CENTRAL LAKES TRUST GROUP

CONSOLIDATED FINANCIAL REPORT

31 March 2023

BUSINESS DIRECTORY

Nature of Business	Charitable Trust
Business Address	190 Waenga Drive, Cromwell
Postal Address	PO Box 138, Cromwell
Trustees	Linda Robertson - Chair Kathy Dedo – Deputy Chair Lindsay Breen Jim Boult Kathy Grant Tony Lepper Hetty Van Hale Trudi Webb
Auditors	Deloitte Limited PO Box 1245 Dunedin 9054
Bankers	Bank of New Zealand 11-13 Rees Street Queenstown 9371
Solicitors	Berry and Co PO Box 179 Queenstown 9300
Accountants	McCulloch & Partners Level 2 / 11 – 17 Church Street Queenstown 9300

TABLE OF CONTENTS

STATEMENT OF SERVICE PERFORMANCE	4
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 31 MARCH 2023	9
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 MARCH 2023	10
CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2023	11
CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023	12
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023	14
1. SUMMARY OF ACCOUNTING POLICIES	14
2. REVENUE & EXPENSES	20
3. TAXATION	22
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	22
5. RECEIVABLES FROM EXCHANGE TRANSACTIONS	22
6. INVENTORIES	23
7. INVESTMENTS	23
8. OTHER FINANCIAL ASSETS & OTHER FINANCIAL LIABILITIES	24
9. GOODWILL	27
10. INVESTMENT PROPERTY	28
11. SUBSIDIARIES & CONTROLLED ENTITIES	28
12. ACQUISITION OF SUBSIDIARIES/PARTNERSHIP	29
13. PROPERTY, PLANT & EQUIPMENT	29
14. JOINT VENTURES	33
15. OTHER INTANGIBLE ASSETS	36
16. PAYABLES UNDER EXCHANGE TRANSACTIONS	38
17. PROVISION FOR GRANTS	39
18. BORROWINGS	40
19. EQUITY	41
20. NOTES TO CASHFLOW STATEMENT	43
21. FINANCIAL INSTRUMENTS	44
22. COMMITMENTS	61
23. OPERATING LEASE AS A LESSOR	62

24. CONTINGENT LIABILITIES	**62**
25. RELATED PARTY TRANSACTIONS	**62**
26. SIGNIFICANT EVENTS AFTER BALANCE DATE	**69**

STATEMENT OF SERVICE PERFORMANCE For the year ended 31 March 2023

Who are we?

Central Lakes Trust (CLT) is a Charitable Trust that grants funds for charitable purposes within the Central Lakes region. The region comprises the area bestowed by its original benefactor; The Otago Central Electric Power Board, which comprises parts of both Central Otago and Queenstown Lakes regions.

Since inception, in 2000 the assets of CLT have grown from the initial $155 million bestowed, to assets totalling $459 million with Trust grants of $138 million to various charitable community programmes and projects across our region.

CLT is proud to own a 100% shareholding in Pioneer Energy Limited. This investment comprises approximately 39% of CLT’s portfolio.

Pioneer Energy’s business now includes, both through direct investment and through various joint ventures, multiple hydro and wind generation sites, energy solutions and retail electricity distribution across New Zealand. Pioneer is governed by an independent Board of Directors.

The remainder of CLT's investments, are made up of a diversified portfolio which includes a range of national and international investments, in three asset classes:

- growth assets (Australasian shares, global shares, property, and private equity).
- alternative assets (primarily global infrastructure investments).
- and income assets (bonds, cash, and housing loans).

CLT has allocated a portion of funds invested in social impact investments, which in addition to a financial return, generates a measurable community benefit to the CLT region. CLT seeks out opportunities to further these investments.

CLT operates under a Trust Deed dated August 2019 and is governed by a Board of three appointed and five publicly elected Trustees. The Board has established Committees to assist the Board in its duties and these Committees provide advice and recommendations to the Board for its consideration.

Why do we exist?

CLT's purpose is to ensure that funds can be available over time to help support charitable projects throughout Central Lakes; to enhance the community and the lives of its residents.

One of CLT's primary objectives is to grow its capital base so that funds are available in perpetuity for the benefit of future generations. The ability to fund annual grants is dependent upon the performance of CLT's investments and the adequacy of its reserves.

Vision: Our community is a better place.

Mission: We enhance assets and enrich lives by supporting our community.

CLT's strategic themes are:

- We strive to be an innovative, solution-focused organisation, proactively addressing the changing charitable needs of our region in collaboration with our stakeholders and our communities.
- We ensure that we are well-positioned to maintain our fund in perpetuity and respond to future challenges.
- We are committed to making smart decisions that will protect and grow our investments, as well as continuing to play a pivotal role in the long-term future of our communities.

We provide grants to our regional council, local territorial authorities, registered public state learning providers and registered charities.

We recognise three grant funding principles when funding programmes and projects that benefit the residents of the CLT region, namely:

- **Enabling people** – strengthening communities to be responsive, engaged, and resilient
- **Enhancing opportunities** – enriching communities, enhancing community assets and facilities, creating community cohesion
- **Enduring environment** – stewardship of the history and environment of the region.

All our grants must be for a charitable purpose and must fit within one or more of the following areas:

- Community Wellbeing
- Community Recreation
- Lifelong Learning
- Arts and Culture
- Environment and Heritage

The level of funding we provide to community groups is determined by our impact scale. This impact scale requires us to review each application to determine the impact on people's lives and the community benefit derived.

CLT's medium to long term goals:

Investment:

CLT expects an annual dividend from its ordinary shares in Pioneer Energy Limited to return a minimum of 7% on the most recent valuation of the company over the long-term.

In terms of its other investments CLT is a long term investor and aims to ensure its reserving position, (actual funds) are greater than its hard benchmark (real capital) and manages its portfolio in accordance with a Statement of Investment Policies and Objectives.

Community

CLT aims to make grants across all of its charitable sectors and funds a wide range of projects and programmes across the Central Lakes region.

What did we do and how did we perform?

Key Judgements: In preparing the Statement of Service Performance and Annual Report, significant judgement is required with regard to the elements of service performance reported and how those elements are measured or described. CLT has elected to report on performance measures that reflect the objectives stated in CLT's Strategic Plan and Trust Deed.

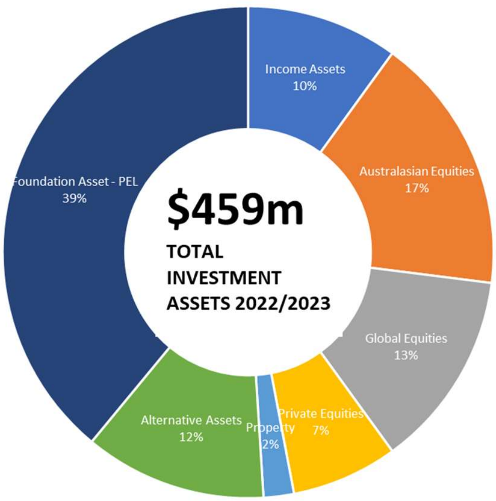
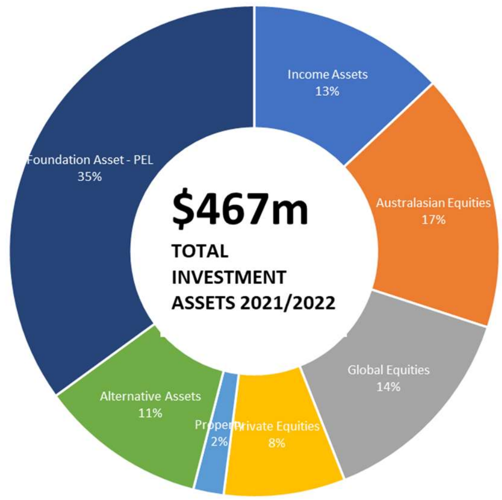
Deloitte.
for Identification

Investment

Investment Portfolio

As a long-term investor, we manage our investment portfolio in accordance with our Statement of Investment Policies and Objectives (SIPO). We have an Investment Committee workplan in place which requires us to formally review our SIPO annually and monitor our strategic asset allocation.

