beginning of the year	(3,842)	(11)	(3,853)
Other comprehensive revenue or expense	7,088	6	7,094
Balance at end of the year	<u>3,246</u>	<u>(5)</u>	<u>3,241</u>
2021			
Balance at beginning of the year	(7,815)	(4)	(7,819)
Other comprehensive revenue or expense	3,973	(7)	3,966
Balance at end of the year	<u>(3,842)</u>	<u>(11)</u>	<u>(3,853)</u>

e) Minority Interest

	Group	
	2022 \$000	2021 \$000
Balance at beginning of the year	-	238
Share of Net surplus/(deficit) for the year	-	-
Disposal of subsidiary	-	(238)
Balance at end of the year	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>442,081</u>	<u>443,467</u>

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

20. NOTES TO CASHFLOW STATEMENT

Policy:

Operating activities include cash received from all revenue sources and record the cash payments made for supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of investments and non-current assets.

Financing activities comprise the changes in net assets/equity and debt structure of the Group.

a) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes all cash on hand and in bank. Cash and cash equivalents at the end of the financial year as shown in the cash flow statements is reconciled to the related items in the Statement of Financial Position as follows:

	Group	
	2022	2021
	\$000	\$000
Cash and Cash Equivalents	3,085	16,111
	3,085	16,111

b) Reconciliation of surplus for the period to net cash flows from operating activities

Net Surplus/(Deficit) for the year	(8,480)	116,482
<u>Add/(Deduct)</u>		
Depreciation and Amortisation expense	7,831	6,551
(Gain)/loss on Sale of Property, Plant and Equipment	114	(4,107)
Net (Gains) /losses arising on investments at fair value through surplus or deficit	(13,973)	(65,175)
(Gain)/loss on Revaluation of Investment Property	(650)	(475)
(Gain)/loss on Derivative Financial Instruments	3,681	26,679
Grants Recinded	241	-
Share of Joint Venture Net (Surplus)/Loss	9,385	(81,218)
	6,629	(117,745)
Adjustments for changes in working capital:		
(Increase)/decrease Receivables from exchange transactions	(5,346)	(273)
(Increase)/decrease Inventories	(934)	(103)
Increase/(decrease) Payables for exchange transactions	(11,371)	12,555
Increase/(decrease) Provision for Grants	1,226	4,553
Add/(deduct) items reclassified as Investing/Financing	3,703	(9,719)
Net Cash inflow/(outflow) from operating activities	(14,573)	5,750

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS

Group 2022

Categories of Financial Instruments

Financial Assets:

	Total	At Amortised Cost	At Fair Value through Surplus or Deficit	Designated hedge accounting relationship	Financial Liabilities at Amortised Cost
	\$000	\$000	\$000	\$000	\$000
Cash and Cash Equivalents	3,085	3,085	-	-	-
Receivables - non-exchange	646	646	-	-	-
Receivables – exchange	25,802	25,802	-	-	-
Investments	290,662	46,092	244,570	-	-
Other Financial Assets	64,177	9,806	50,645	3,726	-
	384,372	85,431	295,215	3,726	-

Financial Liabilities:

Payables - exchange	12,653	-	-	-	12,653
Provision for Grants	19,166	-	-	-	19,166
Other Financial Liabilities	74,906	-	74,414	492	-
Borrowings	114,500	-	-	-	114,500
	206,724	-	74,414	492	131,818

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

21 FINANCIAL INSTRUMENTS (cont'd)

<u>Group 2021</u>	Total	At Amortised Cost	At Fair Value through Surplus or Deficit	Designated hedge accounting relationship	Financial Liabilities at Amortised Cost
	\$000	\$000	\$000	\$000	\$000
<i>Categories of Financial Instruments</i>					
<i>Financial Assets:</i>					
Cash and Cash Equivalents	16,111	16,111	-	-	-
Receivables - non-exchange	372	372	-	-	-
Receivables – exchange	20,730	20,730	-	-	-
Investments	283,059	41,935	241,124	-	-
Other Financial Assets	60,077	9,656	50,414	7	-
	380,349	88,804	291,538	7	-
<i>Financial Liabilities:</i>					
Payables - exchange	27,164	-	-	-	27,164
Provision for Grants	17,699	-	-	-	17,699
Other Financial Liabilities	69,808	-	65,948	3,860	-
Borrowings	100,000	-	-	-	100,000
	214,671	-	65,948	3,860	144,863

Financial risk management objectives

The Group is currently exposed to market risk (including interest rates, equity prices, electricity prices and currency), credit risk, and liquidity risk.

The Group's revenue is generated from its financial assets together with the trading activities of Pioneer Energy Limited. Information regarding the fair value of financial assets and financial liabilities is regularly reported to the Trustees. Under normal circumstances the investment portfolio is regularly rebalanced to ensure that asset classes remain within the Strategic Asset allocation set out in the Trust's Statement of Investment Policies and Objectives.

