Counties Energy

# 2022 Annual Report

Energy Reimagined

# Contents



# Chair and Chief Executive Report

**ON BEHALF OF THE BOARD OF DIRECTORS AND THE EXECUTIVE LEADERSHIP TEAM WE ARE PLEASED TO PRESENT THE 2022 ANNUAL REPORT.**

## KEY HIGHLIGHTS

- Positive improvement in TRIFR
- Increased focus on sustainability
- Branding refresh from Counties Power to Counties Energy
- Revenue increased to $158.5 million
- EBITDA rose 34% to $63.3 million
- Record level of investment in network assets
- NPAT increased by $9.9 million to $26.2 million

2022 has been another challenging year for many New Zealanders with the lingering impacts of Covid-19 and the associated lockdowns felt right across our communities. Like most Kiwis, we believed that 2021 might have seen the end of Covid-19's impacts on our daily lives, however, the events that transpired in 2022 proved this assumption to be premature.

### We would like to thank all staff for their dedication during Covid and their contribution this year.

Once again, the Company's dedicated employees rose to the challenges that Covid-19 posed, with border restrictions, extended remote working and ongoing community lockdowns, to ensure that energy kept flowing in the main to our nearly 47,000 customers.

During lockdown, the Company made a conscious decision to minimise planned shutdowns where it was possible to do so safely; however, there came a point in time when in some situations deferred maintenance was not possible and planned shutdowns were unavoidable. We would like to thank those customers affected for their patience and understanding during a difficult time for all.

As always, our vision at Counties Energy remains to grow the economic wealth and enable future development in our network region. Our commitment to the safety and wellbeing of our employees, contractors and the community we serve is paramount. So, too, are our ability to listen and respond to our customer needs, and our team's capability to continually innovate and adapt new technologies to solve traditional problems.

### Our name may have changed but our commitment to our customers and community remains the same.

As part of our evolution as an electricity distribution business, we have outwardly looked at how we will identify ourselves in tomorrow's energy future. One element of that process was rebranding the Company from Counties Power to Counties Energy to recognise that as part of tomorrow's energy future, the Company will play a different role than we do today in providing the tools to aid our customers in making more conscious and informed energy choices.

The Company is engaging directly with customers to achieve its goal of delivering innovation and solutions that align with what our customers need to live and thrive. Our research is used to continually improve how we provide beneficial data to our customers, how we provide streamlined services and how we remain customer focused.

The Company name change, and branding refresh, recognises that power in tomorrow's energy future will be generated and distributed in many new and exciting forms be it from solar, EVs, batteries or wind, to name just a few, and it recognises that at the core of these new consumer choices is Energy. Counties Energy wishes to join the energy evolution with our customers as we move towards a smarter energy future.

### People's safety and wellbeing remain paramount in all our company activities.

The continued safety and wellbeing of our employees, contractors and the community we serve is a high priority for the Board and Management. The number of recordable injuries reported during the year increased, however, the total number of injuries (TRIFR) decreased from 29.7 to 12.9 per million hours, which is positive.

A complicating factor faced during the year for our employees' personal health and safety were the emergence of the Delta and Omicron strains of Covid-19. It is pleasing to report that our employees managed to operate under the shadow of Covid-19 with remarkable professionalism and performed their work admirably, managing to stay safe whilst at the same time continuing to provide critical infrastructure services to customers and our community.

### Despite challenges faced this year, significant progress has been made on our cornerstone substation build.

2022 was another significant year for the Company in many aspects with numerous accomplishments. During the year, significant progress was made on constructing a new zone substation at the Bombay GXP. This project follows on from the Company's indoor substation which was commissioned last year at Pokeno and forms part of the Company's continued effort towards ensuring that our capital investment programme matches the growth that is occurring on the network both now and for the foreseeable future.

ECL Group recorded some notable successes during the year despite encountering difficult trading conditions caused in particular by the extended lockdowns in the Auckland region, which is a key operating market.

ECL Group secured several contracts in the emerging EV charging market, which complements the Group's broader energy strategy of providing customer choice and energy diversification. Directors and Management look forward to ECL Group continuing to perform well in the times ahead as economic conditions and Covid-19 restrictions continue to ease.

### OpenLoop announced as a finalist at the Energy Excellence Awards.

Counties Energy has been announced as a finalist at the Energy Excellence Awards in the Outcomes Award category for its development of the OpenLoop EV charging platform.

The Company continued work on several technology initiatives during 2022 with the aim of providing customers with better energy outcomes and more energy choices by developing more customer-focused energy solutions. The Company is particularly proud

Vern Dark
Chair

Judy Nicholl
Chief Executive

of the developments it has made recently with its berm battery pilot study which upcycles discarded batteries from Nissan Leaf EVs to provide street level off-peak energy storage and charging. The Company is committed to continuing to make developments in this area that focus on solving customer needs.

The Company continued to be active in the community in 2022 through its range of community sponsorship programmes. The Company is particularly proud of its inaugural First Foundation graduate, Sophia Chen, who recently graduated from the programme.

### The Company has made a strong commitment to a sustainable future.

The Company has followed through on its previously stated commitment to focus on initiatives that aim to lower the Company's carbon footprint. During the year, the Company joined the Sustainable Business Council to reinforce its commitment to the environment.

In 2021 Counties Energy announced its plans to investigate renewable power generation from a wind farm located on the network. This initiative aligns with the Company's growth strategy and also complements the Company's environmental commitment to be linked to renewable energy projects which are increasingly important in today's climate where a higher consciousness exists around how industries and individuals can assist in reaching global carbon zero goals. This project is ongoing and initial reports received are showing encouraging signs.

### Revenue has grown to $158.5 million. EBITDA increased to $63.3 million from $47.3 million in 2021.

2022 recorded the Group's highest revenue result of $158.5 million, which surpassed last year's previous record of $135.9 million. Pleasingly, the increase in revenue, combined with costs that were in line with expectations, flowed through to a record result achieved for EBITDA of $63.3 million ($47.3 million in 2021).

The Group's NPAT was $26.2 million compared to $16.3 million in 2021. The underlying performance of the core lines business remained strong over the last twelve months with new customer connections continuing to grow. ECL Group faced challenging trading conditions in 2022 stemming from the ongoing impacts of Covid-19 lockdowns, however, some notable new projects wins were secured.

### Consumers received annual discounts of $12.5 million including GST during the year.

The benefits of this performance flow back to the community through the $12.5 million distributed to customers by the Company's annual discount mechanism.

### Network reliability remains a key focus.

Fundamental to the Company's network growth and its commitment to maintaining a safe and reliable network is the investment in capital expenditure. As a direct consequence of fulfilling its objectives, the Company's capital expenditure in 2022 was $70.3 million. Similar levels of investment are set to continue in subsequent years to match growth and renew network assets.

Sustainable security of supply and network reliability remain an ongoing focus. During 2022, SAIDI and SAIFI were in line with previous years' performance. The focus on unplanned outages remains an ongoing issue to address, in particular unplanned outages caused by out of zone trees and vegetation.

In 2020 the Company strengthened its investment in network reliability and undertook a network wide LiDar survey. Due to lockdowns, the final stage of carrying out a pole top survey in key network locations was delayed, however, work on this was completed in 2022. The completed work can now be combined with previous analysis in order to strengthen the Company's ability to target specific network assets to help improve reliability against factors such as vegetation. In time it is expected that this targeted maintenance and corrective action will help improve network reliability.

We would both like to thank the employees of Counties Energy and ECL Group for their ongoing dedication and commitment, and their relentless focus upon safety and reliability and delivering positive outcomes for our customers.

On behalf of the Board as Chair, I would personally like to acknowledge that we are also grateful to the Trustees of the Counties Energy Trust for their support, and the Management team, with whom it has been a pleasure to work again this year.

**VERN DARK**
Chair

**JUDY NICHOLL**
Chief Executive

# Our Board

Counties Energy is governed by a highly experienced board who bring with them experience across a range of industries. The Board continues to focus on investing in the rapidly growing core network, guiding the Leadership Team on sound investments and providing strategic direction to expand the Company's non-regulated offerings nationally. The Board also ensures compliance across all safety and regulatory priorities and its objectives as a consumer-owned company. Strategic oversight is provided by the Board to drive the Company's network investment strategy to ensure a cost-effective, safe and reliable network, while developing emerging technologies to ensure a future-proofed network and service offerings.

### Vern Dark – Chair

Vern is currently chair of Invivo & Co Limited and his extensive corporate career has included senior executive roles in the petro-chemicals industry followed by six years as the Chief Executive of the Northland Cooperative Dairy Company and four years as Chief Executive of the Northland Port Corporation.

### Hamish Stevens

Hamish is a chartered fellow of the Institute of Directors and a member of Chartered Accountants Australia New Zealand. He has extensive experience in corporates and as a company director and chair across many industries. Hamish is a director of Governance and Advisory Limited, Radius Residential Care Limited, Marsden Maritime Holdings Limited, and ECL Group Limited. He is also chair of East Health Services Limited, The Kennedys Limited, Pharmaco (NZ) Limited, and Evolve Education Group Limited.

### Ben Iosefa

Ben is a member of the Australian Institute of Company Directors, chair of Galantai Plastics Group and an advisor to Liquid Wind AB (Sweden). He is also a director of Compass Housing Services Co. (NZ) and Polaris & Company Limited. Ben's extensive corporate career included senior executive and board level responsibilities in the petro-chemicals and energy industry, 14 years of which was spent working in North America and Europe.

### David Tompkins

David is a member of the Institute of Directors and Institution of Professional Engineers New Zealand. He is a director of Tutukaka Asset Management Limited. David previously held senior executive positions with Vector Ltd and senior management positions with West Coast Power Ltd (Canada). He was previously a director of the Electricity Networks Association, Electricity Supply Industry Training Organisation and Treescape Ltd. He holds a Bachelor of Applied Science (Civil) degree, a Master of Engineering (Civil) degree and Diplomas in Business Management and International Financial Management.

**The Counties Energy Board of Directors (from left): Vern Dark, David Tompkins, Ben Iosefa, Keith Watson and Hamish Stevens.**

### Keith Watson

Keith brings a breadth of capabilities gained as a chair, company director and managing director with governance experience in globally listed businesses. He has worked across all major geographic markets – USA, Canada and Latin America, as well as Asia Pacific and Central Europe. He is chair of NZIER and Complete 3D, and director of Acumen New Zealand Limited, Working Assets Properties Limited, Dovedale Forests Limited, Cranleigh Forests Limited, Rakon Limited and ECL Group Limited.

# Our Trust

The Trustees during the year were: Mike Marr, Christine Rupp (Chair), Don Thomson, Phillip Beston and Alan Eyes.

**The shares in Counties Energy are held in trust by the Counties Energy Trust for the benefit of power consumers.**

CountiesEnergyTrust

It's been a year of change for the Trust, with an official name and branding change in line with Counties Energy, delivering a new website and the election of a new Trustee. Mike Marr joins returning Chair Christine Rupp and Trustees Phillip Beston, Alan Eyes and Don Thomson, as well as Trust Secretary Sheena O'Flagherty. The Company wishes to acknowledge the services of the Trust, and former Trustee David Spratt, who signalled his retirement before the last election.

The Trustees of Counties Energy Trust hold the shares of Counties Energy Limited on behalf of all electricity consumers on the network. As a 100 percent consumer-owned company, Counties Energy consumers receive an annual discount on their power account generally in December.

The discount comes from profit Counties Energy makes through a line charge consumers pay to their electricity retailer. The balance of the profit made after the discount is paid to consumers is reinvested into the network. The Trust is overseen by five elected Trustees, with two retiring every second year. For more information on the Counties Energy Trust - countiesenergytrust.org.nz.

# Our Leadership Team

The Leadership Team (from left): Dale Carline, Moonis Vegdani, Conrad Harvey, Judy Nicholl, Andrew Toop, Tracey Kay and Paul Blue.