CLT invests its funds as follows:

2023	2022 (unaudited)
	

Pioneer Energy

CLT's founding asset investment is in Pioneer Energy Limited with a carrying value of $179m, (2022 $162m) and comprises ordinary shares and redeemable preference shares.

CLT expects an annual dividend from its ordinary shares in Pioneer Energy Limited to return a minimum of 7% on the most recent valuation of the company. CLT acknowledges that Pioneer Energy Limited's financial performance can be negatively impacted by several factors and therefore takes a medium to long term view (five plus years) for the dividend calculations to allow a smoothing effect and to help cater for market volatility. Pioneer Energy returned $8.8m in dividends, a return of 7% on the most recent valuation of the company (2022 - $8.1m, 7%).

Social Impact Investments

CLT aims to make social impact investments of up to $20m. Social impact investments are investments that are intended to provide a financial return and generate a measurable community benefit to the CLT region.

As at year end the total cash investment that had been provided to social impact investments by the parent organisation Central Lakes Trust amounted to $11.7m:

Investment	Project	2023 $m	2022 $m (unaudited)
Queenstown Lakes Community Housing Trust	Social housing projects in Queenstown Lakes District (Shotover Country and Hikuwai)	$4.1	$4.2
New Ground Capital	Social housing development in Frankton – Toru Apartments	$2.5	$2.7
Southern Cross CLT Limited	Hospital	$5.1	$4.8

Deloitte. for Identification

Note: The amounts disclosed in the above total represent the cash amounts provided to each investment which differs from the values shown in the financial statements as a result of fair value adjustments.

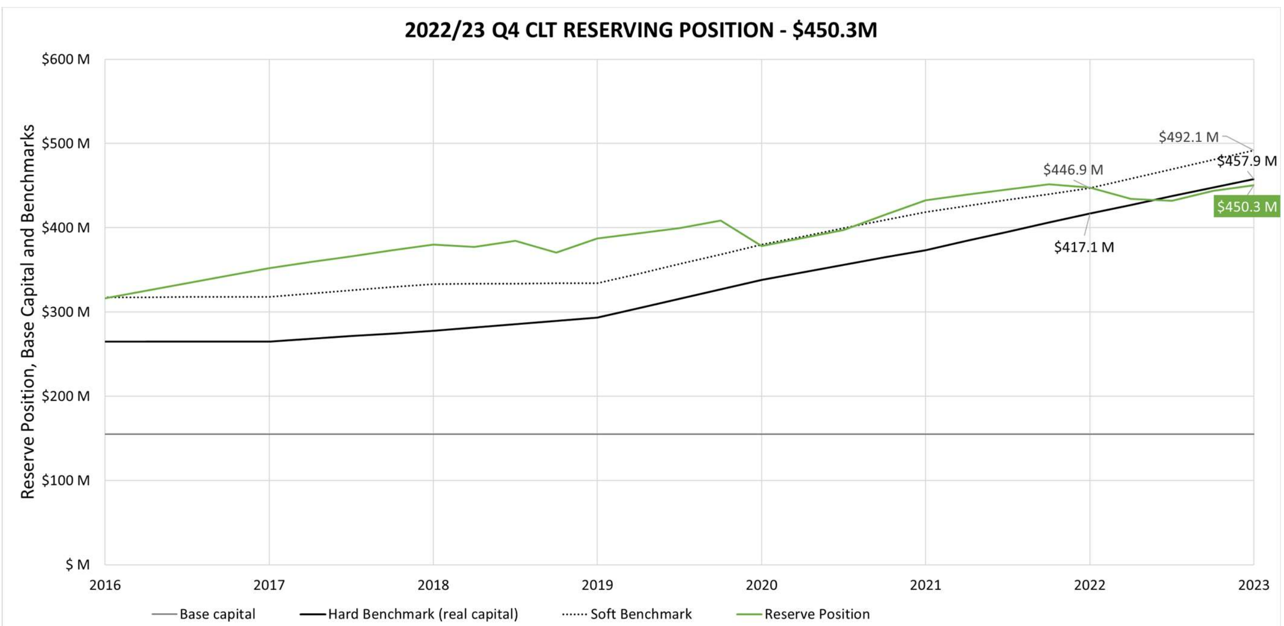
Reserving

CLT aims to ensure its reserving position (actual funds) is greater than its hard benchmark (real capital).

This year due to the volatility of investment markets and high inflationary pressures CLT was unable to outperform the hard benchmark. Trustees have confidence in CLT's present strategic asset allocation but continue to monitor the portfolio closely.

Investment Statistics	**2023** **$m**	**2022** **$m** **(unaudited)**
Investment Portfolio – Hard benchmark (Real capital)	457.9	417.1
Reserving position (Actual funds)*	450.3	447.5

*The reserving position is a measure calculated from CLT's result and does not align with the Group financial statements due to losses within the Group.

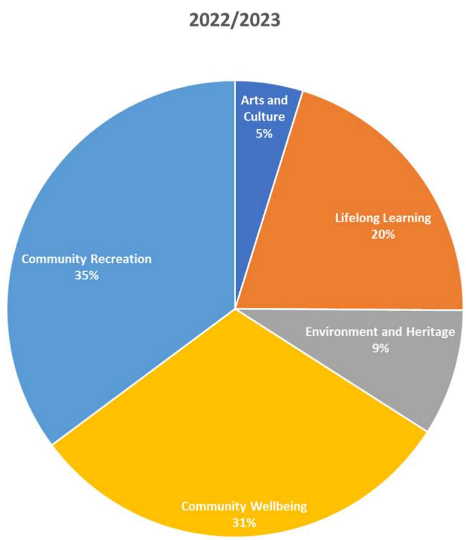


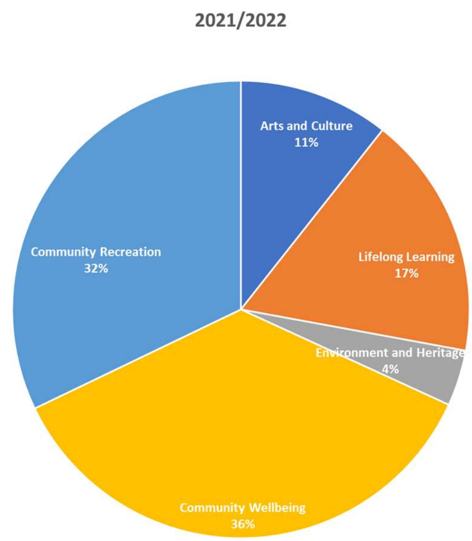
Community

CLT aims to make grants across all of its charitable sectors and funds a wide range of projects and programmes across the Central Lakes region. For the year ended 31st March 2023 CLT granted $9,061,700 (2022 - $10,179,700) through the provision of 169 grants (2022 – 165). The figures shown in the financial statements differ from these figures as each year the Trustees make decisions on granting activity which may impact future years. Whilst this decision is accounted for in the year in which the decision is made, the reporting on granting activity for the year, reflects the year in which the grant relates.

Our grants are categorised into five different areas:

Grants for year to 31st March 2023	Grants for year to 31st March 2022 (Unaudited)





CLT also aims to make regional grants across the entire Central Lakes region:

Town	2023	2022 (unaudited)
Alexandra	$1,032,200	$923,200
Arrowtown	$462,000	$651,000
Bannockburn	$109,600	$71,700
Clyde	$344,000	$286,700
Cromwell	$1,038,500	$1,008,600
Glenorchy	$49,200	$76,500
Hawea	$376,000	$396,200
Luggate	$112,500	$71,900
Makarora	$64,900	$60,100
Millers Flat	$108,300	$161,500
Omakau	$107,900	$109,600
Poolburn	$8,600	$6,100
Queenstown	$2,487,500	$3,583,300
Roxburgh	$432,900	$953,500
St Bathans	$9,000	$4,800
Tarras	$36,200	$13,600
Wanaka	$2,282,400	$1,801,400
Total	**$9,061,700**	**$10,179,700**