The Group seeks to minimise the effects of the exposure to market risk by using derivative financial instruments to hedge exposures to electricity spot prices, floating interest rates and currency. The use of derivatives is governed by the Pioneer Energy Limited Group's Treasury policy.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS (Cont.)

2022 Strategic Asset Allocation of Invested Assets

For monitoring purposes the strategic asset allocation of the invested assets including investment property and ranges are as follows:

	Group				2022
	2022	2022	2022	2022	Allowable
	Actual	Actual	Benchmark	Variance	Range
	\$000	%	%	%	% - %
Australasian Shares	81,599	19.8	12.0	7.8	7.5 – 21.0
Global Shares	65,711	15.9	12.0	3.9	7.5 – 16.5
Property (ii)	8,111	2.0	3.0	(1.0)	1.2 – 4.5
Private Equity	34,132	8.3	9.0	(0.7)	3.0 – 15
Growth Assets	189,544	46.0	36.0	10.0	19.2 – 57.0
Income Fund	52,401	12.7	12.0	3.7	0.0 – 24.0
Global Infrastructure	-	-	-	-	-
Alternative Assets	52,401	12.7	12.0	3.7	0.0 – 24.0
NZ Bonds	8,066	2.0	6.0	(4.0)	0.0 – 18.0
Housing Loan	4,219	1.0	-	1.0	-
Cash	41,873	10.2	6.0	4.2	0.0 – 18.0
Revenue Assets	54,158	13.2	12.0	1.2	0.0 – 18.0
Total Funds (i)	296,103				

- i. The benchmarks and actual results are calculated from total funds invested which includes Pioneer Energy Limited in line with Central Lakes Trust's Statement of Investment Policy. Pioneer Energy Limited is excluded from the table above as it eliminates on Group consolidation.
- ii. The Property benchmark includes a specific property related investment which is included within the Private Equities classification in the Statement of Financial Position. Accordingly, the classifications for strategic allocation and assessment differ to other disclosures within these financial statements.

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS (Cont.)

Further details related to specific areas of risk are as follows:

Market Risk

Currency Risk

The Group enters into foreign exchange forward contracts in order to manage its exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched with future cash outflows of foreign currencies primarily for capital commitments and maintenance contracts, and the Group has designated these as cash flow hedges. The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Group	Foreign Currency		Nominal Contract Value		Fair Value	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
EURO						
Less than 12 months	623	251	1,019	429	1,006	436
1 – 2 years	-	-	-	-	-	-
	623	251	1,019	429	1,006	436

At 31 March 2022, the aggregate amount of losses under forward foreign exchange contracts recognised in other comprehensive revenue or expense and accumulated in the cash flow hedging reserve relating to these anticipated future purchase transactions is \$13,000 (2021 \$7,000).

Sensitivity Analysis – Foreign Currency Contracts

The following table summarises the impact of the relevant forward prices on the Group's surplus/(deficit) for the year. The sensitivity analysis is based on the assumption that the relevant forward prices had increased/decreased by 10% with all other variables held constant.

	Group 2022 +10% \$000	Group 2022 -10% \$000	Group 2021 +10% \$000	Group 2021 -10% \$000
Net Surplus/(Deficit)	(8,480)	(8,480)	116,482	116,482
Sensitivity impact to net surplus	1	(1)	-	-
	(8,479)	(8,481)	116,482	116,482

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS (Cont.)

Electricity Price Risk

The Group enters into electricity price hedges with counterparties. Under these agreements, the Group agrees with the counterparties a fixed price (hedge price) for a percentage of its estimated electricity output. It is the Group's policy not to enter into any speculative position in relation to electricity price hedging contracts.

On maturity of the electricity price hedge any difference between the hedge price and the spot market price is settled between the parties. Settlement occurs irrespective of the amount of electricity actually supplied. If the spot market price is less than the hedged price, electricity counter parties must settle the difference with the Group. Conversely if the spot market price is greater than the hedge price, the Group must settle the difference with electricity counter parties.

Electricity Price hedges at 31 March:

	Fair Value \$000 2022	Fair Value \$000 2021
Less than 12 months	(14,194)	(2,205)
1-2yrs	(7,134)	(7,916)
2-3yrs	(2,441)	(2,767)
3-4yrs	-	-
4-5yrs	-	-
5+yrs	-	-
Total	(23,769)	(12,888)

Electricity Price Hedges

The following table summarises the impact of increases/decreases of the relevant forward prices on the Group's surplus/(deficit) for the year. The sensitivity analysis is based on the assumption that the relevant forward prices had increased/decreased by 10% and all other variables held constant.