**Counties Energy's Leadership Team has focused on a smarter energy future while delivering operational programmes on time and budget, taking a strong customer-centric approach and ensuring the safety of our people and community during a global pandemic, a lockdown and Alert Level changes.**

Through sound leadership, forecasting and pragmatic safety protocols, operations were largely unaffected by work force shortages as a result of Covid-19. Their dedication to ensuring the wellbeing of all employees while also ensuring the community has safe and reliable power and customers' needs were met at all times is to be commended. The team continue to strive for operational excellence across core business while developing new opportunities in unregulated markets to safeguard the community's investment now and into the future.

# People First

**The Company's top priority continues to be the safety of its people and community. As the global pandemic persists, Counties Energy continues to maintain and implement initiatives to keep its people safe and the community's power flowing.**

This year has been a continuously evolving situation with COVID-19 propelling the Company to adapt, change and grow. While the effects of the pandemic have tested the resilience of systems, companies and governments across the globe, Counties Energy stands proud in the knowledge it has stepped up to the challenge of keeping the power flowing for tens of thousands of customers. Strict safety protocols, including bubble working, have lessened potential impact on operations teams and ensured minimal disruption to planned work programmes. The remote working model for office-based teams has proven to provide greater flexibility and ensure business continuity when moving between lockdowns and potential future restrictions.

In response to the continuing pandemic environment and restrictions for face-to-face interaction, the Company diversified the delivery method of Network Safety Inductions for employees as well as contractors. Network Safety Inductions are an integral safety component for introducing new employees and contractors to critical information specific to our network. An online module was developed and implemented during the lockdowns to ensure the continuity of providing this crucial safety induction.

### Recruitment

Recruitment across the business has remained strong with vacancies receiving a high number of applications, cementing that Counties Energy remains an attractive employer of choice.

As a result of Covid-19, we continue to see the difficulties of securing highly qualified and competent Line Mechanics, HV Electricians and Utility Arborists. There continues to be a shortage of skilled applicants in New Zealand for these key positions. While Counties Energy continues to place emphasis on ensuring we are training from within, as demand locally grows we remain in need of competent and qualified people to fill additional positions. We are actively exploring alternative recruitment options and continue to provide relocation support for candidates both within New Zealand and internationally.

### Wellbeing

The health and wellbeing of all employees continues to be a top priority, with the Wellbeing Subsidy continuing for a fourth year, which allows employees access to key health and wellbeing services and equipment. Over the past three years we have reimbursed to our employees over $96,000. The Biggest Loser healthy lifestyles support programme continued for the fourth year, with excellent engagement and results across the Company.

# Our Community

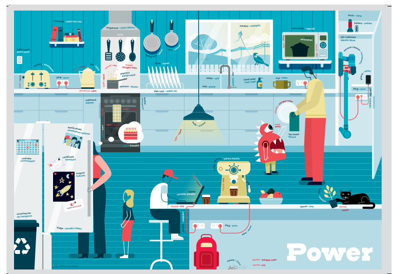
## Community partnerships

**Counties Energy actively supports the communities in which we operate through a comprehensive community partnership programme. Besides supporting initiatives relating to emergency services and safety, education, community events and local sports, we also fund programmes that will create a better future for our youth.**

Our current community partnerships include:

- Auckland Rescue Helicopter Trust (Westpac air ambulance)
- Waiuku Coastguard
- Sunset Beach Lifeguard Service
- Warmer Kiwi Homes energy hardship initiative to insulate low-income local homes
- Franklin Family Support Services
- School Kit Power Programme – Primary school STEM programme teaching our youth about electricity and how to stay safe around it
- EPRO8 – School STEM Challenge
- Robogals – inspiring students into STEM
- School Major Event support – supporting every primary school's major fundraising event (either a Calf Club/Ag Day or Gala Day)
- Northern Stars Netball
- Counties Manukau Rugby Football Union – community rugby
- Counties Energy Heat (Women's representative rugby side)
- Counties Energy Christmas Lights, Trains at Night
- Counties Energy Pukekohe Show

## Empowering our students




**Every year we're proud to supply every primary school in our region with a free education resource we have developed to teach our children how electricity works and how to stay safe around it.**

This year's offering, The Power Kit, focused on students in Years 0–4 and helped children understand the concept of energy transformation. A mat (see picture) was developed showing energy uses in the home and encourages discussion about these and how to stay safe around them. Students worked with electric play dough and made popcorn, while a special story, poem, waiata, STEM cards and even a Spotify playlist helped to teach the concepts. A special online version was also created so students could work with it in lockdown too.

## First Foundation Scholarship

Sophia Chen running the Robogals workshop at Counties Energy – July 2021

**The Company is extremely proud of its First Foundation scholarship recipient, Sophia Chen, who has recently graduated from the three-year programme.**

The scholarship supports local youth who have the aptitude but not necessarily the means to gain a tertiary qualification. Through the scholarship, Counties Energy provided financial assistance towards Sophia's university fees and part-time work during the programme. Sophia is currently studying a biomedical engineering and science degree (majoring in psychology and computer science) at Auckland University and worked at Counties Energy during her holiday periods.

Counties Energy General Manager Safety, Culture and Sustainability Tracey Kay says supporting Sophia was an honour and was also a wonderful learning experience for both the Company and Sophia.

"We're proud to have provided this scholarship to Sophia, which provided financial support and guidance along with a nurturing and empowering environment where she gained knowledge and life experience. Sophia has been an absolute pleasure to have as part of the team for three years. We've watched her grow from a school student leaving Pukekohe High School to a mature, confident, and extremely diligent, dedicated young woman who has brought so much knowledge and joy to our team, the office, and our events. We wish her the very best on her future pathway and know she will be successful in anything she puts her mind to."

> **Socio-economic status shouldn't stop young people from achieving their dreams. But many bright students simply don't have the financial resources and professional networks most people rely on to get started in their careers.**
>
> **– First Foundation**

Ms Chen says the experience was extremely fulfilling. "It has been a steep learning curve for me since the start of university, and I'm really grateful for the support from Counties Energy along the way. I'm especially grateful for everyone on the team who made this experience enriching and welcomed me with open arms. I will cherish and benefit from the gained life lessons for years to come."

Counties Energy named the award the Bob Arvidson Memorial Scholarship in honour of one of the first trustees of the Counties Power Consumer Trust, now renamed the Counties Energy Trust.

The Company has another scholarship recipient, Isabella Coughlin, who has commenced the programme.

# Our Investments

## $40m eastern network investment underway

**Counties Energy crews have been focusing on a large scale $40m investment project recently, one that encompasses the eastern side of the Company's network in the wider Bombay area. The area is undergoing large greenfield development from Auckland's expansion south alongside State Highway One.**

This essential project will improve power reliability, safety and capacity for Bombay and the wider eastern area by upgrading existing equipment and assets and installing new electricity network infrastructure. The current network is being rerouted in some areas, a large number of power poles and overhead lines replaced and new underground cables installed to future-proof the network to cater for predicted growth both in population and electricity demand in future. A new substation is under construction at the end of Barber Road as part of the works programme and the end-of-life Mangatawhiri and Ramarama substations being decommissioned. The project will be completed in May 2023.

Counties Energy Chief Executive Judy Nicholl says the essential project is a large-scale network investment for the rapidly growing area.

"We're proud of this extensive project that will improve power reliability, safety and capacity for our communities in Bombay, Ramarama and the wider eastern area by installing new network and upgrading existing infrastructure. This is a significant investment in the electricity network and one that will serve locals now and into the future."


## Industry recognition for OpenLoop

**A highlight for the Company was the announcement they were a finalist in the national energy awards for their electric vehicle charging platform OpenLoop – an open electric vehicle charging platform that provides creative and innovative EV charging offerings to Kiwis and enables greater competition in the EV charging market.**

The aim was to provide an easy path to decarbonisation through a smooth, cost-effective integration of eMobility with a 'connected journey experience' across different electric vehicle (EV) charging sites, such as public, destination or in-home locations. This will increase the availability and ease of access to EV charging infrastructure, leverage existing infrastructure and avoid duplication of investment.

This integrated digital service also enables opportunities for standardisation, aggregated demand response (DR) offerings and an incentivisation mechanism of ideal customer behaviour to deliver win-win outcomes with customers and electricity industry participants. This will create greater cost-savings for end-consumers.

Counties Energy Chief Executive Judy Nicholl says the Company is exceptionally proud of OpenLoop, which has empowered Kiwis with a new electric vehicle charging ecosystem experience.

"This Award acknowledges better energy outcomes for all New Zealanders, celebrating accessible and inclusive energy solutions – which epitomises OpenLoop. We're driving change for the eMobility market. With the power of our intelligent charge point management and customer insights platform, OpenLoop provides greater flexibility, cost-effectiveness and scalability – with customisable solutions for the single electric car owner to commercial fleet managers and transport operators. One of the biggest outcomes delivered by OpenLoop is bringing an alternative option and competition into a mostly single player EV charging market.

"To be honoured as a finalist four years in a row at these Awards, which celebrate the very best of the energy sector, shows the journey we're on as a company to reimagine energy, developing solutions for the changing energy needs of consumers today, and into the future. OpenLoop is just one of the ways we're working towards decarbonisation and more sustainable energy outcomes for all New Zealanders."

Counties Energy won the award for Network Initiative of the Year in 2019 for INDI (Infrastructure and Network Data Interface), and was a finalist for projects in the years either side.

NEW ZEALAND ENERGY EXCELLENCE 2022 AWARDS — OUTCOMES AWARD FINALIST

# Sustainable focus

**Sustainability is central to the long-term success of our business. For us this means that we act as good land and environmental stewards, are responsible assets managers, lower our carbon emissions and support our community to prosper.**

Our communities and stakeholders are becoming increasingly aware of sustainability topics, and there is increasing expectation on us to understand our impacts and measure and report our progress. We believe it is important to operate our business in a sustainable way that considers future generations, and we know that operating sustainably will help us create long-term value.

This year we have completed our first materiality assessment to help us understand what matters most and where to focus our efforts in a proactive manner. We surveyed a broad range of stakeholders across customers, regulators, iwi, employees, community groups, generators and retailers, suppliers, contractors and leadership. This process has helped to create five key pillars on which to focus our environmental and sustainability strategy: Local Focus, Environmental Care, Climate Action, Our People and Core Business. We are now focused on gathering baseline data and setting improvement targets. We look forward to sharing more of our work in this space over time.

As part of the Company's increased focus on sustainability and environmental performance, we have become a member of the Sustainable Business Council. This network connects businesses, partners and sectors to help amplify sustainability action and maximise positive impact.

## Environmental and Sustainability Grant

In October, the Company awarded the inaugural Environmental and Sustainability Grant. This grant was designed to help support those in our community who are working on projects and activities which have improved environmental and sustainability outcomes around the three key area of Waste Reduction, Habitat Improvement and Emissions Reduction.

The winner of the habitat enhancement section was YMCA Camp Adair who will use the grant to purchase native trees which will be planted by local school children through their "Enviro Camp" programme. The winner of the community section was Tamaoho School, a brand-new enviro school in Pukekohe who will use the grant to contribute to their vision of a learning environment where children can learn and take care of nature, including vegetables, bees, rainwater harvesting and kai via a hangi pit. The calibre of applicants was so high that we decided to award two second place winners in each category, these were, Puni School for their Matariki Garden planting and the Manukau Heads Lighthouse Trust to assist with ongoing pest plant control.

The Company looks forward to offering this grant to the community again, with applications being called in August this year.

1921–1989

**Franklin Electric Power Board (FEPB)**

1921
Meeting to discuss formation of a Power District for Franklin.

1923
FEPB Provisional Committee established, delegates elected and Consulting Engineer Thomas Overton appointed.

1924
Pukekohe Borough County's two power plants were purchased.

1925
First power pole erected at the Manukau Road Depot.

1940
During the Second World War all eligible men joined up. Thankfully no staff died during the war, although there were two prisoners of war.

1950
Silver Jubilee was at the FEPB Depot.

1952
Ripple Control System implemented allowing automation of some of the control room.

1967
First computer in Pukekohe was installed.

1925
First power pole erected at the Manukau Road Depot.

Sketch design
Franklin Power Board Offices at Pukekohe, King Street.

1989–2021

**Counties Power**

1989
Seddon Street office was sold. Transportable building at Glasgow Road established.

1990
FEPB first traded as Counties Power and began using the new name.

1993
Counties Power Consumer Trust established to hold, in accordance with the Energy Companies Act 1992, the shares in newly incorporated Counties Power Limited.