Deloitte. for Identification

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 $000	2022 Restated $000
Revenue from Exchange Transactions			
Investment Gains/(Losses)	2a	(5,840)	15,749
Generation, Retail & Energy	2b	101,367	132,316
Other Revenue	2c	2,957	4,298
		98,484	**152,363**
Less Expenses			
Cost of Sales – Electricity		48,300	100,724
(Gain)/Loss on fair value of electricity derivatives		(21,406)	(6,563)
Audit Fees – Deloitte Limited	2d	211	189
Other Fees paid to Auditor	2d	8	9
Investment Advice/Management Fees		63	47
Trustee Remuneration		264	212
Employee Remuneration	2e	7,717	6,485
Depreciation & Amortisation Expense	2f	6,620	7,831
Finance Costs		7,145	5,183
Other Expenses	2g & 25b,c,d	46,945	27,674
Total Expenses		**95,867**	**141,791**
Net Operating Surplus		**2,617**	**10,572**
Less Grants Approved		(8,666)	(9,905)
Add Grants Rescinded		185	241
		(5,864)	**908**
Gains/(Losses) on foreign exchange derivatives		17	(3)
Share of Surplus / (Deficit) from Joint Ventures	14	(38,337)	(9,385)
Net Surplus/(Deficit) for the year		**(44,184)**	**(8,480)**
Other Comprehensive Revenue or Expense			
Item that may be reclassified subsequently to surplus or deficit			
Cash Flow Hedges			
Fair value gain/(loss) on Interest Rate Swaps	19d	3,017	7,088
Fair value gain/(loss) on Foreign Exchange Contracts	19d	5	6
Other Comprehensive Revenue or Expense		**3,022**	**7,094**
Total Comprehensive Revenue and Expense for the year		**(41,162)**	**(1,386)**

Deloitte. for Identification

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	General Funds	Capital Maintenance Reserve	Population Growth Reserve	Minority Interests	Hedging Reserve	Total
		$000	$000	$000	$000	$000	$000
Balance at 31 March 2021	19	**227,907**	**84,912**	**133,651**	**-**	**(3,853)**	**442,617**
Net Surplus/(Deficit) for the year		(8,480)	-	-	-	-	(8,480)
Other Comprehensive Revenue or Expense for the year	19	-	-	-	-	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	**175,910**	**102,499**	**159,581**	**-**	**3,241**	**441,231**
Net Surplus/(Deficit) for the year		(44,184)	-	-	-	-	(44,184)
Other Comprehensive Revenue or Expense for the year	19	-	-	-	-	3,022	3,022
Total Comprehensive Revenue & Expense for the year		(44,184)	-	-	-	3,022	(41,162)
Transfer from General Funds	19	(40,811)	17,137	23,674	-	-	-
Balance at 31 March 2023	19	**90,916**	**119,635**	**183,255**	**-**	**6,263**	**400,069**

Deloitte.
for Identification

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Group 2023 $000	2022 $000
Current Assets			
Cash and Cash Equivalents	20a	1,003	3,085
Receivables from Non-Exchange Transactions	4	587	646
Receivables from Exchange Transactions	5	31,918	25,806
Inventories	6	328	2,282
Investments	7	35,196	41,873
Other Financial Assets	8	12,725	40,750
		81,757	**114,438**
Non Current Assets			
Property, Plant & Equipment	13	57,606	73,722
Investments	7	239,154	248,789
Investment Property	10	5,850	5,450
Other Intangible Assets	15	7,062	610
Goodwill	9	16,268	16,268
Other Financial Assets	8	21,937	23,427
Investment in Joint Ventures	14	141,547	180,602
		489,424	**548,868**
Total Assets		**571,181**	**663,305**
Current Liabilities			
Payables under Exchange Transactions	16	12,435	13,502
Provision for Grants	17	17,019	16,658
Borrowings	18	21,400	14,500
Other Financial Liabilities	8	13,205	54,996
		64,059	**99,656**
Non Current Liabilities			
Other Financial Liabilities	8	6,451	19,910
Provision for Grants	17	602	2,508
Borrowings	18	100,000	100,000
		107,053	**122,418**
Total Liabilities		**171,112**	**222,074**
Equity			
Capital and Reserves		400,069	441,231
Equity attributable to the Trust	19	**400,069**	**441,231**
Total Liabilities and Equity		**571,181**	**663,305**

For and on behalf of the Trust:

Trustee K. G. Grant

Trustee

Deloitte. for Identification

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Group 2023 $000	2022 $000
Cashflows from Operating Activities			
Cash was provided from:			
Receipts from customers – exchange transactions		136,872	161,893
Rent received		228	205
Interest & Dividends received		2,546	916
		139,646	163,015
Cash was disbursed to:			
Payment to Suppliers		(126,983)	(157,788)
Payment to Employees		(7,748)	(6,496)
Interest paid		(7,148)	(5,105)
Payment of Grants		(10,025)	(8,198)
		(151,902)	(177,588)
Net cash inflow/(outflow) from operating activities	20b	**(12,256)**	**(14,573)**
Cashflows from Investing Activities			
Cash was provided from:			
Funds received from Investments		26,210	36,007
Proceeds from sale of Property, Plant & Equipment		22,713	16,364
Distributions from Joint Ventures		10,825	9,375
		59,748	61,746
Cash was disbursed to:			
Payment for Investments		(18,932)	(29,634)
Payment for Property, Plant & Equipment		(31,424)	(23,469)
Payment for Other Intangible Assets		(6,697)	(19)
Capital Contribution to Joint Ventures		(10,687)	(18,288)
Issue of Loan to Joint Venture		-	(150)
		(67,740)	(71,560)
Net cash inflow/(outflow) from investing activities		**(7,992)**	**(9,814)**
Cashflows from Financing Activities			
Cash was provided from:			
Proceeds from Borrowings		6,900	14,500
Proceeds from Prudential Security		11,266	-
		18,166	14,500
Cash was disbursed to			
Repayment of Prudential Security		-	(3,139)
		-	(3,139)
Net cash inflow from financing activities		**18,166**	**11,361**

Deloitte.
for
Identification

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023 (cont'd)

	Notes	Group 2023 $000	2022 $000
Net increase/(decrease) in Cash and Cash Equivalents		**(2,082)**	**(13,026)**
Add Cash and Cash Equivalents at beginning of the year		3,085	16,111
Cash and Cash Equivalents at end of the year	20a	**1,003**	**3,085**

Deloitte. for Identification

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The consolidated financial statements of the Group are for the year ended 31 March 2023. The financial statements were authorised for issue by the Trustees on 1 September 2023.

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 principal 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 value of the consideration given in exchange for assets.

Changes in Accounting Policies

Accounting policies are selected and applied in a manner that 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.

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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 that 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.

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

Refer to note 14.

Investments in private equities

Refer to note 7 and note 21.

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

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.

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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

The Group has adopted all mandatory new and amended standards and interpretations. The following were of significance to the Group:

(i) PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments is effective from 1 January 2022 and was adopted by the Group from 1 April 2022.

PBE IPSAS 41 introduces new recognition and measurement requirements for financial assets and restricts the ability to measure financial assets at amortised cost to only those assets that are held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In addition, measurement of financial assets at fair value through other comprehensive revenue and expense is also restricted.

PBE IPSAS 41 has not had a material impact on the Group financial statements but did result in updated accounting policies and disclosures. No measurement changes occurred (refer note 21).

(ii) PBE FRS 48 Service Performance Reporting

PBE FRS 48 Service Performance Reporting is effective for periods from 1 January 2022 and was adopted by the Group from 1 April 2022.

PBE FRS 48 requires specific disclosures for the reporting of service performance information which have been provided in the consolidated statement of service performance.

Restatement

An adjustment has been made to restate the 2022 Statement of Comprehensive Revenue and Expense and related noted disclosure to recognise a change in the disclosure of unrealised and realised gains and losses on electricity derivatives.

As the result of recent interpretation of the IFRIC agenda decision *Physical Settlement of Contracts to Buy or Sell a Non-financial Item (IFRS 9 Financial Instruments) – March 2019*, it was identified for electricity derivative contracts not designated in a hedge relationship, that separate disclosure of the realised (settlements) and unrealised (fair value

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

Restatement (cont'd)

adjustments) is not appropriate. Accordingly, the Group is required to recognise both the unrealised and realised movements associated with each derivative not designated in a hedge relationship on a single line.

The previous accounting treatment, which was common in the energy industry in New Zealand, was to recognise settlements of buy and sell agreements within either generation revenue or cost of sales (as appropriate) and the unrealised gains/(losses) on the electricity derivative agreements as a separate line item in the income statement.