	Group 2022 +10% \$000	Group 2022 -10% \$000	Group 2021 +10% \$000	Group 2021 -10% \$000
Net Surplus/(Deficit)	(8,480)	(8,480)	116,482	116,482
Sensitivity impact to net surplus	3,209	(3,209)	5,940	(5,940)
	(4,811)	(11,689)	122,422	110,542

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS (Cont.)

Interest Rate Risk

The Group has exposure to interest rate risk to the extent the Group has cash on demand, at call in floating interest rate instruments as part of cash and cash equivalents and its investment portfolio. The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is also exposed to interest rate risk as borrowings are at floating interest rates.

The cash flow risk is managed through the Statement of Investment Policy and Objectives which places restrictions on how funds may be invested and the exposure to interest rates and unit prices.

The risk in relation to floating rate borrowings is managed within the Group by the use of interest rate swap contracts.

Interest Rate Swap Contracts

The interest rate swaps settle the difference between the fixed and floating interest rate on a net basis on a quarterly basis. All interest rate swap contracts exchanging floating interest amounts for fixed interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from floating interest rate borrowings. The interest rate swaps and the interest payments on the loans occur simultaneously and the amount deferred in equity is recognised in surplus or deficit over the period that the floating rate interest payments on the debt impact surplus or deficit.

Interest rate swap contracts at 31 March:

	Average Contracted Interest Rate		Notional Principal		Fair Value	
	2022	2021	2022	2021	2022	2021
	%	%	\$000	\$000	\$000	\$000
Less than 1 year	3.48	3.43	15,000	5,000	(58)	(111)
1 – 2 years	3.02	3.48	-	15,000	-	(649)
2 – 5 years	1.93	2.46	44,000	34,000	1,022	(3,779)
5 + years	1.51	1.75	65,000	75,000	2,264	679
Balance at 31 March			124,000	129,000	3,228	(3,860)

Sensitivity Analysis – Interest Rate Risk

The following table summarises the impact of increases/decreases of interest rates on the Group's net surplus/(deficit) for the year in relation to floating rate borrowings not covered by interest rate swaps and assumes the exposure at 31 March was outstanding for the whole year. The sensitivity analysis is based on the assumption that the interest rates at 31 March had increased/decreased by 10% and all other variables held constant.

	Group 2022 +10% \$000	Group 2022 -10% \$000	Group 2021 +10% \$000	Group 2021 -10% \$000
Net Surplus/(Deficit)	(8,480)	(8,480)	116,482	116,482
Sensitivity impact to net surplus	(311)	311	(420)	420
	(8,791)	(8,169)	(116,062)	(116,902)

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS (Cont.)

Unit Price Risk

The Group is exposed to unit price risk in relation to its investments in Unit Trusts and private and publicly traded equities. Unit price risk is the risk that the fair value of future cash flows of an investment will fluctuate as a result of changes in market prices.

The Group's investments are allocated into sectors through managed funds and managed by a professional fund manager. The cash flow risk is managed through CLT's Statement of Investment Policy and Objectives which places restrictions on the percentage of funds invested into each sector and the exposure to interest rates and unit prices as set out above.

Sensitivity Analysis – Unit Price Risk

The following table summarises the impact of 20% increases/decreases of unit/equity prices on the Group's net surplus/(deficit) for the 2022 year. The calculation has been done assuming a movement of 20% on the unit price or equity price at 31 March.

	Group 2022 +20% \$000	Group 2022 -20% \$000	Group 2021 +20% \$000	Group 2021 -20% \$000
Net Surplus(deficit)	(8,480)	(8,480)	116,482	116,482
Sensitivity impact to net surplus	36,288	(36,288)	37,996	(37,996)
	27,808	(44,768)	154,478	78,486

Credit Risk

Credit risk is the risk that a third party will default on its obligations causing a loss.

Financial instruments that potentially subject the Group to a credit risk principally consist of cash and cash equivalents, receivables, investments and other financial assets.

Financial Instruments which potentially subject the Group to concentrations of credit risk, consist principally of bank balances, receivables, other finance receivables and investments.

The maximum exposure to credit risk at the reporting date is the carrying amount of those cash and cash equivalents, receivables, other finance receivables and investment balances.

Liquidity Risk

Liquidity risk is the risk the Group may encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through adequate committed credit facilities and ability to close out market positions.

The Group manages liquidity risk by maintaining adequate reserves and floating borrowing facilities, and by continuously monitoring forecast and actual cash flows, and by taking out adequate insurance to cover unanticipated events.

Note 18 includes details of additional undrawn banking facilities.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS (Cont.)

The amounts disclosed in the tables below are the contractual undiscounted cash flows for non-derivative financial liabilities.