PŌKENO SUBSTATION


Counties Power wins Premier Award for electricity marketing excellence.

1999
Laws were passed splitting lines companies and retail parts of all New Zealand electricity suppliers.

2019
Counties Power invests in ECL Group.
Counties Power wins 'Network Initiative of the Year' at the Deloitte Energy Excellence Awards.

2020
Counties Power goes live on new substation in Pōkeno.

2021
Counties Power commences $40m network upgrade in eastern region, including a new substation for Bombay.
Counties Power rebrands to Counties Energy.

# Now and into the future

For nearly 100 years, we've seen a lot of changes here at Counties. It's brought us to where we are today.

As we enter our next chapter, we celebrate these milestones and start to imagine what the future of energy could hold.

It's an exciting time as we embrace the changes ahead and explore new and innovative ways of working and new ventures to see us through another 100 years to come.

## Our new name is Counties Energy

A new brand for a new era for the business. As you're aware, the world has changed and to stay relevant and thrive we need to change with it.

These days we're more than power – we're a technology and energy business too, and our new name and look reflects this.

As New Zealand transitions to a low carbon future, we see our energy industry changing too – and with that our role as an electricity distribution network.

We need to be as forward-thinking as possible, and fully prepared for what's next.

# A bright new look and a bold new future

**By now you will have noticed this Annual Report is very different in look and feel to previous ones, with a name change and complete rebrand in August 2021 as Counties Energy.**

From Franklin Electric Power Board to Counties Power, and now to Counties Energy, this evolution reflects the changing needs of energy consumers today, and into the future, with the adoption of smart technologies and increasing need and expectations for decarbonisation from customers.

Our new name and brand has been designed to reflect our long history and our new energy journey, with a focus on smart grid technologies and customer-focused energy ecosystems, such as virtual power plants and community energy schemes that utilise electric vehicle charging, renewable energy and cutting-edge digital technologies.

How we use energy as a community and as a country is changing. The way our energy is generated is also on a new trajectory, one that protects our future environment and generations. To meet these changes, we must innovate to ensure our community and New Zealand thrive.

As a consumer-owned electricity distribution company, we'll continue to make much broader decisions across our network and beyond, in a smarter, safer, more reliable and affordable way – and our new name reflects this. Our dedicated teams remain the same, along with our commitment to the community and to keeping the power flowing around the clock.

Lowering emissions and creating smaller carbon footprints through sustainable technologies is becoming an increasing focus for us. Positive changes in how to produce and use energy are underway, including our groundbreaking Vehicle-to-Grid technology pilot, electric vehicle charging platform OpenLoop and the Second-life EV Battery System which repurposes retired electric vehicle batteries.

We've introduced our new name and brand across all our channels over the subsequent months, no mean feat with a Covid lockdown thrown in, working restrictions and literally thousands of items needing review and change, including our fleet, customer contact points, website and social media. In a nod to our long history and brand, a reimagined infinity symbol has been integrated into the new logo, which, along with a gradient of bright new colours, symbolises an exciting and constantly evolving energy future. Other touch points will progressively update while keeping practicality, cost and sustainability in mind.

The above infographic, which we currently have on display in our offices and will be used for our centenary celebrations in 2024, gives you a wonderful visual representation of our evolution to date, and into our new energy future.

**Say hello to Counties Energy. Energy Reimagined.**

# Key Performance Indicators

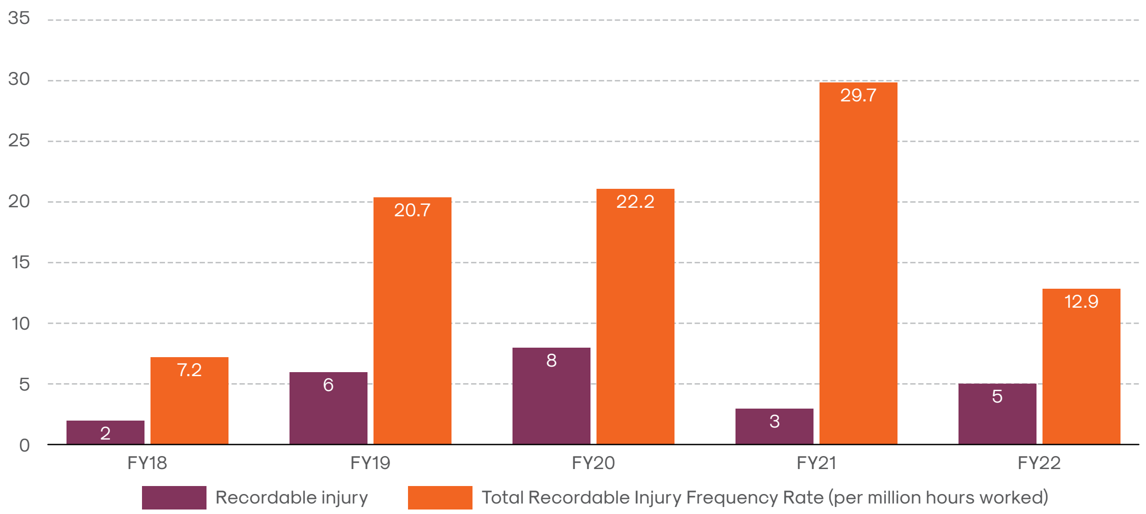
## Safety

Our goal is to achieve zero harm in the workplace and make continual improvements in our safety systems and processes to create a measurably safer workplace.

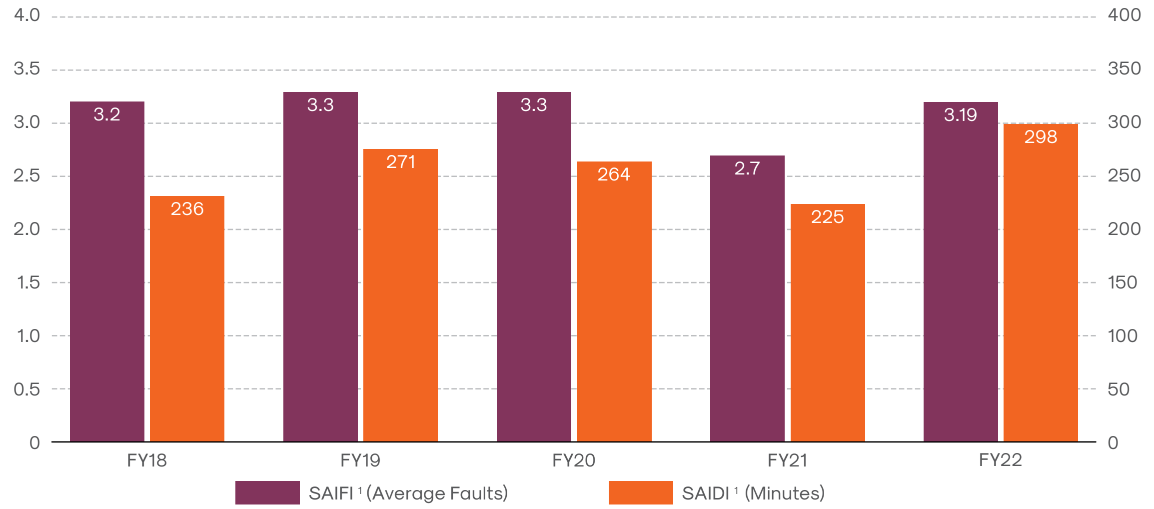
**Recordable injury includes: lost time injuries, medical treatment and restricted work injuries.**

Over the past twelve months, we continued to see a positive trend down in the Total Recordable Injury Frequency Rate (per million hours).

As the pandemic persisted, so did we with stringent protocols and in ensuring the safety of our people and community at all times. The past year was filled with many challenges, however they were all met with the innovation and commitment of the Counties Energy Team. During lockdowns and isolations every employee contributed to ensure that Counties Energy met the expectations of our stakeholders. While most of our customers were working from home or waiting for lockdowns to be lifted, they looked to us to ensure their critical power supply was safe and switched on. During these trying times we often had to rethink our strategies to ensure that the safety, priorities and comforts that our customers, colleagues and families relied on were guaranteed. Looking back, we are proud in the knowledge that we not only succeeded but also exceeded in every way.




## Reliability




[1] The SAIDI and SAIFI results for FY18 to FY21 were calculated in accordance with the 2015-20 DPP normalisation method using information from the Company's non-financial system. In FY22, the calculations were in accordance with the 2021-25 DPP normalisation method.

# Financial Report

NET PROFIT
$26.2m

REVENUE
$158.5m

EBITDA
$63.3m

**Counties Energy's Group revenue grew 17% in the previous twelve months.**

Continued growth during the year from new customer connections and construction income were the main drivers of revenue growth in the distribution business. On 1 April 2021, the Company increased the distribution component of its line tariffs charged to consumers for the first time in seven years to offset the Company's growing investment in its network operations, particularly in response to its digital investment. ECL Group's revenue grew by 5% during the year.

Overall, operating costs across the Group were proportionate to the increased revenue, which helped improve operating performance of the Group for the reporting period.

EBITDA in FY22 was 34% above last year's result, and net profit for the year increased by $9.9 million. EBITDA was $63.3 million and net profit for the year was $26.2 million, which was a record result.

One of the key benefits of consumer ownership of Counties Energy through the Counties Energy Trust (CET) is the Company's practice of returning a significant lines discount to its consumers each year in the form of a discount based on individual consumers' electricity usage. This year the Company paid a consumer discount of $12.5 million including GST.

Ongoing growth in the network zone meant that the Company's capital expenditure programme continued to grow and current indications are that it is set to keep on growing in the future. The increased network investment is being made in order to ensure that the network can meet the additional demands placed on it to deliver electricity reliably and safely to our consumers.

**TOTAL ASSETS OF THE GROUP HAVE GROWN TO $516 MILLION FROM $288 MILLION FIVE YEARS AGO.**

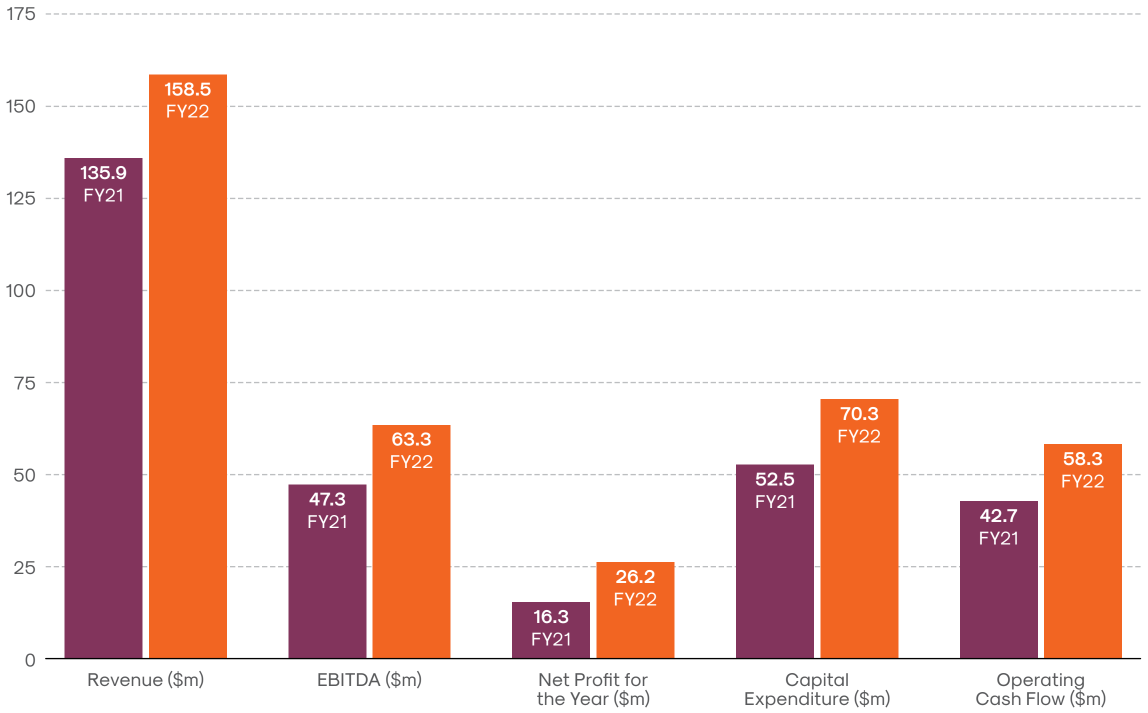
The Company's fixed asset base has continued to grow due to increased capital expenditure in recent years. In 2022 the Company spent $70.3 million on renewing, maintaining and developing the network and associated assets.