The adjustments have impacted revenue, cost of sales and gains/(losses) on derivative line items recognised in the income statement. There is no change to the net surplus/(deficit) for the year.

The following table summarises the impact of the incorrect accounting treatment on the financial statements in the prior period. There has been no impact on the balance sheet, statement of changes in equity or cash flows.

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

	Group		
	2022 Previously Reported	2022 Adjustment	2022 Restated
	$000	$000	$000
Revenue from Exchange Transactions			
Investment Gains/(Losses)	15,749	-	15,749
Generation, Retail & Energy	162,737	(30,421)	132,316
Other Revenue	4,298	-	4,298
	182,784	**(30,421)**	**152,363**
Less Expenses			
Cost of Sales - Electricity	120,904	(20,180)	100,724
(Gain)/Loss on fair value of electricity derivatives	-	(6,563)	(6,563)
Audit Fees – Deloitte Limited	189	-	189
Other Fees paid to Auditor	9	-	9
Investment Advice/Management Fees	47	-	47
Trustee Remuneration	212	-	212
Employee Remuneration	6,485	-	6,485
Depreciation & Amortisation Expense	7,831	-	7,831
Finance Costs	5,183	-	5,183
Other Expenses	27,674	-	27,674
Total Expenses	**168,534**	**(26,743)**	**141,791**
Net Operating Surplus	**14,250**	**(3,678)**	**10,572**
Less Grants Approved	(9,905)	-	(9,905)
Add Grants Rescinded	241	-	241
	4,586	**(3,678)**	**908**
Gains/(Losses) on foreign exchange derivatives	-	(3)	(3)
Gains/(Losses) on Derivatives	(3,681)	3,681	-
Share of Surplus / (Deficit) from Joint Ventures	(9,385)	-	(9,385)
Net Surplus/(Deficit) for the year	**(8,480)**	**-**	**(8,480)**

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

1. **SUMMARY OF ACCOUNTING POLICIES (cont'd)**

Restatement (cont'd)	Group		
	2022 Previously Reported	2022 Adjustment	2022 Restated
	$000	$000	$000
Other Comprehensive Revenue or Expense			
Item that may be reclassified subsequently to surplus or deficit			
Cash Flow Hedges			
Fair value gain/(loss) on Interest Rate Swaps	7,088	-	7,088
Fair value gain/(loss) on Foreign Exchange Contracts	6	-	6
Other Comprehensive Revenue or Expense	**7,094**	**-**	**7,094**
Total Comprehensive Revenue and Expense for the year	**(1,386)**	**-**	**(1,386)**

Note 2(b)

Electricity Generation and Retail Sales	141,516	(30,421)	111,095
Energy Sales	21,221	-	21,221
	162,737	**(30,421)**	**132,316**

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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.

Dividend revenue – dividends are recognised when the right to receive payment has been established. Dividends are recognised in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of that investment.

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

	Group	
	2023	**2022**
	$000	**$000**
Interest	2,664	1,004
Net gains/(losses) arising on Investments at Fair Value through Surplus or Deficit	(8,733)	14,540
Rent	229	205
Total	**(5,840)**	**15,749**

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.

		Restated
Exchange		
Electricity Generation and Retail Sales	84,592	111,095
Energy Sales	16,775	21,221
Total Exchange	**101,367**	**132,316**

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	2,236	4,412
Gain/(Loss) on Sale - Property, Plant and Equipment	721	(114)
Total Other Revenue	**2,957**	**4,298**

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

2. REVENUE & EXPENSES (cont'd)

d) Audit Fees

	Group 2023 $000	Group 2022 $000
Statutory audit – Deloitte Limited	186	163
Other non-assurance fees – Deloitte Limited (i)	8	9
Other fees paid to Deloitte Limited by entities related to the Group (ii)	25	26
Total	**219**	**198**

i) Other non-assurance fees paid to Deloitte Limited in the current year relate to tax compliance services (2022: related to a risk management framework review and 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:

	2023	2022
Contribution to Defined Contribution Plans	**386**	**199**

f) Depreciation and Amortisation Expense

***Policy*:**

Refer to Note 13 and 15

	2023	2022
Depreciation expense	6,362	7,669
Amortisation expense	258	162
Total	**6,620**	**7,831**

g) Other Expenses includes:

***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:

	2023	2022
Operating Lease Payments	**4,584**	**4,542**

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

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	
	2023	**2022**
	$000	**$000**
Prudential Security Bond	260	334
GST refund due	327	312
Total	**587**	**646**

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Policy:

Trade and other receivables are initially recognised when they are originated. Recognition is at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses.

Collectability and change of credit risk of trade receivables is reviewed on an on-going baiss. Debts which are known to be uncollectible are written off. The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators, and forward-looking information to calculate the lifetime of expected credit losses (ECL). Expected credit losses in the current year are negligible.

Trade Receivables	24,966	2,723
Allowance for expected credit losses	-	(9)
	24,966	2,714
Prepayments & Accruals	4,611	9,540
Sundry Receivables	2,341	13,548
Total	**31,918**	**25,802**

As at 31 March 2023 Group trade receivables of $39,204 (2022: $311,317) were past due and a provision for expected credit losses of $Nil (2022: $9,386) was recognised in other expenses in the statement of comprehensive revenue and expenses.

Refer to note 25 for details regarding related party receivables.

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

6. INVENTORIES

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

Consumable	292	2,209
Carbon Credit Units	36	73
Total	**328**	**2,282**

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.

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

7. INVESTMENTS (Cont.)

	Group 2023 $000	Group 2022 $000
AT AMORTISED COST		
Current		
NZ Cash	35,196	41,873
Total	**35,196**	**41,873**
Non-Current		
Queenstown Lakes Community Housing Loan	4,123	4,219
Total	**4,123**	**4,219**
TOTAL AT AMORTISED COST INVESTMENTS	**39,319**	**46,092**
AT FAIR VALUE THROUGH SURPLUS OR DEFICIT		
Non-Current		
Unit Trusts	199,361	207,777
Private Equities	35,671	36,793
Total	**235,032**	**244,570**
TOTAL INVESTMENTS	**274,350**	**290,662**
Disclosed as:		
Current	35,196	41,873
Non Current	239,154	248,789
Total	**274,350**	**290,662**

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 in surplus or deficit 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 -
At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in off-setting changes in fair value or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument; and
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

The electricity derivatives are not designated as an effective hedge relationship and therefore are not hedge accounted and gains and losses are reflected in the statement of comprehensive revenue and expense related to the month in which they relate. Certain foreign currency forward contracts and interest rate swaps are accounted for as effective cash flow hedges.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.
The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

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.

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

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	
	2023	**2022**
	$000	**$000**
OTHER FINANCIAL ASSETS		
Current – At Fair Value		
Electricity Hedge Contracts (i)	12,725	40,744
Foreign Currency Forward Contracts	-	6
Total	**12,725**	**40,750**
Non Current		
Non Current – At Amortised Cost		
Other Finance Receivable – Dairy Creek	9,806	9,806
Non Current – At Fair Value		
Electricity Hedge Contracts (i)	5,868	9,901
Interest Rate Swap Contracts (ii)	6,263	3,720
Total	**21,937**	**23,427**
TOTAL OTHER FINANCIAL ASSETS	**34,662**	**64,177**
OTHER FINANCIAL LIABILITIES		
Current – At Fair Value		
Electricity Hedge Contracts (i)	(13,205)	(54,938)
Interest Rate Swap Contracts (ii)	-	(58)
Total	**(13,205)**	**(54,996)**
Non Current – At Fair Value		
Interest Rate Swap Contracts (ii)	-	(434)
Electricity Hedge Contracts (i)	(6,451)	(19,476)
Total	**(6,451)**	**(19,910)**
TOTAL OTHER FINANCIAL LIABILITIES	**(19,656)**	**(74,906)**

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.

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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 annually between 2022 and 2027. The outstanding balance had the interest rate re-set at an annual rate equivalent to the NZ Government 5 year bond rate (at the time) plus 600 basis points on the 20th of December 2022, being 10.3% (2022: 9.0%). The Group classified this as financial asset measured at amortised cost.