2022	Weighted/ average effective interest rate%	Carrying Value	Contractual Cash flows	Less than 1yr	1-2 yrs	2-3yrs	3-4yrs	4-5yrs	5+yrs	Non Interest Bearing
		(\$000)	(\$000)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Payables - exchange	-	(12,653)	(12,653)	-	-	-	-	-	-	(13)
Provision for Grants	-	(19,166)	(19,166)	(18)	(1)	-	-	-	-	-
Borrowings	3.02	(114,500)	(117,979)	(3)	(115)	-	-	-	-	-
Total		(146,319)	(149,798)	(21)	(116)	-	-	-	-	(13)

2021	Weighted/ average effective interest rate%	Carrying Value	Contractual Cash flows	Less than 1yr	1-2 yrs	2-3yrs	3-4yrs	4-5yrs	5+yrs	Non Interest Bearing
		(\$000)	(\$000)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Payables - exchange	-	(27,164)	(27,164)	-	-	-	-	-	-	(27)
Provision for Grants	-	(17,699)	(17,699)	(15)	(3)	-	-	-	-	-
Borrowings	2.94	(100,000)	(116,417)	(4)	(4)	(4)	(104)	-	-	-
Total		(144,863)	(161,280)	(19)	(7)	(4)	(104)	-	-	(27)

Fair Value

Policy:

When the fair value of a financial asset cannot be measured based on quoted prices in active markets, the Fund Manager will measure fair value by using valuation techniques such as the market multiples approach, discounted cash flow modelling and precedent transaction analysis. The inputs to these models are taken from observable inputs where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS (Cont.)

The significant unobservable inputs used in the fair value measurement of the financial assets held could include, but are not limited to: revenue, earnings and associated valuation multiples, indicative quotes, discount rates and precedent transactions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Significant Assumptions and Judgements:

Unit Trusts and Managed Funds - The fair value of Unit Trust investments is based on the per unit price as provided by the Unit Trust manager at balance date. The fair value of Managed Funds investments is based on the underlying price of the equity instruments at balance date (translated into New Zealand dollars) as provided by the Fund Manager.

Interest Rate Swaps - The valuation of interest rate swaps utilises a mark to market pricing calculation carried out by the Bank of New Zealand and ASB and is based on the forward interest rate price curve discounted at the forward interest rate price curve at balance date.

Foreign Currency Forward Contracts - The valuation of foreign currency forward contracts utilises a mark to market pricing calculation carried out by the Bank of New Zealand and ASB and is based on the discounted forward foreign exchange rate at balance date.

Electricity Derivatives - The valuation of electricity derivatives relies on an internally developed pricing methodology. The hedge price is compared against the forecasted spot price over the hedging period in order to determine a fair value of the derivatives. Assumptions that can have a significant impact on the fair value are the publicly available forecasted spot price at each grid exit point and the forecasted volume to be delivered, where the hedges are variable volume instruments.

The valuation of electricity derivatives in level two is based on the ASX and Energy Link forward interest rate price curve that relates to the derivative.

The valuation of electricity price hedges in level three is based on a forecasted generation output based on two years of historical wind/generation data and the ASX and Energy Link forward price curve.

The fair value of Statement of Financial Position financial instruments is deemed to be equivalent to their carrying values.

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS (Cont.)

Private Equities – The Group invests in several Private Equity funds. The valuation of Private Equities is based on information provided by the Private Equity Fund manager on a net asset valuation determined by the manager. The information provided to the Group includes audited financial statements, quarterly manager reports, manager valuation reports and other commentary received.

Generally, the balance date of the underlying Private Equity fund aligns with the Group's balance date. For these Private Equity funds, the Group uses its proportion of the net asset value as detailed in the underlying audited financial statements to determine the net asset value of the investment, this assessment includes assumptions around the impact of COVID-19 on the current market environment, global economy and the portfolio companies of the underlying fund specifically.

There are four funds as noted below with balance dates of 30 June or 31 December and are therefore not aligned to the Group's balance date and for which no adjustment to the fair value of the underlying investments has been made by the fund manager as at 31 March. The Group reviews the most recent audited financial statements as at 30 June or 31 December and adjusts for material quantifiable movements to 31 March such as disposal of underlying portfolio entities, cash distributions or calls made by the Private Equity fund of which information is readily available through managers communications.

The below Private Equity funds have a balance date of 30 June or 31 December 2021 that have not undertaken valuation assessments of the underlying investments at 31 March 2022. For these funds, the net asset valuations are based on trading conditions to their balance date, adjusted for quantifiable movements between 30 June 2021 or 31 December 2021 and 31 March 2022 such as disposals of underlying portfolio entities, cash disbursements and capital calls.