Debt levels have increased in line with projections and have grown primarily as a result of the Company's increased investment in network assets.

The following pages contain summary financial information. Detailed information is provided in the audited Financial Statements found on pages 32 to 64 of this report.

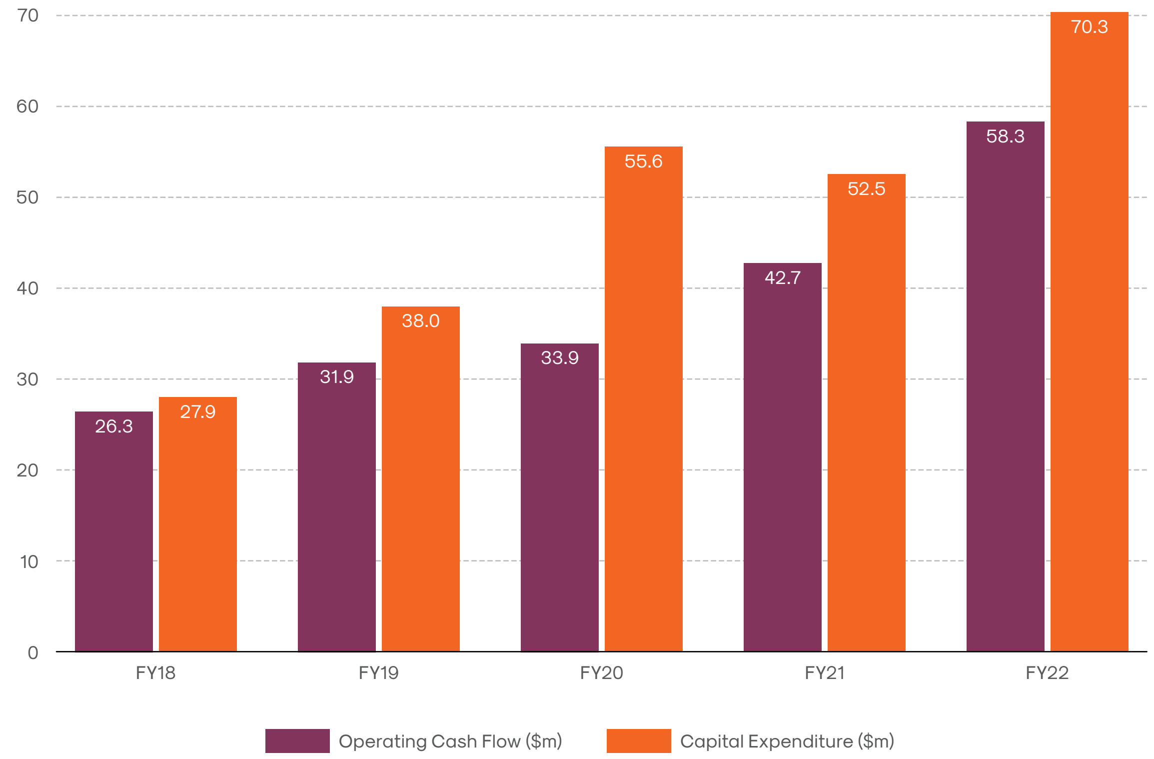
# Financial Report

## Financial Performance

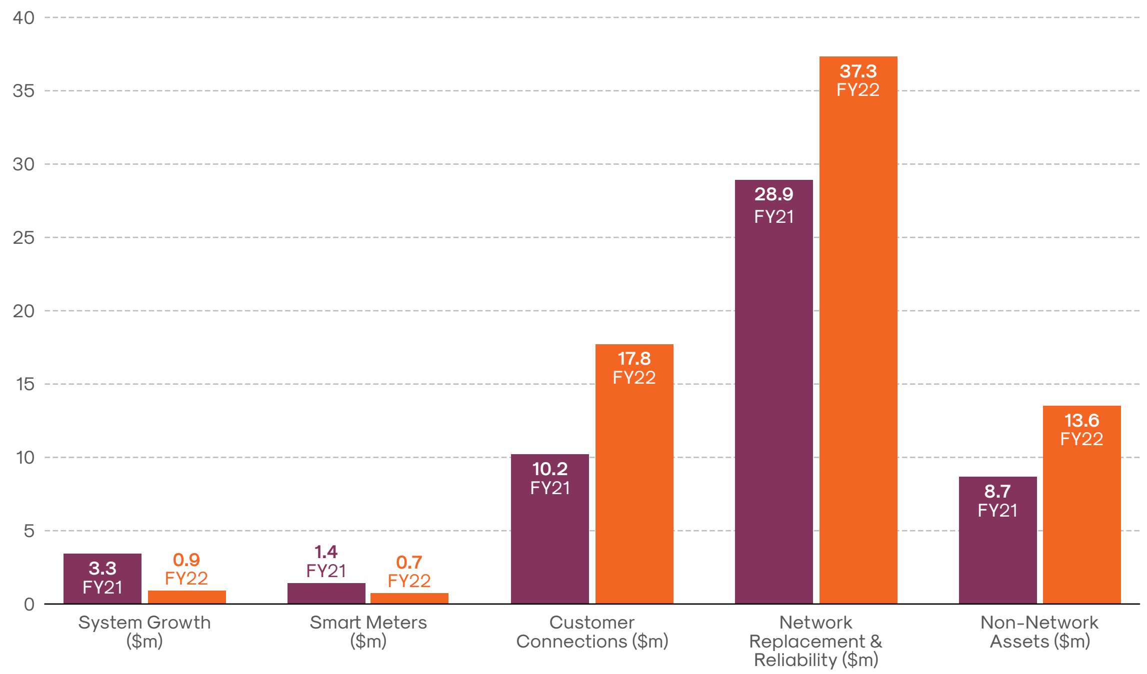



*EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) is calculated using net profit before income tax and adding back Depreciation, Amortisation and Finance Costs as disclosed in note 7 of the Consolidated Financial Statements.

## Operating Cash Flow & Total Capital Expenditure




## Capital Expenditure




## Financial Summary ($'000)

| Financial performance | FY18 | FY19 | FY20 | FY21 | FY22 |
|---|---|---|---|---|---|
| Revenue | 70,908 | 82,516 | 132,065 | 135,883 | 158,504 |
| Discounts | 10,100 | 10,353 | 10,560 | 10,860 | 10,869 |
| EBITDA | 33,140 | 33,517 | 40,118 | 47,349 | 63,293 |

| Financial position | FY18 | FY19 | FY20 | FY21 | FY22 |
|---|---|---|---|---|---|
| Total equity | 241,127 | 246,457 | 251,943 | 265,388 | 288,743 |
| Total assets | 305,504 | 382,282 | 429,536 | 459,577 | 515,749 |
| Net debt (including lease liabilities) | 9,673 | 53,335 | 93,804 | 106,554 | 130,631 |

# Report of the Directors to the Shareholder

**The Board of Directors has pleasure in presenting the consolidated financial statements of the Group and the independent auditor's report, for the year ended 31 March 2022.**

The Board of Directors of the Group authorised these consolidated financial statements and the statement of service performance presented on pages 32 to 64 for issue on 23 June 2022.

## Activities

Counties Energy Limited operates primarily as an electricity lines company within the Franklin, Papakura, Hauraki and Waikato districts. The construction arm of Counties Energy Limited undertakes lines and new services work. ECL Group Limited, a subsidiary, is a leading technical services company specialising in energy and technology solutions in New Zealand.

## Results

The profit after taxation of the Group for the year was $26.2 million (2021: $16.3 million). Customer discounts of $10.9 million exclusive of GST (2021: $10.9 million) were paid to customers.

## Changes in Accounting Policies

There were no changes in accounting policies for the year ended 31 March 2022.

## Impairment

Annually, the directors assess the carrying value of major assets. Where the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down. The impairment, if any, is recognised in the Consolidated Statement of Comprehensive Income. There was no impairment for the year ended 31 March 2022.

## Revaluation

Land was revalued as at 31 March 2022. The revaluation resulted in an increase of $3.3 million to the revaluation reserve.

The distribution system assets were subject to a valuation by Deloitte at 31 March 2022 and a downwards revaluation adjustment of $9.5 million was recorded (2021: $6.0 million).

## Changes in Capital

There have been no changes in the Group's capital structure during the year.

## Dividends

An interim dividend of $400,000 was declared, and paid on 25 August 2021. In the preceding year a dividend of $400,000 was paid. No final dividend was declared in either financial year.

## Health and Safety

A fundamental priority of the Company is to operate its business with no harm coming to its staff, contractors, consumers, and the community in which it operates. The Board reviews on a monthly basis the Company's performance against a range of lead and lag health and safety metrics, including engagement with staff on safety culture and leadership, effectiveness of safety processes and controls, and governance and improvement opportunities. Members of the Board also attend Company safety-related training and education events, as well as participate in safety observations.

## Corporate Governance

### Directors

The Board is the governing body of Counties Energy Limited. The Board as at 31 March 2022 has five members.

The Board is appointed by the Shareholders to oversee the management of the Group and is responsible for all corporate governance matters. The Board endeavours to ensure that the activities undertaken are carried out in the best interests of the Shareholders, while respecting the rights of other Stakeholders. This includes maintaining clear policies in relation to employees, customers and the environment.

No Counties Energy Limited directors hold executive positions within the Group. The Board met for eight regular meetings during the year and several informal "working" meetings. The Audit Committee met four times and the Remuneration Committee met three times during the year.

## Operation of The Board

### Responsibilities

The Board is responsible for the management, supervision and direction of the Group. This includes the long-term strategic financial plan, strategic initiatives, budgets and the policy framework. The Board delegates the day-to-day management of the Group to the Chief Executive. The Board has developed and maintains clear policies which define the individual and collective responsibilities of the Board and management.

## Conduct

The Board ensures that all matters can be discussed openly, frankly and confidentially. The Board is obliged to identify any potential conflict of interest directors may have with the Group's affairs. Where there is a conflict, the director affected is not permitted to vote on any matters related to the conflict.

## Audit Committee

The Audit Committee is responsible for overseeing, on behalf of the Board, the financial accounting and audit activities of the Group, including reviewing the adequacy and effectiveness of internal controls, meeting with and reviewing the performance of the external auditors, reviewing the financial statements and making recommendations to the Board on financial and accounting policies. Committee members currently comprise Mr Hamish Stevens (Audit Committee Chair), Mr Vern Dark and Mr David Tompkins.

## Remuneration Committee

The Remuneration Committee is scheduled to meet no less than twice a year. It is charged with setting and reviewing the remuneration policies and practices of the Group on behalf of the Board. It also sets and reviews the remuneration of the Chief Executive, and if directed by the Board, other senior executives. Committee members currently comprise Mr Ben Iosefa (Remuneration Committee Chair), Mr Vern Dark and Mr Keith Watson.