Refer to Note 21 for further information on other financial assets and other financial liabilities accounting policies.

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	
	2023	**2022**
	$000	**$000**
Cost	16,268	16,268
Accumulated impairment losses	-	-
Carrying Amount	**16,268**	**16,268**
Cost		
Balance at 1 April	16,268	16,268
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 latest valuation of generation and energy assets of Pioneer Energy Limited.

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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 2023 (and 31 March 2022) 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% (2022: 5.5%).

There were no significant contractual obligations of a capital and/or maintenance nature relating to the current investment property at balance date (2022: Nil).

	Group	
	2023	**2022**
	$000	**$000**
Balance at beginning of the year	5,450	4,800
Gain/(loss) on property revaluation at fair value	400	650
Balance at end of the year	**5,850**	**5,450**

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 2023 %**	**Ownership interests and voting rights 2022 %**
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
Pioneer Generation Investment Limited	New Zealand	Holding Company	100	100

During the year Energy for Industry Limited was wound up.

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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.

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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.

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

13. PROPERTY, PLANT & EQUIPMENT (Cont.)

Group 2023	Cost 1 April 2022	Additions	Disposals	Transfers from Capital Work in Progress	Cost 31 March 2023	Accumulated Depreciation & Impairment Charges 1 April 2022	Impairment Losses charged in Surplus/ (Deficit)	Depreciation Expense	Accumulated Depreciation reversed on Disposal	Accumulated Depreciation & Impairment Charges 31 March 2023	Carrying Value 31 March 2023
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Land	1,980	-	-	-	1,980	95	-	-	-	95	1,885
Land Improvements	983	-	225	-	758	437	-	16	147	305	453
Buildings and civil assets	38,692	-	357	58	38,393	14,590	-	943	211	15,322	23,071
Motor vehicles	2,591	1	1,226	236	1,602	2,059	-	107	1,011	1,155	447
Generation Plant	35,711	-	1,025	409	35,095	22,897	-	1,397	421	23,873	11,222
Heat Plant	46,981	-	819	918	47,080	29,198	-	3,809	792	32,215	14,865
Other Equipment and Tools	2,115	-	-	-	2,115	2,115	-	-	-	2,115	-
Furniture & fittings	346	6	-	9	361	260	-	15	-	275	86
Office equipment	99	2	-	3	104	81	-	7	-	89	17
Computer equipment	752	-	12	51	791	597	-	68	12	653	138
Total	**130,249**	**9**	**3,664**	**1,684**	**128,278**	**72,328**	**-**	**6,362**	**2,594**	**76,095**	**52,183**
Capital Work in Progress	15,800	31,436	40,130	(1,684)	5,422	-	-	-	-	-	5,422
Total Property, Plant & Equipment	**146,049**	**31,445**	**43,794**	**-**	**133,700**	**72,328**	**-**	**6,362**	**2,594**	**76,095**	**57,606**

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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	-	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**	**19,930**	**-**	**146,088**	**68,169**	**-**	**7,669**	**3,472**	**72,366**	**73,722**

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

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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, Wood Energy New Zealand 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	
			2023	**2022**
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%)
Wood Energy NZ Limited Partnership	Biomass	New Zealand	50% (50%)	-
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%)

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

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**	**WENZ**	**SCCL**	**2023 $000**
Current assets	2,986	56,520	2,940	8,418	2,545	
Non-current assets	159,446	57,918	46,427	5,077	4,749	
Current liabilities	(2,036)	(31,668)	(21,461)	(1,583)	(1,354)	
Non-current liabilities	-	(12,548)	(13,875)	-	-	
Equity	160,396	70,222	14,031	11,912	5,940	
Portion of the Group's ownership	50%	48.9%	85%	50%	50%	
Carrying amount of investment in Group's financial statements	**84,366**	**34,623**	**13,917**	**5,956**	**2,685**	**141,547**

Summarised Statement of Comprehensive Revenue and Expense	**SGLP**	**PEALP**	**ECOGAS**	**WENZ**	**SCCL**	**Group 2023 $000**
Revenue	30,668	183,300	4,633	6,292	7,409	
Expenses	(17,093)	(273,102)	(2,900)	(6,755)	(12,284)	
Surplus (deficit) for the year	13,575	(89,802)	1,773	(463)	(4,875)	
Other comprehensive revenue or expense for the year	-	-	-		-	
	13,575	(89,802)	1,773	(463)	(4,875)	
Total comprehensive revenue and expense for the year						
Portion of the Group's ownership	50%	48.9%	85%	50%	50%	
Group's share of surplus /(deficit)	**6,788**	**(43,870)**	**1,415**	**(232)**	**(2,438)**	**(38,337)**

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

14. JOINT VENTURES (Cont.)

Summarised Statement of Financial Position	SGLP	PEALP	ECOGAS	SCCL	Group 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)	-	-	
Total comprehensive revenue and expense for the year	11,231	(26,796)	(146)	(1,354)	
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)**

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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
- Asset management up to 7 years
- Lochindorb rights 30 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

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 2 years (2022: 3 years).

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

Group	Software	Customer Contract	Lochindorb Rights	Asset Management	Total
Cost	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at 31 March 2021	**1,377**	**516**	**-**	**374**	**2,267**
Additions	-	-	-	-	-
Disposals	(53)	-	-	-	(53)
Balance at 31 March 2022	**1,324**	**516**	**-**	**374**	**2,214**
Additions	61	-	6,650	-	6,711
Disposals	(26)	-	-	-	(26)
Balance at 31 March 2023	**1,359**	**516**	**6,650**	**374**	**8,899**
Accumulated Amortisation & Impairment					
Balance at 31 March 2021	(1,096)	(330)	-	(39)	(1,465)
Amortisation	(95)	(46)	-	(26)	(167)
Accumulated Amortisation Reversed on Disposal	28	-	-	-	28
Balance at 31 March 2022	**(1,163)**	**(376)**	**-**	**(65)**	**(1,604)**
Amortisation	(52)	(47)	(133)	(26)	(258)
Accumulated Amortisation Reversed on Disposal	25	-	-	-	25
Balance at 31 March 2023	**(1,190)**	**(423)**	**(133)**	**(91)**	**(1,837)**
Carrying Amount					
At 31 March 2022	**161**	**140**	**-**	**309**	**610**
At 31 March 2023	**169**	**93**	**6,517**	**283**	**7,062**

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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.

Short term creditors and other payables are measured at the amount payable.

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	
	2023	**2022**
	$000	**$000**
Trade Payables	2,870	943
Employee Benefits	1,279	1,107
Income in Advance	416	849
Accrued Expenses	7,870	10,604
Total	**12,435**	**13,502**

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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	
	2023	**2022**
	$000	**$000**
Balance at beginning of the year	19,165	17,699
Grants approved covering:		
2021/2022 year	-	8,361
2022/2023 year	7,258	842
2023/2024 year	861	648
2024/2025 year	547	18
2025/2026 year	-	18
2026/2027 year	-	18
Total Grants Approved	**8,666**	**9,905**
Grants Paid	(10,025)	(8,198)
Grants Rescinded	(185)	(241)
Balance at the end of the year	**17,621**	**19,165**

Disclosed as:		
Current	17,019	16,658
Non Current	602	2,508
Balance at the end of the year	**17,621**	**19,165**

Since inception, grants have been approved of $137,665,493 at 31 March 2023 (2022: $128,603,779).

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.

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

18. BORROWINGS

Policy:

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.
At 31 March 2023 the Group's borrowings were as follows:

	Maturity Date/Facility Term	Weighted Average Interest Rates		Group 2023	Group 2022
		2023	2022	$000	$000
Syndicated Facilities Agreement with ASB and BNZ	30/04/2024	5.81%	3.02%	121,400	114,500
Total				**121,400**	**114,500**

Secured Bank Loan Facility	Group 2023	Group 2022
	$000	$000
Amount Drawn Current revolving	21,400	14,500
Amount Drawn Term	100,000	100,000
Amount Available (i)	18,600	5,500
Total	**140,000**	**120,000**

i) At 31 March 2023 the Group allocated $3 million (2022: $3million) of the amount available to letters of credit and guarantees.