GROUP 2022 \$000	Year End	Opening FV	FV Adjustment	Calls	Distributions	Closing FV
Mercury Capital II	31 Dec	7,197	5,242	-	(8,775)	3,664
Mercury Capital III	31 Dec	2,393	2,141	1,120	(887)	4,767
Knox Fund IV*	30 June	5,176	(1,905)	(1,422)	(1,849)	-
Crown Global Opportunities VII SC	31 Dec	2,390	486	225	-	3,101
Total		17,156	5,964	(77)	(11,511)	11,532

GROUP 2021 \$000	Year End	Opening FV	FV Adjustment	Calls	Distributions	Closing FV
Mercury Capital II	31 Dec	5,040	2,700	-	(543)	7,197
Mercury Capital III	31 Dec	1,033	348	1,012	-	2,393
Knox Fund IV	30 June	4,089	2,487	-	(1,400)	5,176
Crown Global Opportunities VII SC	31 Dec	1,237	57	1,096	-	2,390
Total		11,399	5,592	2,108	(1,943)	17,156

*Fund closed during the year

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS (Cont.)

The following tables analyse the basis of the valuation of classes of financial instruments measured at fair value in the Statement of Financial Position.

GROUP 2022	Total \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000
Financial Instruments - Assets				
Investments :				
Unit Trusts	207,777	-	207,777	-
Private Equities	36,793	-	-	36,793
Derivative Financial Assets:				
Electricity Hedge Contracts	50,645	-	-	50,645
Foreign Currency Forward Contract	6	-	6	-
Interest Rate Swaps	3,720	-	3,720	-
Financial Instruments - Liabilities				
Derivative Financial Liabilities:				
Electricity Hedge Contracts	(74,414)	-	-	(74,414)
Electricity hedge contracts-subject to net settlement	-	-	-	-
Interest Rate Swaps	(492)	-	(492)	-

GROUP 2021	Total \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000
Financial Instruments - Assets				
Investments:				
Unit Trusts	189,163	-	189,163	-
Private Equities	51,961	-	-	51,961
Derivative Financial Assets:				
Electricity Hedge Contracts	50,414	-	-	50,414
Foreign Currency Forward Contract	7	-	7	-
Financial Instruments - Liabilities				
Derivative Financial Liabilities:				
Electricity Hedge Contracts	(65,948)	-	-	(65,948)
Interest Rate Swaps	(3,860)	-	(3,860)	-

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS (Cont.)

Fair Value Hierarchy Disclosures

There were no transfers between the different levels of the fair value hierarchy during the year.

Valuation technique with significant non-observable inputs (level 3)

The tables below provide a reconciliation of level 3 fair value measurements of financial assets:

	Group	
	2022	2021
	\$000	\$000
Private Equities		
Balance at beginning of the year	51,961	37,423
Calls on Capital	3,174	5,213
Distributions	(25,593)	(5,749)
Gain/(loss) recognised in net surplus/(deficit)	7,251	15,074
Balance at end of the year	36,793	51,961
Electricity Hedge Contracts		
Balance at beginning of the year	(15,534)	10,277
Settlements	(4,554)	868
Gain /(loss) recognised in the net surplus/(deficit)	(3,681)	(26,679)
Balance at end of the year	(23,769)	(15,534)

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

Capital Risk Management

The Group manages its ability to meet its obligations through the adjustment of its reserves for growth in population and inflation.

The capital structure of the Group consists of debt which includes the borrowings in Note 18, cash and cash equivalents, investments, and equity comprising of the capital maintenance reserve, population growth reserve, hedge reserve and general funds as disclosed in Note 19.

The overall strategy remains unchanged from 2021.

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

22. Commitments

	Group	
	2022 \$000	2021 \$000
Commitments for the acquisition of property, plant and equipment	-	-
Commitments for capital contributions to joint ventures	20,000	27,700
Total	20,000	27,700

The Group's share of the capital commitments made jointly with other joint venturers relating to its joint venture, Southern Generation Limited Partnership, is as follows:

At 31 March 2022 the Group had committed to a further \$20m of capital contributions to the Ecogas JV as the net investment required to complete the Ecogas build in Reporoa and Papakura. The majority of this commitment has been spent and \$13.2m is included as work in progress in the Balance Sheet.

The Group has committed calls not yet made in Private Equity investments as follows:

	Group	
	2022 \$000	2021 \$000
Total	25,118	24,438

Non-Cancellable Operating Lease Commitments – as lessee

	Group	
	2022 \$000	2021 \$000
Less than one year	17	143
One to two years	26	97
Three to five years	4	123
Over five years	-	102
Total (A)	47	465

Other Non-Cancellable Contracts

The Group has entered into non-cancellable contracts for the provision of services such as the use of electricity system line functions, the supply of metering equipment and data services and operations contracts with a range of renewal options. Details of the commitments under the contracts are as follows:

	Group	
	2022 \$000	2021 \$000
Less than one year	243	79
One to two years	165	79
Two to five years	335	239
Over five years	1,194	1,838
Total (B)	1,937	2,235
Total (A+B)	1,984	2,700

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

23. Operating Lease as a Lessor

	Group	
	2022	2021
	\$000	\$000
Less than one year	199	199
One to five years	797	797
Over five years	84	283
Total	1,080	1,279

24. Contingent Liabilities

The Group has the following contingent liabilities under letters of credit and guarantees.