## Remuneration of Directors

Directors' remuneration received, or due and receivable during the year were as follows:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| VJ Dark | 118 | 90 |
| HW Stevens | 57 | 53 |
| DN Tompkins | 59 | 58 |
| B Iosefa (from 17 July 2020) | 59 | 38 |
| K Watson (from 17 July 2020) | 52 | 34 |
| DJ Troon (until 31 August 2020) | – | 48 |
| BL Elliston (until 17 July 2020) | – | 24 |
| | 345 | 345 |

## Remuneration of Employees

The number of employees (not including directors) who received remuneration and/or other benefits within the following bands is as follows:

| $'000 | 2022 | 2021 |
|---|---|---|
| 100 – 110 | 38 | 35 |
| 110 – 120 | 25 | 30 |
| 120 – 130 | 22 | 21 |
| 130 – 140 | 17 | 11 |
| 140 – 150 | 13 | 13 |
| 150 – 160 | 12 | 1 |
| 160 – 170 | 3 | 3 |
| 170 – 180 | 4 | 3 |
| 180 – 190 | – | 6 |
| 190 – 200 | 6 | 1 |
| 200 – 210 | 2 | – |
| 220 – 230 | 1 | – |
| 230 – 240 | – | 1 |
| 240 – 250 | 2 | – |
| 250 – 260 | – | 1 |
| 260 – 270 | 1 | – |
| 280 – 290 | – | 2 |
| 290 – 300 | 1 | 2 |
| 300 – 310 | 1 | – |
| 310 – 320 | 1 | – |
| 320 – 330 | 1 | – |
| 560 – 570 | – | 1 |
| 610 – 620 | 1 | – |

# Report of the Directors to the Shareholder

## Auditor

The Auditor-General is the Auditor of the Group under section 196(1) of the Companies Act 1993, because Counties Energy Limited is a Public Entity within the Energy Companies category listed on Schedule 1 of the Public Audit Act 2001. The Auditor-General has appointed Matthew White, a Partner of PricewaterhouseCoopers, to conduct the audit on his behalf.

## Interests Register

The following are transactions recorded in the Interests Register for the year.

## General Disclosure of Interest

Several directors are either domestic customers and/or have interests in commercial businesses which utilise line services provided by the Group. Their contractual relationship is with their energy retailer, who in turn has a contractual relationship with Counties Energy Limited to provide lines services. All such arrangements are on a normal arms-length basis.

Additional general disclosures of interest, made in writing to the Board, of positions held in other named companies or parties are as follows at 31 March 2022:

| | | |
|---|---|---|
| VJ Dark | Chair | Invivo & Co Limited |
| HW Stevens | Director | Governance & Advisory Limited<br>Radius Residential Care Limited<br>Marsden Maritime Holdings Limited and related companies<br>ECL Group Limited and subsidiaries |
| | Chair | East Health Services Limited and subsidiaries<br>The Kennedys Limited<br>Pharmaco (NZ) Limited and subsidiaries<br>Evolve Education Group Limited |
| DN Tompkins | Director | Tutukaka Asset Management Limited |
| | Consumer | Counties Energy electricity consumer |
| BF Iosefa | Director | Polaris & Company Limited<br>Home in Place, Australia<br>Keith Andrews Holdings<br>Wineworks Group and related companies |
| | Chair | Home in Place (New Zealand) Limited |
| | Advisor | Liquid Wind AB (Sweden) |
| RKH Watson | Director | Acumen New Zealand Limited<br>Working Assets Properties Limited and subsidiaries<br>Dovedale Forests Limited<br>Cranleigh Forests Limited<br>Rakon Limited<br>ECL Group Limited and subsidiaries<br>Petrena Miller Trustee Limited |
| | Chair | NZIER<br>Complete 3D |

## Share Purchases

There have been no share purchases.

## Directors' Loans

There were no loans by the Group to the directors.

## Directors' Insurance

The Group indemnifies all directors named in this report against liabilities, which arise out of the performance of their normal duties as director, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has indemnity insurance.

## Related Party Transactions

The Group has disclosed all related party transactions during the year in note 26.

## Directors' Responsibility Statement

The directors are responsible for ensuring in all material respects that the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2022 and its financial performance for the year ended on that date.

The directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates, and that all relevant financial reporting and accounting standards have been followed.

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

The directors have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

For and on behalf of the Board.

**VJ Dark**
Chair

23 June 2022

**HW Stevens**
Deputy Chair

23 June 2022

# Consolidated Financial Statements

# Consolidated Financial Statements

## Consolidated Statement of Profit or Loss

| For the year ended 31 March 2022 | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Operating revenue | 5 | 158,504 | 135,883 |
| Customer discount | 5 | (10,869) | (10,860) |
| Net revenue | | 147,635 | 125,023 |
| | | | |
| Other income and gains | 6 | 392 | 243 |
| Expenses, excluding finance costs | 7 | (107,523) | (98,925) |
| Finance costs | 7 | (4,047) | (3,483) |
| Net profit before income tax | | 36,457 | 22,858 |
| Income tax expense | 8 | (10,266) | (6,536) |
| | | | |
| Net profit for the year | | 26,191 | 16,322 |
| | | | |
| Net profit for the year is attributable to: | | | |
| Owners of Counties Energy Limited | | 26,212 | 15,900 |
| Non-controlling interest | | (21) | 422 |
| Net profit for the year | | 26,191 | 16,322 |

## Consolidated Statement of Comprehensive Income

| For the year ended 31 March 2022 | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Net profit for the year | | 26,191 | 16,322 |
| | | | |
| Items that may be subsequently reclassified to profit: | | | |
| Cash flow hedges – net of tax | | 1,421 | 317 |
| Items that will not be reclassified to profit: | | | |
| Loss on the revaluation of the distribution system | 13 | (9,500) | (6,000) |
| Deferred tax on revaluation of the distribution system | 9 | 2,660 | 1,680 |
| Gain on the revaluation of land and buildings | 13 | 3,258 | 1,526 |
| Items that will not be reclassified to profit | | (3,582) | (2,794) |
| | | | |
| Total comprehensive income for the year | | 24,030 | 13,845 |
| | | | |
| Total comprehensive income for the year is attributable to: | | | |
| Owners of Counties Energy Limited | | 24,051 | 13,423 |
| Non-controlling interest | | (21) | 422 |
| Total comprehensive income for the year | | 24,030 | 13,845 |

# Consolidated Financial Statements

## Consolidated Statement of Financial Position

| As at 31 March 2022 | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **ASSETS**<br>**Current assets** | | | |
| Cash and cash equivalents | 10 | 935 | 724 |
| Trade and other receivables | 11 | 18,445 | 18,340 |
| Inventories | 12 | 4,891 | 3,961 |
| Tax receivable | | 18 | – |
| **Total current assets** | | **24,289** | **23,025** |
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | 439,525 | 392,703 |
| Intangible assets | 14 | 31,528 | 32,150 |
| Right of use assets | 23 | 17,495 | 11,699 |
| Derivative financial instruments | 15 | 1,779 | – |
| Related party loan | 26 | 1,133 | – |
| **Total non-current assets** | | **491,460** | **436,552** |
| **Total assets** | | **515,749** | **459,577** |
| **LIABILITIES**<br>**Current liabilities** | | | |
| Trade and other payables | 16 | 24,546 | 22,413 |
| Employee benefits | 17 | 4,399 | 3,838 |
| Borrowings | 18 | – | 15,200 |
| Deferred income | | 3,076 | 1,339 |
| Lease liabilities | 23 | 2,285 | 1,997 |
| Tax payable | | – | 138 |
| **Total current liabilities** | | **34,306** | **44,925** |
| **Non-current liabilities** | | | |
| Trade and other payables | 16 | 433 | 1,242 |
| Borrowings | 18 | 113,200 | 80,000 |
| Deferred income | | – | 762 |
| Lease liabilities | 23 | 16,081 | 10,081 |
| Derivative financial instruments | 15 | – | 194 |
| Financial liabilities | 2 (x) | 6,775 | 6,500 |
| Deferred tax liabilities | 9 | 56,211 | 50,485 |
| **Total non-current liabilities** | | **192,700** | **149,264** |
| **Total liabilities** | | **227,006** | **194,189** |
| **Net assets** | | **288,743** | **265,388** |
| **EQUITY** | | | |
| Share capital | 20 | 30,797 | 30,797 |
| Retained earnings | | 232,284 | 206,472 |
| Revaluation reserve | | 26,158 | 29,740 |
| Cash flow hedge reserve | | 1,281 | (140) |
| Other reserves | | (6,775) | (6,500) |
| **Total equity attributable to the owners of Counties Energy Limited** | | **283,745** | **260,369** |
| Minority interest | | 4,998 | 5,019 |
| **Total equity** | | **288,743** | **265,388** |

## Consolidated Statement of Changes in Equity

| For the year ended 31 March 2022 | Note | Share capital $'000 | Revaluation reserve $'000 | Cash flow hedge reserve $'000 | Other reserves $'000 | Retained earnings $'000 | Total $'000 | Non controlling interest $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Opening balance as at 1 April 2020** | | **30,797** | **32,534** | **(457)** | **(6,500)** | **190,972** | **247,346** | **4,597** | **251,943** |
| Net profit for the year | | – | – | – | – | 15,900 | 15,900 | 422 | 16,322 |
| Revaluation of the distribution system (net of tax) | | – | (4,320) | – | – | – | (4,320) | – | (4,320) |
| Revaluation of land | | – | 1,526 | – | – | – | 1,526 | – | 1,526 |
| Other comprehensive income | | – | – | 317 | – | – | 317 | – | 317 |
| **Total comprehensive income** | | **–** | **(2,794)** | **317** | **–** | **15,900** | **13,423** | **422** | **13,845** |
| Transactions with owners in their capacity as owners | | | | | | | | | |
| Dividends paid | 26 | – | – | – | – | (400) | (400) | – | (400) |
| **Closing balance as at 31 March 2021** | | **30,797** | **29,740** | **(140)** | **(6,500)** | **206,472** | **260,369** | **5,019** | **265,388** |
| **Opening balance as at 1 April 2021** | | **30,797** | **29,740** | **(140)** | **(6,500)** | **206,472** | **260,369** | **5,019** | **265,388** |
| Net profit for the year | | – | – | – | – | 26,212 | 26,212 | (21) | 26,191 |
| Revaluation of the distribution system (net of tax) | | – | (6,840) | – | – | – | (6,840) | – | (6,840) |
| Revaluation of land | | – | 3,258 | – | – | – | 3,258 | – | 3,258 |
| Other comprehensive income | | – | – | 1,421 | – | – | 1,421 | – | 1,421 |
| **Total comprehensive income** | | **–** | **(3,582)** | **1,421** | **–** | **26,212** | **24,051** | **(21)** | **24,030** |
| Transactions with owners in their capacity as owners | | | | | | | | | |
| Dividends paid | 26 | – | – | – | – | (400) | (400) | – | (400) |
| Put option arrangement | | – | – | – | (275) | – | (275) | – | (275) |
| **Closing balance as at 31 March 2022** | | **30,797** | **26,158** | **1,281** | **(6,775)** | **232,284** | **283,745** | **4,998** | **288,743** |

## Consolidated Statement of Cash Flows

| For the year ended 31 March 2022 | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 147,922 | 121,800 |
| Payments to suppliers and employees | | (76,831) | (66,738) |
| Net GST paid | | (6,159) | (5,372) |
| Interest paid | | (4,047) | (3,483) |
| Income taxes paid | | (2,588) | (3,509) |
| **Net cash inflows from operating activities** | 21 | **58,297** | **42,698** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 13 | (70,341) | (52,454) |
| Purchase of intangible assets – computer software | 14 | (3,208) | (2,407) |
| Purchase of right of use assets | | (5) | – |
| Proceeds from sale of property, plant and equipment | | 1,190 | 183 |
| **Net cash outflows from investing activities** | | **(72,364)** | **(54,678)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Drawdown of borrowings | | 117,000 | 35,000 |
| Repayment of borrowings | | (99,000) | (21,894) |
| Lease repayments | | (2,189) | (2,285) |
| Related party loan | 26 | (1,133) | – |
| Dividends paid to the shareholders | 26 | (400) | (400) |
| **Net cash inflows from financing activities** | | **14,278** | **10,421** |
| Net decrease in cash and cash equivalents | | 211 | (1,559) |
| Cash and cash equivalents at the beginning of the year | | 724 | 2,283 |
| **Cash and cash equivalents at end of the year** | 10 | **935** | **724** |

## Notes to the Consolidated Financial Statements >>

### 1. General information

Counties Energy Limited ('the Group'), previously Counties Power Limited, owns and operates an electricity distribution network for the conveyance of electricity, supplies electrical equipment, and provides electrical contracting services in the Counties region of New Zealand. ECL Group Limited, a subsidiary, is a leading technical services company specialising in fuel systems and technology solutions in New Zealand.