The Syndicated Facilities Agreement at balance date provides for a total facility of $140,000,000 consisting of the following sub-limits:

- Term Loans - $100,000,000 (2022: $100,000,000)
- Revolving Facility - $40,000,000 (2022: $20,000,000)

In addition there is a Letter of Credit / Bond Facility in place for $10,000,000 (2022: $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.

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

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% (2022: 7%).

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 3% (2022: 4%).

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	
	2023	**2022**
	$000	**$000**
Balance at beginning of the year	175,910	227,907
Net surplus/(deficit) for the year	(44,184)	(8,480)
Transfer from Minority Interest	-	-
Transfer to Capital Maintenance Reserve	(17,137)	(17,587)
Transfer to Population Growth Reserve	(23,674)	(25,930)
Balance at end of the year	**90,916**	**175,910**

b) Capital Maintenance Reserve

Balance at beginning of the year	102,499	84,912
Transfer from General Funds	17,137	17,587
Balance at end of the year	**119,635**	**102,499**

c) Population Growth Reserve

Balance at beginning of the year	159,581	133,651
Transfer from General Funds	23,674	25,930
Balance at end of the year	**183,255**	**159,581**

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

19. EQUITY (Cont.)

d) Hedging Reserve

	Group		
	Interest Rate Swaps $000	Foreign Exchange Contracts $000	Total $000
2023			
Balance at beginning of the year	3,246	(5)	3,241
Other comprehensive revenue or expense	3,017	5	3,022
Balance at end of the year	**6,263**	**-**	**6,263**
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	**3,246**	**(5)**	**3,241**

	2023 $000	2022 $000
TOTAL EQUITY	**400,069**	**441,231**

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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	
	2023	**2022**
	$000	**$000**
Cash and Cash Equivalents	1,003	3,085
	1,003	**3,085**

Although cash and cash equivalents at 31 March 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial.

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

Net Surplus/(Deficit) for the year	(44,184)	(8,480)
<u>Add/(Deduct)</u>		
Depreciation and Amortisation expense	6,620	7,831
(Gain)/loss on Sale of Property, Plant and Equipment	(1,842)	114
Net (Gains) /losses arising on investments at fair value through surplus or deficit	9,014	(13,973)
(Gain)/loss on Revaluation of Investment Property	(400)	(650)
(Gain)/loss on Derivative Financial Instruments	(21,303)	3,681
Grants Recinded	(185)	241
Share of Joint Venture Net (Surplus)/Loss	38,337	9,385
	30,241	6,629
Adjustments for changes in working capital:		
(Increase)/decrease Receivables from exchange transactions	(6,053)	(5,346)
(Increase)/decrease Inventories	1,954	(934)
Increase/(decrease) Payables for exchange transactions	(1,898)	(11,371)
Increase/(decrease) Provision for Grants	(1,360)	1,226
Add/(deduct) items reclassified as Investing/Financing	9,044	3,703
Net Cash inflow/(outflow) from operating activities	**(12,256)**	**(14,573)**

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

21. FINANCIAL INSTRUMENTS

Group 2023	Total	Financial Assets At Amortised Cost	Financial Assets At Fair Value through Surplus or Deficit	Financial Assets at Fair Value through other Compreh-ensive revenue and expense	Financial Liabilities Fair Value through Surplus or Deficit	Financial Liabilities at Amortised Cost
	$000	$000	$000	$000	$000	$000
Categories of Financial Instruments						
Financial Assets:						
Cash and Cash Equivalents	1,003	1,003	-		-	-
Receivables - non-exchange	587	587	-		-	-
Receivables – exchange	31,918	31,918	-		-	-
Investments	274,350	39,319	235,032		-	-
Other Financial Assets	34,662	9,806	18,553	6,263	-	-
	342,520	**82,633**	**253,585**	**6,263**	**-**	**-**
Financial Liabilities:						
Payables - exchange	12,435	-	-		-	12,435
Provision for Grants	17,621	-	-		-	17,621
Other Financial Liabilities	19,656	-	-		19,656	-
Borrowings	121,400	-	-		-	121,400
	171,112	**-**	**-**		**19,656**	**151,456**

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

21 FINANCIAL INSTRUMENTS (cont'd)

Group 2022	Total	Financial Assets At Amortised Cost	Financial Assets/ Liabilities At Fair Value through Surplus or Deficit	Financial Assets/ Liabilities Fair Value through Other Comprehensive Revenue and Expense	Financial Liabilities at Amortised Cost
	$000	$000	$000	$000	$000
Categories of Financial Instruments					
Financial Assets:					
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	13,502	-	-	-	13,502
Provision for Grants	19,166	-	-	-	19,166
Other Financial Liabilities	74,906	-	74,414	492	-
Borrowings	114,500	-	-	-	114,500
	222,074	**-**	**74,414**	**492**	**147,168**

Policy

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at Fair Value through Surplus or Deficit (FVTSD), transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short-term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive revenue and expense (FVOCRE) – or fair value through surplus or deficit (FVTSD).

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

21. FINANCIAL INSTRUMENTS (Cont.)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. .

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCRE. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCRE as described above are measured at FVTSD. This includes all derivative financial assets (see Note 8). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCRE as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTSD.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

21. FINANCIAL INSTRUMENTS (Cont.)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVSD	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in surplus or deficit
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.
Equity investments at FVOCRE	These assets are subsequently measured at fair value. Dividends are recognised as income in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCRE and are never reclassified to surplus or deficit.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTSD. A financial liability is classified as at FVTSD if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTSD are measured at fair value and net gains and losses, including any interest expense, are recognised in surplus or deficit. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and

losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus of deficit.

(c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

21. FINANCIAL INSTRUMENTS (Cont.)

(d) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Impairment of non-derivative financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

21. FINANCIAL INSTRUMENTS (Cont.)

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

21. FINANCIAL INSTRUMENTS (Cont.)

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.

2023 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 2023 Actual $000	2023 Actual %	2023 Benchmark %	2023 Variance %	2023 Allowable Range % - %
Australasian Shares	78,716	19.2	12.0	7.2	7.5 – 21.0
Global Shares	60,537	14.8	12.0	2.8	7.5 – 16.5
Property (ii)	8,241	2.0	3.0	(1.0)	1.2 – 4.5
Private Equity	33,280	9.1	9.0	0.1	3.0 – 15
Growth Assets	**180,773**	**45.0**	**36.0**	**9.0**	**19.2 – 57.0**
Income Fund	52,082	12.7	12.0	0.7	0.0 – 24.0
Global Infrastructure	-	-	-	-	-
Alternative Assets	**52,082**	**12.7**	**12.0**	**0.7**	**0.0 – 24.0**
NZ Bonds	8,026	2.0	3.0	(1.0)	0.0 – 18.0
Housing Loan	4,123	1.0	6.0	(5.0)	-
Cash	35,196	8.6	3.0	5.6	0.0 – 18.0
Revenue Assets	**47,345**	**11.6**	**12.0**	**(0.5)**	**0.0 – 36.0**
Total Funds (i)	**280,200**				

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.

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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	
	2023	2022	2023	2022	2023	2022
	$000	$000	$000	$000	$000	$000
EURO						
Less than 12 months	-	623	-	1,019	-	1,006
1 – 2 years	-	-	-	-	-	-
	-	**623**	**-**	**1,019**	**-**	**1,006**

At 31 March 2023, the aggregate amount of gains (losses) under forward foreign exchange contracts recognised in other comprehensive income and accumulated in the cash flow hedging reserve relating to these anticipated future purchase transactions is $17,400 (2022: ($13,000)).