	Group	
	2022	2021
	\$000	\$000
Polson Higgs	360	360
Energy Clearing House	500	25
Orion New Zealand Limited	50	50
Invercargill City Council	100	100
Tasman District Council	402	402
Attritor	-	1,250
Department of Conservation	182	182
Verbole d.o.o. (Slovenija)	1,042	-
BNZ (associated with Pulse Energy Alliance Limited Partnership)	9,000	-
Total	11,636	2,369

25. Related Party Transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Parent of the Group.

The Group has a related party relationship with its Trustees and Directors and other key management personnel.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Parent and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Transactions with related parties

The following transactions were carried out with related parties:

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

a) Related Party Balances

Several of the Trustees of the Central Lakes Trust and key management personnel have a key relationship with organisations which had grants approved during the year. The details are as follows:

Trustee/Director or Management of CLT & CLDL	Related Party	Connection	Purchases/ Services	Amount Approved	Outstanding at 31 March 2022
L Robertson	CODC – Property	Chair Audit and Risk Committee	Grant	76,700	32,000
L Breen *	Alexandra Clyde Lauder Union Parish	Contractor	Grant	20,250	7,363
	Roxburgh Pool Punwai Ora 'Safe Water'	Contractor	Grant	920,766	920,766
	CODC – Property	CEO	Grant	76,700	32,000
	Coastguard Wanaka Lakes Ltd	Contractor	Grant	312,000	312,000
	Otago Country Cricket	Board Member	Grant	25,000	14,250
T Lepper	Queenstown Bowling Club	Board Member	Grant	60,000	60,000
K Dedo**	Community Networks Wanaka	Employee	Grant	90,000	45,000

* Lindsay Breen is Managing Director of Breen Construction which is contracted to carry out a number of community projects.

** Kathy Dedo's husband is a Trustee of Queenstown Lakes Community Housing Trust (QLCHT) with which the Trust has loans to.

Central Lakes Trust Group

CONSOLIDATED STATEMENTS

Trustee/Director or Management of Central Lakes Trust & Central Lakes Direct Limited	Related Party	Connection	Purchases/ Services	Amount Approved	Outstanding at 31 March 2021
C Gilmour	Wakatipu Youth Trust – Youth Services	Trustee	Grant	183,600	-
G Wilkinson	Old Cromwell Inc	Association	Grant	-	14,035
H Van Hale	Three Lakes Cultural Trust	Trustee	Grant	30,000	-
	Upper Clutha Tracks Trust	Family Connection	Grant	9,500	-
	Wanaka Golf Club	Member	Grant	-	50,000
L Robertson	CODC – Cromwell Memorial Hall	Chair Audit and Risk Committee	Grant	-	1,400,000
	CODC – Clyde Hall	Chair Audit and Risk Committee	Grant	20,000	20,000
L Breen *	Alexandra Community House	Trustee	Grant	73,500	27,750
	Wanaka Tennis Club	Contractor	Grant	-	43,000
	CODC – Clyde Hall	Contractor	Grant	20,000	20,000
M Sidey	Wanaka Golf Club	Member	Grant	-	50,000
	Wanaka Watersports Facility Trust	Chairman	Grant	-	4,939
	NZ Mountain Film Festival	Trustee	Grant	3,000	-
T Lepper	Arrowtown Bowling Club	Chairman Bowls NZ	Grant	56,471	9,858
	Youth Employment Programme	Family Connection	Grant	30,000	-
	Alexandra Community House	Family Connection	Grant	73,500	27,750
	Central Otago REAP	Family Connection	Grant	98,000	49,000
	Cromwell Bowling Club	Chairman Bowls NZ	Grant	7,910	7,910
	Wanaka Bowling Club	Chairman Bowls NZ	Grant	38,250	38,250
K Dedo	Community Networks Wanaka	Employee	Grant	157,000	60,000

* Lindsay Breen is Managing Director of Breen Construction which is contracted to carry out a number of community projects.

Grant details may be duplicated as conflicts are listed by person

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

25. RELATED PARTY TRANSACTIONS (CONT.)

In addition to the above, the following provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Group		Sales to/transactions with related parties	Purchases from related parties	Amounts owed to related parties*	Amounts due from related parties*
		\$000	\$000	\$000	\$000
Southern Generation Limited Partnership (i)	2022	6,085	24,276	516	1,426
	2021	26,730	18,797	1,572	593
Ecotricity Limited Partnership (ii)	2022	-	-	-	-
	2021	3,085	329	-	8
Pulse Energy Limited Partnership (iii)	2022	42,291	30,483	1	5
	2021	23,386	10,317	2,765	2,296
Dairy Creek Limited Partnership (iv)	2022	995	-	-	83
	2021	1,379	-	-	193
Ecogas Limited Partnership (v)	2022	12,069	156	157	397
	2021	453	-	-	38