The Group consists of limited liability companies incorporated and domiciled in New Zealand. The address of its registered office is 14 Glasgow Road, Pukekohe. These consolidated financial statements were approved by the Board of Directors for issue on 23 June 2022.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with New Zealand generally accepted accounting practice ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable New Zealand Financial Reporting Standards as appropriate for profit oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards ('IFRS').

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

**Entities reporting**

The consolidated financial statements for the 'Group' are for the economic entity comprising Counties Energy Limited, its subsidiaries and joint arrangements. The Company and Group are designated as profit oriented entities for financial reporting purposes.

**Statutory base**

Counties Energy Limited is a company registered under the New Zealand Companies Act 1993 and an Energy Company under the Energy Companies Act 1992. The consolidated financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Energy Companies Act 1992, and the Companies Act 1993. In accordance with the Energy Companies Act 1992 because consolidated financial statements are prepared and presented for Counties Energy Limited and its subsidiaries, separate financial statements for Counties Energy Limited are no longer required to be prepared and presented.

**Historical cost convention**

The consolidated financial statements are prepared under the historical cost convention, and where appropriate, modified by the revaluation of financial assets and liabilities and certain classes of property, plant and equipment.

**Comparative information**

Certain comparatives have been reclassified to conform with current year presentation.

#### (b) Basis for consolidation

The Group consolidates its subsidiaries as these are the entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions and balances between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Information on the Group's subsidiaries can be found in note 24.

## (c) Foreign currency translation

**Functional and presentation currency**

Items included in the consolidated financial statements of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand dollars, which is the Group's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

## (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services (including lines charges) provided in the normal course of business, net of customer discounts and Goods and Services Tax. Customer discounts are annual power account discounts returned to consumers and recognised when paid.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

**i) Lines revenue**

The Group provides lines services to customers allowing connection to the wider distribution network. Such services are recognised as a series of distinct goods or services and are one performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits of the service. Revenue is recognised as the service is being provided using an output method based on the actual delivery services provided on a daily basis. Customer discounts represents the annual power discounts returned to the consumers and recognised when paid.

Pricing includes a transmission and distribution charge relating to the operation of the network. Payment is due in respect of the network line service in the month following the service being provided. A receivable is recognised by the Group reflecting the amount owing for services provided.

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

**ii) Metering revenue**

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

**iii) Capital contributions revenue**

The Group provides electrical connection services to customers to support and provide a connection to the wider distribution network. Such contracts are considered to have an enforceable right to payment for the performance obligation for key milestones achieved as specified in the agreement. This single performance obligation is satisfied over time.

Pricing is determined with reference to the time and material associated with a specific contract for electrical work and is based on the level of cost required to enable a connection.

**iv) Interest income**

Interest income is recognised using the effective interest method.

**v) Rental income**

Rental income is recognised on a straight-line basis in accordance with the substance of the relevant agreements.

**vi) Sales of goods**

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on shipment of goods to the customer.

**vii) Sales of services**

Contracted maintenance services include preventative maintenance (e.g. periodic inspections), corrective maintenance (e.g. repair / replacement of components on an as needed basis) and customer service support (e.g. help line access).

The contract duration is typically 1–5 years and revenue is recognised over time as service is rendered. The customer pays a fixed amount over the contract term in accordance with the payment frequency specified in the contract.

**viii) Financing components**

The Group does not expect to have any significant contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money as this is considered to not have a material impact.

**ix) Contract revenue**

The Group provides contracting services to customers ancillary to its electricity distribution business. Such contracts have an enforceable right to payment for the performance obligation for key milestones specified in the agreement. There is one single performance obligation and it is satisfied over a period of time.

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

Contract revenue is recognised over the period of the contract by reference to stage of completion. The construction contract accounting policy requires estimates to be made of the outcome under each contract, which requires assessments and judgements to be made on a range of factors, such as: recovery of pre-contract costs, changes in the scope of work, contract programmes, maintenance and defect liabilities, and changes in costs.

The Group uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

Contract costs are recognised as an expense by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that the contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is only recognised to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where the costs incurred plus recognised profit (less recognised costs) exceeds progress billings; a contract represents a liability where the opposite is the case.

***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer, conditioned on something other than the passage of time, if the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

A contract asset is recognised for the earned consideration that is conditional. The contract assets of the Group include retentions relating to services already performed, but where the right to consideration is dependent on acceptance by the customer. These balances were classified as part of trade receivables on the Consolidated Statement of Financial Position.

*Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services, a contract liability is recognised. Contract liabilities are recognised as revenue when the Group performs under the contract. These balances were presented as deferred income on the Consolidated Statement of Financial Position.

### (e) Income tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### (f) Goods and Services Tax (GST)

The Consolidated Statement of Comprehensive Income is prepared so that all components are stated exclusive of GST. All items in the Consolidated Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

### (g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

### (i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

The Group recognises lifetime expected credit loss for trade receivables (see details on note 3 [b]).

### (j) Inventories

Merchandise, raw materials, consumables and work in progress are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on a first-in-first-out basis.

### (k) Property, plant and equipment

Land, buildings and distribution assets are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation (excluding land). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. At the end of each reporting period between the triennial period the valuation is reviewed to ensure that the carrying value of the distribution network is recorded at fair value.

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land, buildings and distribution assets are credited to revaluation reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same assets are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged against profit or loss.

When revalued assets are sold, the amounts included in the revaluation reserve account are transferred to retained earnings.

Land is not depreciated. Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using either straight-line (SL) or the diminishing value (DV) method. The following estimated useful lives are used in the calculation of depreciation.

| | |
|---|---|
| Distribution system | 5–60 years SL/DV |
| Buildings | 40–100 years SL/DV |
| Leasehold improvements | 1–40 years SL/DV |
| Meters and relays | 10–15 years SL/DV |
| Plant and vehicles | 1–15 years SL/DV |
| Fibre network | 10–11 years SL/DV |

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Comprehensive Income.

### (l) Intangible assets

**i) Computer software**

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a diminishing-value basis (one to seven years). Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

**ii) Brands**

Brands acquired in a business combination are recognised at fair value at the acquisition date. They have an infinite useful life and are tested for impairment annually.

**iii) Customer contracts**

The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives (10 years).

**iv) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisition of a business is included in intangible assets.

Goodwill acquired on business combination is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

### (m) Leases

Leases are accounted for in accordance with NZ IFRS 16 Leases. The Group recognises the right of use assets and lease liabilities, except for the leases with a lease term of less than 12 months on adoption and low value leases. Right of use assets are depreciated on a straight-line basis over the remaining term of the leases. Interest on the leases are calculated using the Group's incremental borrowing rates. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

### (n) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### (o) Borrowing costs

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. The Group has defined the threshold for capitalising interest as any assets taking longer than three months to construct or greater than $500,000.

All other borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

### (p) Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group accounting policy for borrowing costs.

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 the end of the reporting period.

### (q) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date, and are discounted to present value where the effect is material.

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

### (r) Employee benefits

**Wages and salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

**Long service leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the effective interest method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service.

**Retirement benefit obligations**

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Bonuses**

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where this is a past practice that has created a constructive obligation.

**Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the entity recognises costs for a restructuring that is within the scope of NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

### (s) Share capital

Ordinary shares are classified as equity.

### (t) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at reporting date.

### (u) Financial assets

The Group classifies its investment in the following categories in accordance with NZ IFRS 9 Financial Instruments: assets at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification of financial assets under NZ IFRS 9 is generally based on the business model in which the financial assets are managed and its contractual cash flows characteristics.

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI and FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- if it is held with the objective to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely for the payments of principal and interest on the principal amount being 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 other comprehensive income. The election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

**(v) Derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The resulting gain or loss is recognised as a financing cost in profit or loss immediately unless the derivative is designated and effective as a hedge instrument, in which event timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are classified as current or non-current based on the effective date.

**Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Comprehensive Income within 'other income and gains'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Statement of Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Statement of Comprehensive Income within 'other income and gains'.

**(w) Business combination**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

For the non-controlling interests, the Group elected to recognise its proportionate share of the acquired net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

**(x) Put option arrangements**

The Group has written put options over the equity of its subsidiary ECL Group Limited which permit the holder to put their shares in the subsidiary back to the Group at their fair value on specified dates over a six-year period if ECL Group Limited's EBITDA for the previous financial year is at least $7,200,000.

The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount as non-current financial liability with a corresponding charge directly to equity. The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

## 3. Financial risk management

**Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**(a) Market risk**

**i) Foreign exchange risk**

The Group manages exposure in forecasted foreign currency exposure arising out of the capital expenditure programme in accordance with treasury policy. The Group treasury risk management policy is to hedge up to 100% of anticipated cash flows, in each major foreign currency for the subsequent 12 months. In this respect, the Group has hedged the forecasted foreign currency exposure arising out of the capital expenditure programme through forward exchange contracts. There is no exposure to foreign currency risk at year end.

**ii) Cash flow and fair value interest rate risk**

As the Group has no significant variable rate interest-bearing assets, the Group's income and operating cash inflows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Group policy currently, for non-core debt, is to maintain a funding facility that provides the appropriate flexibility for the fluctuating requirements at the lowest cost.

Hedging arrangements using swaps, collars or options for up to 70% of the exposure are permitted.

Where operational activities lead to the creation of a core level of borrowings, between 50% and 70% of this debt will be hedged by an interest rate swap with the remainder placed in at least two facilities with maturity periods aligned to optimise risk and value.

**iii) Sensitivity analysis**

Interest rate swap contracts hedging the forecasted variability in cash flows arising out of variable interest rates on borrowings are treated as cash flow hedges. Any changes in variable interest rates would have no material impact on profit or loss in relation to the portion of borrowings hedged, as changes in the fair value of these interest rate swap contracts are taken through other comprehensive income where the hedge is an effective hedge.

A 100 basis points increase or decrease in interest rates is used for the interest rate sensitivity analysis. The impact of this movement on profit or loss and equity for 2022 and 2021 is immaterial.

**(b) Credit risk**

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Otherwise, management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash.

The maximum exposure to credit risk is best represented by the carrying value of cash and cash equivalents, and trade and other receivables as indicated in note 19.

The Group incurs credit risk from transactions with trade debtors and financial institutions in the normal course of business. At reporting date the Group had a significant concentration of credit risk relating to the amount receivable from Electricity Retailers. The Group has a programme to manage this risk concentration, including monitoring the credit status of the major debtors, adhering to specific credit policy requirements and having the contractual ability to require security to be provided by these customers under certain circumstances.

The Group does not generally require collateral or security to support financial instruments other than as outlined above, due to the quality of the financial institutions dealt with.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit loss which uses a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses , trade receivables have been grouped based on days past due. The expected credit loss rates are based on the payment profiles over a 12-month period before 31 March 2022 and the corresponding historical credit losses during the period, adjusted for any significant amounts that are not receivable (note 11[b]).

**(c) Liquidity risk**

Liquidity risk management has the objective of maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities to meet the short and long-term commitments of the Group as they arise in an orderly manner. Management monitors rolling forecasts of the Group's liquidity requirements on the basis of expected cash flow. The Board of Directors approve all new borrowing facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12-months equal their carrying balances as the impact of discounting is not significant.

| | Less than 1 year $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 |
|---|---|---|---|---|
| **At 31 March 2022** | | | | |
| Trade and other payables | 24,546 | 433 | – | – |
| Lease liabilities | 2,285 | 1,887 | 4,473 | 9,721 |
| Bank loans (refer note 18) | – | – | 113,200 | – |
| **Total** | **26,831** | **2,320** | **117,673** | **9,721** |
| **At 31 March 2021** | | | | |
| Trade and other payables | 22,413 | 1,242 | – | – |
| Lease liabilities | 1,997 | 1,918 | 3,291 | 4,872 |
| Bank loans | 15,200 | – | 80,000 | – |
| Derivative financial instruments (fair values) | – | 194 | – | – |
| **Total** | **39,610** | **3,354** | **83,291** | **4,872** |

**(d) Fair value estimation**

The Group has discounted long-term receivables and payables at the implicit rate for finance leases receivable, and at the incremental borrowing rate. This balance is presented net in Trade and other payables in the Consolidated Statement of Financial Position.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Financial assets and financial liabilities are recognised on the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

NZ IFRS 13, Fair Value Measurement: Disclosures requires disclosure of the fair value measurements by level from the following fair value hierarchy:

- Level 1 – Quoted price (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – Inputs, other than quoted price included within level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 – Inputs for assets and liabilities that are not based on observable market data (that is, unobservable inputs).