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 2023	Group 2023	Group 2022	Group 2022
	+10%	-10%	+10%	-10%
	$000	$000	$000	$000
Net Surplus/(Deficit)	(44,184)	(44,184)	(8,480)	(8,480)
Sensitivity impact to net surplus	-	-	1	(1)
	(44,184)	**(44,184)**	**(8,479)**	**(8,481)**

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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 2023	Fair Value $000 2022
Less than 12 months	(480)	(14,194)
1-2yrs	(58)	(7,134)
2-3yrs	(525)	(2,441)
3-4yrs	-	-
4-5yrs	-	-
5+yrs	-	-
Total	**(1,063)**	**(23,769)**

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 2023 +10% $000	Group 2023 -10% $000	Group 2022 +10% $000	Group 2022 -10% $000
Net Surplus/(Deficit)	(44,184)	(44,184)	(8,480)	(8,480)
Sensitivity impact to net surplus	955	(955)	3,209	(3,209)
	(43,229)	**(45,139)**	**(4,811)**	**(11,689)**

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

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	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	%	**%**	**$000**	**$000**	**$000**	**$000**
Less than 1 year	3.02	3.48	-	15,000	-	(58)
1 – 2 years	2.43	3.02	14,000	-	164	-
2 – 5 years	1.70	1.93	35,000	44,000	2,451	1,022
5 + years	2.77	1.51	60,000	65,000	3,648	2,264
Balance at 31 March			**109,000**	**124,000**	**6,263**	**3,228**

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	**Group**	**Group**	**Group**
	2023	**2023**	**2022**	**2022**
	+10%	**-10%**	**+10%**	**-10%**
	$000	**$000**	**$000**	**$000**
Net Surplus/(Deficit)	(44,184)	(44,184)	(8,480)	(8,480)
Sensitivity impact to net surplus	(356)	356	(311)	311
	(44,540)	**(43,828)**	**(8,791)**	**(8,169)**

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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 2023 year. The calculation has been done assuming a movement of 20% on the unit price or equity price at 31 March.

	Group 2023 +20% $000	Group 2023 -20% $000	Group 2022 +20% $000	Group 2022 -20% $000
Net Surplus(deficit)	(44,184)	(44,184)	(8,480)	(8,480)
Sensitivity impact to net surplus	35,292	(35,292)	36,288	(36,288)
	(8,892)	**(79,476)**	**27,808**	**(44,768)**

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.

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

21. FINANCIAL INSTRUMENTS (Cont.)

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

2023	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)
Cash and Cash Equivalents	2.1	1,003	1,003	-	-	-	-	-	-	-
Trade and other receivables	-	32,505	32,505	32.5	-	-	-	-	-	32.5
Payables - exchange	-	(12,432)	(12,432)	(12.4)	-	-	-	-	-	(12.4)
Provision for Grants	-	(17,621)	(17,621)	(17.0)	(0.6)	-	-	-	-	(17.6)
Bank Borrowings	5.81	(121,400)	(129,041)	(28.5)	(100.6)					-
Total		**(117,945)**	**(125,586)**	**(25.4)**	**(101.2)**	**-**	**-**	**-**	**-**	**2.5**

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

21. FINANCIAL INSTRUMENTS (Cont.)

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)
Cash and Cash Equivalents	-	3,085		-	-	-	-	-	-	3.1
Trade and other receivables	-	26,447	26,447	26.4		-	-	-	-	26.4
Payables - exchange	-	(13,502)	(13,502)	(13.5)	-	-	-	-	-	(13.5)
Provision for Grants	-	(19,166)	(19,166)	(18)	(1)	-	-	-	-	(19.1)
Borrowings	3.02	(114,500)	(117,979)	(3)	(115)	-	-	-	-	-
Total		**(117,607)**	**(124,201)**	**8.1**	**(116)**	**-**	**-**	**-**	**-**	**3.1**

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

21. FINANCIAL INSTRUMENTS (Cont.)

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.

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.

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

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 on the current market environment, global economy and the portfolio companies of the underlying fund specifically.

There are three funds (2022: four) 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 2022 that have not undertaken valuation assessments of the underlying investments at 31 March 2023. For these funds, the net asset valuations are based on trading conditions to their balance date, adjusted for quantifiable movements between 30 June 2022 or 31 December 2022 and 31 March 2023 such as disposals of underlying portfolio entities, cash disbursements and capital calls.

GROUP 2023 $000	**Year End**	**Opening FV**	**FV Adjustment**	**Calls**	**Distributions**	**Closing FV**
Mercury Capital II	31 Dec	3,664	(190)	-	(1,220)	2,254
Mercury Capital III	31 Dec	4,767	(592)	1,323	(399)	5,099
Crown Global Opportunities VII	31 Dec	3,101	569	1,413	(240)	4,843
Total		11,532	(213)	2,736	(1,859)	12,196

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	31 Dec	2,390	486	225	-	3,101
Total		17,156	5,964	(77)	(11,511)	11,532

*Fund closed during the prior year

Deloitte. for Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

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 2023	Total $000	Level 1 $000	Level 2 $000	Level 3 $000
Financial Instruments - Assets				
Investments :				
Unit Trusts	199,361	-	199,361	-
Private Equities	35,671	-	-	35,671
Derivative Financial Assets:				
Electricity Hedge Contracts	18,593	-	-	18,593
Foreign Currency Forward Contract	-	-	-	-
Interest Rate Swaps	6,263	-	6,263	-
Financial Instruments - Liabilities				
Derivative Financial Liabilities:				
Electricity Hedge Contracts	(19,656)	-	-	(19,656)
Electricity hedge contracts-subject to net settlement	-	-	-	-
Interest Rate Swaps	-	-	-	-

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)
Interest Rate Swaps	(492)	-	(492)	-

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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	
	2023	**2022**
	$000	**$000**
Private Equities		
Balance at beginning of the year	36,793	51,961
Calls on Capital	6,216	3,174
Distributions	(6,453)	(25,593)
Gain/(loss) recognised in net surplus/(deficit)	(885)	7,251
Balance at end of the year	**35,671**	**36,793**
Electricity Hedge Contracts		
Balance at beginning of the year	(23,769)	(15,534)
Settlements (net buys and sells)	(120)	(4,554)
Gain /(loss) recognised in the net surplus/(deficit)	22,826	(3,681)
Balance at end of the year	**(1,063)**	**(23,769)**

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 2022.

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

22. COMMITMENTS

	Group 2023 $000	Group 2022 $000
Commitments for the acquisition of property, plant and equipment	6,443	-
Commitments for capital contributions to joint ventures	10,000	20,000
Total	**16,443**	**20,000**

At 31 March 2023 the Group had committed to a further $10m 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 billed as at balance date to WIP in Ecogas to be capitalised in Ecogas in the next Financial Year with full commissioning expected in Q1 of the next financial year. Pioneer has committed to the consenting of a large wind farm in the South Island with the expected commitment to be $6,443,000.

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

	Group 2023 $000	Group 2022 $000
Total	**23,610**	**25,118**

Non-Cancellable Operating Lease Commitments – as lessee

	Group 2023 $000	Group 2022 $000
Less than one year	294	17
One to two years	504	26
Three to five years	409	4
Over five years	1,089	-
Total (A)	**2,296**	**47**

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 2023 $000	Group 2022 $000
Less than one year	265	243
One to two years	212	165
Two to five years	405	335
Over five years	1,089	1,194
Total (B)	**1,971**	**1,937**
Total (A+B)	**4,268**	**1,984**

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

23. OPERATING LEASE AS A LESSOR

	Group 2023 $000	2022 $000
Less than one year	199	199
One to five years	682	797
Over five years	-	84
Total	**881**	**1,080**

24. CONTINGENT LIABILITIES

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

	Group 2023 $000	2022 $000
Polson Higgs	-	360
Energy Clearing House	100	500
Orion New Zealand Limited	20	50
Invercargill City Council	100	100
Tasman District Council	402	402
Auckland City Council	2,050	-
Jubilee Crippled Children	338	-
Department of Conservation	182	182
Verbole d.o.o. (Slovenija)	-	1,042
BNZ (associated with Pulse Energy Alliance Limited Partnership)	9,000	9,000
Total	**12,192**	**11,636**

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:

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

a) Related Party Balances

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

2023

Trustee/Director or Management of CLT & CLDL	Related Party	Connection	Purchases/ Services	Amount Approved	Outstanding at 31 March 2023
L Breen	Roxburgh Pool Punwai Ora 'Safe Water'*	Contractor	Grant	200,000	-
T Lepper	COREAP	Close family member is Manager	Grant	176,824	58,412
K Dedo	Community Networks/LINK	Employee	Grant	157,500	78,750
	Sport Otago	Trustee	Grant	54,000	-
	Queenstown Lakes Community Housing Trust (QLCHT)	Close family member is a Trustee	Loan	4,650,000	4,122,737

* Lindsay Breen is Managing Director of Breen Construction which was contracted to carry out this project

Notes to the Consolidated Financial Statements (cont'd)
for the year ended 31 March 2023

b) Related Party Balances

2022

Trustee/Director or Management of Central Lakes Trust & Central Lakes Direct Limited	Related Party	Connection	Purchases/ Services	Amount Approved	Outstanding at 31 March 2022
L Robertson	Central Otago District Council	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
	Central Otago District Council	Close family member is 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 of Bowls NZ	Grant	60,000	60,000
K Dedo	Community Networks/LINK	Employee	Grant	90,000	45,000
	Queenstown Lakes Community Housing Trust (QLCHT)	Close family member is a Trustee	Loan	4,650,000	4,219,014

* Lindsay Breen is Managing Director of Breen Construction which was contracted to carry out these projects.