*amounts are classified as trade receivables and derivative financial liabilities respectively (refer Notes 5 and 8).

i) Southern Generation Limited Partnership (SGLP)

Pioneer Energy Limited (PEL) has an agreement to provide asset management, business development and contracting services to SGLP. In addition, PEL has an agreement to purchase some or all of the electricity generated by SGLP for certain generating assets over a period of time which is significantly shorter than the life of the generating plant. PEL has entered into power purchase agreements with Nova Energy Limited and Mercury New Zealand Limited in relation to electricity generated by assets owned by SGLP. In order to gain access to the electricity, PEL has entered into a back to back power purchase agreement with SGLP. It has been determined that there is no resulting financial asset and liability in the consolidated financial positions of each entity.

ii) Ecotricity Limited Partnership (Ecotricity)

Pioneer Energy has an agreement to provide wholesale electricity to Ecotricity. This is an ongoing commitment on contracts in existence at the time of sale with Pioneer Energy Limited having sold its partnership interest in February 2021.

iii) Pulse Energy Alliance Limited Partnership (PEALP)

PEALP is a limited partnership jointly owned by a wholly owned subsidiary of PEL (48.95%), BEL Investments NZ Limited (a subsidiary of Buller Electricity Limited (47.03%)) and Electra Limited (4.02%).

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

25. RELATED PARTY TRANSACTIONS (CONT.)

Transactions with PEALP

Pioneer Energy received payments (GST Exclusive) from PEALP for:

- Management services and incidental costs to PEALP totalling \$198,000 (2021: \$472,823)
- Electricity credits from NZX collected by PEALP on behalf of PEL totalling \$20,739,964 (2021: \$18,739,374).

PEL makes payments (GST Exclusive) to PEALP for:

- Provision of treasury management services totalling \$75,000 (2021: \$75,000). The payable outstanding at year end is \$7,187 (2021: \$7,187).
- EA levy credits totalling \$76,747 (2021: \$73,928)
- Settlements in relation to PPA contracts to PEALP totalling \$19,357,440 (2021: \$17,110,278).
- Settlements in relation to contracts for differences with PEALP totalling \$5,734,821. (2021: \$4,097,779)

In February 2020 PEALP acquired a three year contract for differences from PEL for \$1,370,000. As PEL remains a counter party to the contract it was revalued at year end at market value.

At balance date the payable to PEALP with regard to the Intercompany Trading Agreement and Jarden (formerly OMF) initial and MTM margins between PEALP and PEL was \$299,936 (2021: \$158).

Shareholder Support provided to PEALP

Since March 2020 PEL provided a short term funding facility to PEALP of up to \$2,250,000 from which it received interest of 7% p.a. and lines fees of 0.5% p.a. During the year drawings under the facility totalled \$8,995,000 (2021: \$6,750,000). PEL received line fee income of \$11,250 (2021: \$11,250). Outstanding line fee receivable at year end was \$938 (2021: \$938). The facility was fully repaid in March 2022

Since May 2020 PEL provided a short term margin call facility to PEALP of up to \$1,220,000 with a maturity of 31 March 2022. PEL received interest of 7% p.a. During the year drawings under the facility totalled \$3,660,000 (2021: \$2,440,000). The facility was fully repaid in March 2022.

Interest received from PEALP on the short term funding and margin call facilities was \$71,487 (2021: \$163,215). Outstanding interest receivable at year end \$Nil (2021: \$Nil).

In March 2022 PEL agreed to provide PEALP with a short-term margin call facility of up to \$1,000,000 with a maturity of 30 September 2022, interest of 7% per annum.

On 30 March 2022 a Deed of Amendment and Restatement relating to PEALP's Multi-Option Facility Agreement (expiry 30 September 2023) was signed by BNZ, PEALP, Pulse GP Limited, PEL and Buller Electricity Limited. PEL and Buller Electricity Limited each provided a guarantee to BNZ for \$9,000,000 (limited to \$4,000,000 each in respect to PEALP's \$8,000,000 overdraft facility and \$5,000,000 each in respect of a \$10,000,000 standby letter of credit for NZX prudentials). (2021: A \$2,500,000 guarantee was provided to PEALP's bank).

Shareholders' PPA

In April 2020 PEL and PEALP entered into a two-year PPA mark-to-market hedge arrangement. PEL agreed to become the market counterparty for the volumes required and entered into a back-to-back agreement with Buller Electricity Limited and and Electra Limited proportionate to their PEALP ownership.

During the year ended 31 March 2022 PEALP received \$1,404,463 of net benefits from PEL (2021: \$3,559,761). Total payments from PEL amounted to \$14,613,126 (2021: \$9,502,075). The two-year contract was accounted for at fair value under NZ IFRS 9. The contract had no value at balance date as it had expired (31 March 2021: \$27,888,497). At balance date a payable was due to PEALP of \$1,060,115 (31 March 2021: \$1,717,347).