The only financial instruments held by the Group that are measured at fair value are over the counter derivatives. These derivatives have all been determined to be within level 2 of the fair value hierarchy as all significant inputs required to ascertain the fair value of these derivatives are observable (refer note 3(a) (ii)). Credit risk is incorporated into the valuation of derivatives.

Distribution system assets and land and buildings are classified within level 3 of the fair value hierarchy. The valuation techniques and assumptions for distribution system assets and land and buildings measured at fair value are disclosed in note 13.

**(e) Capital risk management**

The Group manages its capital structure and makes adjustments to it in light of economic conditions. To maintain or adjust the existing structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 31 March 2022 and 2021.

The Group monitors its compliance with banking covenants as required by its banker, ASB Bank Limited (note 18). There have been no breaches during the year.

The Group monitors equity using a gearing ratio (a non-GAAP measure), which is net debt divided by total equity plus debt. The Group includes within net debt borrowings less cash and cash equivalents.

| The gearing ratios are as follows: | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Borrowings | 18 | 113,200 | 95,200 |
| Lease liabilities | 23 | 18,366 | 12,078 |
| Less: cash and cash equivalents | 10 | (935) | (724) |
| **Net debt** | | **130,631** | **106,554** |
| Equity | | 288,743 | 265,388 |
| **Equity plus net debt** | | **419,374** | **371,942** |
| Gearing ratio | | 31% | 29% |

## 4. Critical judgements in applying the entity's accounting policies

**Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the Group's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimates, which are dealt with below).

**i) Electricity line revenue recognition**

Part of the line revenues are based on normalisation, where consumption is estimated to the end of the billing period based on historical actual electricity usage. Occasionally historical electricity usage data is not consistent and subsequent adjustments are made. These adjustments are immaterial compared with total network revenue (refer to note 5).

**ii) Construction contracting and capital contributions**

The Group recognises revenue for construction contracting and capital contributions as performance obligations are met. This method requires the Group to review key milestones specified in the agreement to determine the level of completion.

| Contract liability – capital contributions | Notes | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Opening Balance | | 7,921 | 4,278 |
| Amount of transaction price received for unsatisfied performance obligations | | 30,113 | 15,375 |
| Revenue recognised from performance obligations satisfied | 5 | (25,840) | (11,732) |
| Closing Balance | 16 | 12,194 | 7,921 |

The above table pertains to contract liability in relation to capital contributions and is presented as a deferred capital contribution liability in note 16.

| Contract liability – deferred income | Notes | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Opening Balance | | 2,101 | 2,800 |
| Amount of transaction price received for unsatisfied performance obligations | | 20,274 | 10,768 |
| Revenue recognised from performance obligations satisfied | | (19,299) | (11,467) |
| Closing Balance | | 3,076 | 2,101 |

**iii) Valuation of network distribution system**

The Group estimates the fair value of the distribution network using independent valuers in accordance with the property, plant and equipment accounting policy. Because of the specialised nature of the network and the infrequency of network sale transactions, there is a lack of market-based evidence available to determine fair value. The valuation has therefore been determined using the discounted cash flow method. The major inputs that are used in the valuation model that require management judgement include load growth and pricing, projected capital expenditure profiles and discount and inflation rates.

**iv) Valuation of buildings and land**

In accordance with its accounting policy, the Group revalues its properties at least once every three years. The valuations, which are performed by independent valuers, involve estimates and judgements as detailed in note 13.

**v) Depreciation**

Judgements have been made in relation to the Group's depreciation rates as per note 2.

**vi) Goodwill**

The Group assesses at the end of each reporting period whether there is any indication that goodwill may be impaired. The Group estimates the recoverable amount for each Cash Generating Unit, and should an impairment exist, adjusts the carrying value to that amount. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement (note 14).

**vii) Lease Liability**

Lease liability calculations have used incremental borrowing rates determined by the Group taking into account bank margins and interest rate swaps. The incremental borrowing rates for the Group range from 3.2% to 5.9% depending on the nature and term of the lease. These rates have been applied to leases over a range of terms determined by the Group to represent the reasonable length of the lease.

## 5. Revenue

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Electricity line revenue – gross | 67,444 | 61,724 |
| Customer discount | (10,869) | (10,860) |
| Net electricity line revenue | 56,575 | 50,864 |
| Metering revenue | 4,240 | 4,038 |
| Construction contract revenue | 3,597 | 3,875 |
| Capital contributions | 25,840 | 11,732 |
| Fixed price service revenue (ECL Group Limited) | 10,536 | 13,352 |
| Cost plus (maintenance) revenue (ECL Group Limited) | 16,794 | 16,252 |
| Projects revenue (ECL Group Limited) | 16,578 | 11,467 |
| Other revenue (ECL Group Limited) | 13,475 | 13,443 |
| Total | 147,635 | 125,023 |

## 6. Other income and gains

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Gain on disposal of fixed assets | 188 | 45 |
| Rent income | 204 | 198 |
| Total | 392 | 243 |

## 7. Expenses

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Expenses, excluding finance costs, included in the Consolidated Statement of Comprehensive Income** | | |
| Employee benefits expense | 44,800 | 40,468 |
| Depreciation and amortisation expense | 22,789 | 21,008 |
| Transmission costs | 11,585 | 10,989 |
| Raw materials and consumables used | 24,314 | 21,662 |
| Other expenses | 5,207 | 5,909 |
| Rental rebates | (1,172) | (1,111) |
| Total expenses, excluding finance cost | 107,523 | 98,925 |

| | | |
|---|---|---|
| **Depreciation** (notes 13 and 23) | | |
| Plant and vehicles | 3,733 | 3,414 |
| Buildings | 249 | 236 |
| Leasehold improvements | 47 | 65 |
| Distribution system | 10,543 | 9,580 |
| Meters and relays | 2,120 | 2,048 |
| Managed network | 48 | 48 |
| Right of use assets | 2,686 | 2,517 |
| Total depreciation | 19,426 | 17,908 |
| **Amortisation** (note 14) | | |
| Customer goodwill | 1,050 | 1,050 |
| Computer software | 2,313 | 2,050 |
| Total amortisation | 3,363 | 3,100 |
| Total depreciation and amortisation | 22,789 | 21,008 |

| | | |
|---|---|---|
| **Finance costs** | | |
| Borrowings | 3,228 | 2,856 |
| Lease interest | 819 | 627 |
| Total finance costs | 4,047 | 3,483 |

**Remuneration of auditors and other advisors**

During the year the following fees were paid or payable for services provided by the auditor of the entity, its related practices and non-related audit firms.

| | | |
|---|---|---|
| AUDIT SERVICES | | |
| Auditing the Financial Statements | 289 | 302 |
| Audit of Regulatory Statements | 49 | 49 |
| Total audit services | 338 | 351 |
| OTHER SERVICES | | |
| Advisory – non-related firms | 284 | 335 |
| Total other services | 284 | 335 |
| Total | 622 | 686 |

## 8. Income tax expense

### (a) Income tax expense

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Current tax | 2,432 | 2,892 |
| Deferred tax | 7,834 | 3,644 |
| Total | 10,266 | 6,536 |

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Profit from continuing operations before income tax expense | 36,457 | 22,858 |
| Income tax expense attributable to taxable profits @ 28% | 10,208 | 6,400 |
| Non-deductible expenses | 38 | 11 |
| Prior year adjustments | 20 | 125 |
| Income tax expense | 10,266 | 6,536 |

### (c) Imputation credit account

The value of imputation credits available for subsequent reporting periods as at 31 March 2022 is $36.2 million (2021: $33.8m).

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

i) Imputation credits that will arise from the payment of the amount of the provision for income tax;
ii) Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
iii) Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

## 9. Deferred tax liabilities

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Opening deferred tax liability | 50,485 | 48,398 |
| Charged to income tax expense | 7,834 | 3,644 |
| Cash flow hedges | 552 | 123 |
| Deferred tax recognised on revalued assets | (2,660) | (1,680) |
| **Closing balance at 31 March** | **56,211** | **50,485** |

| | | |
|---|---|---|
| Deferred income tax assets | (1,347) | (1,136) |
| Deferred income tax liabilities | 57,558 | 51,621 |
| **Closing balance** | **56,211** | **50,485** |

| | Property, plant and equipment and intangibles $'000 | Leases $'000 | Other $'000 | Total $'000 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| **At 31 March 2020** | **49,410** | **(41)** | **(971)** | **48,398** |
| Charged to income tax expense | 3,946 | (65) | (237) | 3,644 |
| Cash flow hedges | – | – | 123 | 123 |
| Charged directly to equity | (1,680) | – | – | (1,680) |
| **At 31 March 2021** | **51,676** | **(106)** | **(1,085)** | **50,485** |
| Charged to income tax expense | 8,230 | (137) | (259) | 7,834 |
| Cash flow hedges | – | – | 552 | 552 |
| Charged directly to equity | (2,660) | – | – | (2,660) |
| **At 31 March 2022** | **57,246** | **(243)** | **(792)** | **56,211** |

## 10. Cash and cash equivalents

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Bank balances** | **935** | **724** |

## 11. Trade and other receivables

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Trade receivables | 10,274 | 9,104 |
| Accrued revenue | 6,798 | 8,429 |
| Provision for impairment | (337) | (277) |
| **Net trade receivables** | **16,735** | **17,256** |
| Other receivables and prepayments | 1,710 | 1,084 |
| **Total receivables** | **18,445** | **18,340** |

**(a) Bad and doubtful trade receivables**

The Group has written off $252,000 in respect of bad and doubtful trade receivables during the year ended 31 March 2022 (2021: $209,000). The movement has been included in "Expenses" in the Consolidated Statement of Profit or Loss.

**(b) Credit risk**

Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in note 3 (b).

| 31 March 2022 | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|---|---|---|---|---|---|
| Expected loss rate | 0% | 2% | 11% | 49% | 3% |
| Gross carrying value – trade receivables ($'000) | 8,791 | 707 | 246 | 530 | 10,274 |
| **Loss Allowance ($'000s)** | **36** | **15** | **26** | **260** | **337** |

| 31 March 2021 | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|---|---|---|---|---|---|
| Expected loss rate | 0% | 3% | 14% | 26% | 2% |
| Gross carrying value – trade receivables ($'000) | 15,741 | 656 | 491 | 645 | 17,533 |
| **Loss Allowance ($'000s)** | **25** | **18** | **68** | **166** | **277** |

## 12. Inventories

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Raw materials and consumables | 5,829 | 4,595 |
| Provision for obsolescence | (938) | (872) |
| Goods in transit | – | 238 |
| **Total** | **4,891** | **3,961** |

## 13. Property, plant and equipment

| | Freehold land $'000 | Freehold buildings $'000 | Plant and vehicles $'000 | Leasehold improvements $'000 | Meters and relays $'000 | Distribution system $'000 | Managed network $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Year ended 31 March 2021** | | | | | | | | |
| Opening net book value | 20,828 | 10,481 | 12,453 | 293 | 11,034 | 304,225 | 937 | 360,251 |
| Additions | 660 | 2,952 | 3,726 | – | 1,397 | 42,438 | – | 51,173 |
| Change in WIP | – | – | 1,281 | – | – | – | – | 1,281 |
| Disposals | – | – | (128) | – | (9) | – | – | (137) |
| Revaluation gain/(loss) | 1,526 | – | – | – | – | (6,000) | – | (4,474) |
| Depreciation charge (note 7) | – | (236) | (3,414) | (65) | (2,048) | (9,580) | (48) | (15,391) |
| Closing net book value | 23,014 | 13,197 | 13,918 | 228 | 10,374 | 331,083 | 889 | 392,703 |
| **At 31 March 2021** | | | | | | | | |
| Cost | 23,014 | 13,393 | 29,257 | 1,259 | 24,012 | 331,083 | 2,186 | 424,204 |
| Accumulated depreciation | – | (196) | (15,339) | (1,031) | (13,638) | – | (1,297) | (31,501) |
| Net book value | 23,014 | 13,197 | 13,918 | 228 | 10,374 | 331,083 | 889 | 392,703 |
| **Year ended 31 March 2022** | | | | | | | | |
| Opening net book value | 23,014 | 13,197 | 13,918 | 228 | 10,374 | 331,083 | 889 | 392,703 |
| Additions | 2,458 | 636 | 4,652 | 35 | 730 | 56,037 | – | 64,548 |
| Change in WIP | – | 4,807 | 986 | – | – | – | – | 5,793 |
| Disposals | – | – | (500) | – | (37) | – | – | (537) |
| Revaluation gain/(loss) | 3,258 | – | – | – | – | (9,500) | – | (6,242) |
| Depreciation charge (note 7) | – | (249) | (3,733) | (47) | (2,120) | (10,543) | (48) | (16,740) |
| Closing net book value | 28,730 | 18,391 | 15,323 | 216 | 8,947 | 367,077 | 841 | 439,525 |
| **At 31 March 2022** | | | | | | | | |
| Cost | 28,730 | 18,836 | 30,687 | 1,294 | 24,646 | 367,077 | 2,186 | 473,456 |
| Accumulated depreciation | – | (445) | (15,364) | (1,078) | (15,699) | – | (1,345) | (33,931) |
| Net book value | 28,730 | 18,391 | 15,323 | 216 | 8,947 | 367,077 | 841 | 439,525 |