Deloitte.
for Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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)	**2023**	7,176	27,550	2,013	1,115
	2022	6,085	24,276	516	1,426
Pulse Energy Limited Partnership (ii)	**2023**	15,227	34,308	60	1,212
	2022	42,291	30,483	1	5
Dairy Creek Limited Partnership (iii)	**2023**	1,178	-	-	236
	2022	995	-	-	83
Ecogas Limited Partnership (iv)	**2023**	23,878	-	-	20,707
	2022	12,069	156	157	397
Wood Energy New Zealand Limited Partnership (v)	**2023**	10,335	1,749	375	1,255
	2022	-	-	-	-

*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. During the current year, dividend of $10,825,000 (2022: $9,375,000) were received from SGLP. During the year, no capital contributions were made by PEL to SGLP (2022: $7,750,000).

ii) 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%).

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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 $11,000 (2022: $198,000)
- Settlements in relation to PPA contracts to PEALP totalling $15,216,478 (2022: $20,739,964)
- Interest on short term loans $Nil (2022: $71,487)
- At balance date trade accruals from PEALP were $1,211,808 (31 March 2022: $1,551,942)

PEL makes payments (GST Exclusive) to PEALP for:

- Provision of treasury management services totalling $75,000 (2022: $75,000). The amount outstanding at year end is $7,187 (2022: $7,187).
- EA levy credits totalling $103,743 (2022: $76,747)
- Settlements in relation to contracts for differences from PEALP totalling $18,942,379. (2022: $5,734,821)
- Electricity credits from NZX collected by PEALP on behalf of PEL totalling $15,186,474 (2022: $19,357,440)
- At balance date receivable from PEL was at $60,215 (31 March 2022: $1,067,302)

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 initial and MTM margins between PEALP and PEL was $Nil (2022: $299,936).

Shareholder Support provided to PEALP

Since March 2020 PEL provided a short term funding facility of $2,250,000 to PEALP from which it receives interest at 7% p.a. $ Nil (2022: $71,487) and line fee income at 0.5% p.a. $Nil (2022: $11,250), the amount outstanding at year end is $Nil (2022: $938). The facility was repaid in full 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.

In March 2022 PEL agreed to provide Pulse 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. The facility was not used during the reporting year and the balance at the year-end was nil.

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 $8,0000,000 overdraft facility and $5,000,000 each in respect of a $10,000,000 standby letter of credit for NZX prudentials).

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

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, Payment to PEL in the current year as relating to this transactions was $68,744 (2022: $379,103).

iii) 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 (2022: $9,806,393), which interest is payable at 10.3% per annum (2022: 9%). During the year $1,178,016 (2022: $882,575) was charged. The amount outstanding at year end is $235,740 (2022: $82,678).

iv) 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 $23,877,966 (2022: $12,068,896) and payments of $2,750,000 (2022: $7,155,693). The amount outstanding at year end is $20,707,000 (2022: $397,000).

v) Wood Energy New Zealand Limited Partnership (WENZLP)

WENZLP was established in April 2022, being a 50/50 joint venture between Pioneer Generation Investments Limited (a 100% subsidiary of PEL) and Niagara Sawmilling Company Limited. In addition to capital contributions of $6,187,406, PEL provided asset sales, contracting and project management services to WENZLP during the period totalling $10,335,298 (2022: Nil). The amount outstanding at year end is $1,254,719 (2022: Nil). Pioneer Energy purchased goods and services totalling $1,748,583 (2022: Nil). The amount outstanding at year end is $375,000 (2022: Nil).

Deloitte.
for
Identification

Notes to the Consolidated Financial Statements (cont'd) for the year ended 31 March 2023

25. RELATED PARTY TRANSACTIONS (CONT.)

c) Trustees Remuneration

Trustees Remuneration is set following an independent review annually.

The Trust also has an established Investment Committee, with a mix of internal and external members, an Audit and Risk Committee, and a Remuneration and Nomination Committee, the latter two committees comprised of internal members only. Trustees appointed to these committees are paid an additional fee for extra duties. Remuneration listed below includes committee fees.

	Remuneration	
	2023 $000	2022 $000
Linda Robertson (Chair)	54.1	47.5
Kathy Dedo (Deputy Chair)	24.6	18
Tony Lepper	25.3	22
Lindsay Breen	26.2	25.5
Kathy Grant	27.6	18.0
Hetty Van Hale	28.3	24
James Boult (elected November 2022)	7.2	-
Trudi Webb (elected November 2022)	7.2	-
Cath Gilmour (retired November 2022)	14.5	18
Rosie Hill (retired November 2022)	16.2	18
Total	**231.3**	**194.8**

d) Investment Committee External Member Remuneration

	Remuneration	
	2023 $000	2022 $000
Mark Taylor (Investment Committee Chair)	10.0	10.0
Simon Flood (External Member)	7.5	1.9

e) Southern Cross CLT Limited Directors Fees

	Directors Fees	
	2023 $000	2022 $000
Kathy Grant (Director)	7.5	3.8
Mark Taylor (Director)	7.5	3.8

Deloitte.
for Identification

f) Pioneer Energy Limited Directors fees

Directors fees are set following an independent review annually.

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

	2023		2022	
	PEL $000	Joint Venture $000	PEL $000	Joint Venture $000
R Hewett (Chair)	95.3	51.7	90.5	50.0
D Elder	52.6	-	47.2	-
N Lewis (retired September 2022)	23.0	-	45.2	18.0
W Moran	55.6	36.0	51.3	36.0
A Balfour	52.6	-	47.2	-
J Cheyne (appointed October 2022)	24.6	-	-	-

25. RELATED PARTY TRANSACTIONS (CONT.)

g) 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	
	2023	2022
	$000	$000
Salaries and other short-term employee benefits	2,280	2,134
Termination benefits	59	-
Total Remuneration	2,339	2,134
Number of staff recognised as key management personnel	10	10

26. SIGNIFICANT EVENTS AFTER BALANCE DATE

There are no material subsequent events. (2022: 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).

Deloitte. for Identification

Deloitte.

Independent Auditor's Report

To the Trustees of Central Lakes Trust

Opinion

We have audited the consolidated financial statements of Central Lakes Trust (the 'entity') and its subsidiaries ('the group'), which comprise the consolidated financial statements on pages 9 to 69, and the statement of service performance on pages 4 to 8. The complete set of consolidated financial statements comprise the statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies.

In our opinion, the accompanying consolidated financial statements presents fairly, in all material respects:

- the consolidated financial position of the group as at 31 March 2023, and its consolidated financial performance and cash flows for the year then ended; and
- the consolidated service performance for the year ended 31 March 2023 in accordance with the group's service performance criteria

in accordance with Public Benefit Entity Standards ('PBE Standards') issued by the New Zealand Accounting Standards Board.

Other matter

The corresponding service performance information in the consolidated statement of service performance for the year ended 31 March 2022 is unaudited.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing ('ISAs'), and the audit of the consolidated service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard 1 *The Audit of Service Performance Information* ('NZ AS 1'). 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 are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor and the provision 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 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 audior's report

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

Our responsibility is to read the other information identified above when it becomes available and 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.

Deloitte.

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 and consolidated statement of service performance in accordance with PBE Standards;
- service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards; and
- such internal control as the Trustees determine is necessary to enable the preparation of a consolidated financial statements that is 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, and the consolidated statement of service performance 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 (NZ) and NZ AS 1 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 this 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/assurance-standards/auditors-responsibilities/audit-report-13/

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
1 September 2023