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

25. RELATED PARTY TRANSACTIONS (CONT.)

Sale of retail customers to PEALP

On 15 October 2021 PEALP and PEL signed a heads of agreement for PEL to sell its 1,000 retail customers on 1 December 2021 to PEALP. PEALP agreed to pay a purchase price of \$505.47 per ICP as at 30 November 2021. \$379,103 or 75% of total settlement (at \$379.10 per ICP) was paid on 1 December 2021. The remainder 25% was agreed to be held as retention and paid based on all ICPs that remain with PEALP after 6 months at the purchase price less the 75% already paid at 1 June 2022, which resulted in a payment to PEL subsequent to balance date of \$68,744

iv) Dairy Creek Limited Partnership (Dairy Creek)

Pioneer Energy provided contracting and project management services to Dairy Creek during the period. Pioneer Energy has provided a loan to Dairy Creek to the sum of \$9,806,393 (2021: \$9,656,393), which interest is payable at 9% per annum (2021: 9%). During the year \$882,575 (2020: \$851,964) was charged.

v) Ecogas Limited Partnership

Pioneer Energy has an agreement to provide management services and to build a waste energy facility. During the year the Group had progress claims/sales to Ecogas of \$12,068,896 (2021: \$7,024,384) and payments of \$7,155,693 (2021: \$3,502,327).

b) Trustees Remuneration

Trustees Remuneration is set following an independent review and advice every three years.

The Trust also has an established Investment Committee with a mix of internal and external members. In the 2021 financial year the terms of reference for the Executive Committee were expanded and the committee became the Remuneration and Nomination Committee with internal members. Trustees appointed to these committees are paid an additional fee for extra duties. Remuneration listed below includes committee fees.

	Remuneration	
	2022	2021
	\$000	\$000
Linda Robertson (Chair from November 2018. Appointed December 2017)	47.5	47.5
Cath Gilmour (Re-Elected November 2019)	18	18
Michael Sidey (Retired November 2020)	-	12
Hetty Van Hale (Re-appointed December 2021)	24	24
Kathy Dedo (Deputy Chair from November 2021, Elected November 2019)	18	18
Rosie Hill (Elected November 2019)	18	18
Tony Lepper (Elected November 2019)	22	22
Lindsay Breen (Elected November 2019)	25.5	25.5
Kathy Grant (Appointed November 2020)	21.75	6
Total	194.75	191

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2022

25. RELATED PARTY TRANSACTIONS (CONT.)

c) Pioneer Energy Limited Directors fees

Directors' fees in respect of the year ended 31 March were as follows:

	2022		2021	
	PEL \$000	Joint Venture \$000	PEL \$000	Joint Venture \$000
S Heal (retired Chair and director September 2020)	-	-	44.5	-
D Elder (appointed October 2020)	47.2	-	22.2	-
N Lewis	45.2	18	44.5	18
R Hewett (Chair from October 2020)	90.5	-	66.7	9
W Moran	51.3	36	48.6	27
A Balfour (appointed October 2020)	47.2	-	22.2	-
G Holden	-	-	-	17
N Crawford (appointed September 2019, resigned August 2020)	-	-	18.5	-

d) Key management personnel compensation

The Group have a related party relationship with its key management personnel including the senior management of the Trust and Pioneer Energy Limited. Key management personnel compensation includes the following expenses:

	Group	
	2022 \$000	2021 \$000
Salaries and other short-term employee benefits	2,134	2,667
Termination benefits	-	-
Total Remuneration	<u>2,134</u>	<u>2,667</u>
Number of staff recognised as key management personnel	10	11

26. Significant Events after Balance Date

Pioneer Energy Limited acquired the rights to secure landowner agreements and long-term wind monitoring data, for an agreed price of \$6.8m in August 2022. Providing it the option to secure resource consent for the development of a large-scale wind farm.

Global economic uncertainty caused significant variation in the investment portfolio valuation at year end and has continued to do so subsequent to year end also.

Independent Auditor's Report

To the Trustees of Central Lakes Trust

Opinion

We have audited the financial statements of Central Lakes Trust (the 'entity') and its subsidiaries ('the group'), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive revenue and expense, statement of changes in net assets/equity and cashflow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 1 to 52 present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards.

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 provision of risk advisory services and taxation advice and other services, we have no relationship with or interests in the entity or any of its subsidiaries. These services have not impaired our independence as auditor of the entity or group.

Other information

The Trustees are responsible on behalf of the Trust for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

Our responsibility is to read the other information, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

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 Public Benefit Entity Standards, 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.

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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated 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 Section 10 of 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Dunedin, New Zealand
2 September 2022