### Distribution system assets

Distribution system assets were subject to an independent valuation as at 31 March 2022. As the fair value of the assets was not able to be reliably determined using market-based evidence, the valuation was prepared using discounted cash flow methodology. The valuation was independently prepared by Deloitte and the key assumptions used are shown in the table below. In all cases an element of judgement is required. The valuation was based on revenue and cost assumptions applied against a combination of WACC and CPI inflation rates that are generally in the mid-point of the range.

| Assumptions | Valuation assumptions adopted | Low | High | Valuation impact $'m (Low)/High |
|---|---|---|---|---|
| Capital expenditure | $247m[1] | 90% | 110% | (1.1) / 1.1 |
| WACC | 5.3% | 4.8% | 5.8% | (16.8) / 17.6 |
| RAB Multiple | 0.99x | 0.94x | 1.04x | (16.8) / 17.6 |

[1]This amount represents capital expenditure over ten years, as shown in the Company's asset management plan, excluding terminal capital expenditure.

The valuation was updated and reviewed by Deloitte at 31 March 2022. The Board determined that a revaluation adjustment of $9.5m was required to reduce the carrying value to $367.1m to fall within the valuation range.

### Land and buildings

The network land and buildings were revalued upwards by $3.8m as at 31 March 2020. This three yearly valuation was prepared by JLL, independent valuers and property consultants. These valuations were carried out in accordance with PINZ Practice Standards and New Zealand equivalent to International Accounting Standard IAS 16. The valuations were determined based on discounted cash flow, capitalisation of net income, sales comparison and depreciated replacement cost approaches and on the basis of continued use. The valuations took into account the nature of the property, age and conditions of the buildings.

In March 2022, JLL revisited the valuation prepared for land to assess the impact of market changes. An uplift of $3.3m was booked to reflect the higher valuation.

### Land and buildings – historical cost

If distribution network, land and buildings were stated on the historical cost basis, the amounts would be as follows:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Deemed cost – distribution network | 478,100 | 422,063 |
| Accumulated depreciation | (100,382) | (89,839) |
| Net book value | 377,718 | 332,224 |
| Deemed cost – land | 8,106 | 5,648 |
| Deemed cost – buildings | 13,390 | 12,754 |
| Accumulated depreciation – buildings | (2,529) | (2,280) |
| Net book value | 18,967 | 16,122 |

## 14. Intangible assets

| | Brands $'000 | Customer goodwill $'000 | Goodwill $'000 | Computer software $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Year ended 31 March 2021** | | | | | |
| Opening net book value | 3,400 | 9,450 | 15,556 | 4,437 | 32,843 |
| Additions | – | – | – | 2,999 | 2,999 |
| Change in WIP | – | – | – | (592) | (592) |
| Amortisation charge (note 7) | – | (1,050) | – | (2,050) | (3,100) |
| **Closing net book value** | **3,400** | **8,400** | **15,556** | **4,794** | **32,150** |
| **At 31 March 2021** | | | | | |
| Cost | 3,400 | 10,500 | 23,556 | 9,181 | 46,637 |
| Accumulated amortisation | – | (2,100) | (8,000) | (4,387) | (14,487) |
| **Net book value** | **3,400** | **8,400** | **15,556** | **4,794** | **32,150** |
| | | | | | |
| **Year ended 31 March 2022** | | | | | |
| Opening net book value | 3,400 | 8,400 | 15,556 | 4,794 | 32,150 |
| Additions | – | – | – | 3,211 | 3,211 |
| Change in WIP | – | – | – | (3) | (3) |
| Disposals | – | – | – | (467) | (467) |
| Amortisation charge (note 7) | – | (1,050) | – | (2,313) | (3,363) |
| **Closing net book value** | **3,400** | **7,350** | **15,556** | **5,222** | **31,528** |
| **At 31 March 2022** | | | | | |
| Cost | 3,400 | 10,500 | 23,556 | 11,149 | 48,605 |
| Accumulated amortisation | – | (3,150) | (8,000) | (5,927) | (17,077) |
| **Net book value** | **3,400** | **7,350** | **15,556** | **5,222** | **31,528** |

**Policies**

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets of an acquired subsidiary.

Goodwill is carried at cost less accumulated impairment losses.

**Allocation of goodwill**

For the purpose of assessing impairment, assets are grouped in the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets ('CGU'), which at 31 March 2022 is identified as 1 CGU. The identification of CGU and operating segment at 31 March 2022 has been performed in line with guidance in NZ IAS 36 Impairment of assets and NZ IFRS 8 Operating segments, including how the Group makes decisions about resource allocation and how it reviews operating results and assesses performance.

**Critical estimates and judgements**

To assess impairment, management must estimate the future cash flows of the CGU. This entails making judgements including:

- the expected rate of growth of revenues;
- the terminal growth rate;
- the level of future expenditure required to support these outcomes; and
- the appropriate discount rate to apply when discounting future cash flows.

**Impairment**

Goodwill is tested at least annually for impairment against the recoverable amount of the CGU to which it has been allocated or when there is an indication that the assets may be impaired.

An asset is impaired if the Carrying Amount of the CGU is less that the Recoverable Amount at the Measurement Date. The Recoverable Amount of the CGU is defined as the higher of Fair Value Less Costs of Disposal (FVLCD) and its Value in Use (VIU).

At 31 March 2022, there was no impairment of goodwill (2021: nil).

**Assumptions**

The recoverable amount attributed to the CGU is calculated based on VIU. The VIU was calculated based on cash flows discounted using the applicable WACC rate.

Future cash flows are forecast based on actual results and strategic business plans. A five-year plan as approved by the Board of Directors has been used.

The table below sets out the key assumptions for the CGU:

| | |
|---|---|
| Revenue growth (% annual increase – FY23) | 18.2% |
| COGS and direct wages (% annual increase – FY23) | 16.5% |
| Revenue growth (% annual increase – average FY24 to FY27) | 7.6% |
| COGS and direct wages (% annual increase – average FY24 to FY27) | 7.6% |
| WACC rate | 11.2% |
| Terminal growth rate | 2.25% |

Revenue is driven by a combination of organic growth and large project works. New market segments have been identified which are expected to provide significantly high mid-term and long-term growth prospects. The business has proven capability within these market segments and the capacity to scale as required as new customers are brought on.

COGS and wages can be scaled up or down to the level of business growth with pricing set on a sustainable basis.

WACC rates take into account the cost of debt and equity. The cost of equity is derived from the expected return on investment by the Group using the capital asset pricing model. The cost of debt takes into account incremental borrowing rates for the Group.

The terminal growth assumption is based on the current implied inflation rates, calculated as the difference between inflation adjusted and vanilla government bond yields at the valuation date.

**Sensitivity to changes in key assumptions**

The following summarises the effect on goodwill of a reasonably possible change in the key assumptions for the CGU with all other assumptions remaining constant:

| | $m |
|---|---|
| Revenue growth (1% decrease year on year from FY24 to FY27) | (7.3) |
| COGS and direct wages (1% increase year on year from FY24 to FY27) | (6.4) |
| WACC (0.5% increase) | (4.5) |
| Terminal growth (1% decrease) | (6.3) |

The recoverable amount of the CGU could equal its carrying amount if the key assumptions were to change as follows:

| | |
|---|---|
| Revenue growth | 4.5% decrease |
| Gross margin | 4.7% decrease |
| WACC | 5.0% increase |
| Terminal growth rate | 8.2% decrease |

Any further impact to the above key assumptions would trigger an impairment.

## 15. Derivative financial instruments

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Interest rate swap (asset)/liability | (1,779) | 194 |
| Net derivative financial instruments | (1,779) | 194 |

The Group had outstanding interest rate swaps of $53,000,000 at 31 March 2022 (2021: $25,000,000).

The Group had no forward foreign exchange contracts at 31 March 2022 (2021: nil).

## 16. Trade and other payables

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Current trade and other payables | | |
| Trade payables | 8,374 | 10,441 |
| Sundry accruals | 3,244 | 3,268 |
| Deferred capital contributions liability | 12,194 | 7,921 |
| Non-interest bearing liabilities | 734 | 783 |
| Total current trade and other payables | 24,546 | 22,413 |
| Non-current trade and other payables | | |
| Non-interest bearing liabilities | 433 | 1,242 |
| Total trade and other payables | 24,979 | 23,655 |

## 17. Employee benefits

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Employee benefits | 712 | 880 |
| Holiday pay | 3,565 | 2,842 |
| Other leave | 122 | 116 |
| Total provisions | 4,399 | 3,838 |

Provision is made for annual leave, bonuses and superannuation payments due to employees.

## 18. Borrowings

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Unsecured – interest bearing | | |
| Bank loan – current | – | 15,200 |
| Bank loan – non-current | 113,200 | 80,000 |
| Total borrowings | 113,200 | 95,200 |

**(a) Interest rate risk exposures**

Details of the Group's exposure to interest rate changes on interest bearing liabilities are set out in note 3.

**(b) Financing arrangements**

Unrestricted access was available at reporting date to the following lines of credit:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Credit standby arrangements | | |
| **Facilities** | | |
| Counties Energy Limited | 175,000 | 150,000 |
| ECL Group Limited | 15,200 | 15,200 |
| Total facilities | 190,200 | 165,200 |
| **Used at reporting date** | | |
| Bank loans | 113,200 | 95,200 |
| **Unused at reporting date** | | |
| Bank loans | 77,000 | 70,000 |

**Counties Energy Limited**

The revolving credit bank loan facilities may be drawn down at any time. The ASB banking loan facility limit is $175.0 million (2021: $150.0 million) and expires on 10 December 2024. There have been no breaches of debt covenants during the year and the Group forecasts it will continue to comply with covenants.

**ECL Group Limited**

The revolving credit bank loan facilities may be drawn down at any time. The ASB banking loan facility limit is $15.2 million and expires on 30 June 2024. There have been no breaches of debt covenants during the year and the Group forecasts it will continue to comply with covenants.

**Weighted average interest rate**

The weighted average interest rate on borrowings was 3.26% (2021: 2.51%). The Distribution System assets include capitalised borrowings costs of $177,000 (2021: 300,000).

**(c) Fair value**

The fair value of current borrowings equals their carrying amount, as all borrowings are at floating interest rates.

**(d) Foreign currency risk exposure**

All of the Group's borrowings are denominated in New Zealand dollars.

## 19. Financial instruments by category

| Assets as per Consolidated Statement of Financial Position | Assets through other comprehensive income $000 | Amortised Cost $'000 | Total $'000 |
|---|---|---|---|
| **At 31 March 2022** | | | |
| Derivative financial instruments | 1,779 | – | 1,779 |
| Trade and other receivables | – | 16,735 | 16,735 |
| Cash and cash equivalents | – | 935 | 935 |
| | 1,779 | 17,670 | 19,449 |
| **At 31 March 2021** | | | |
| Trade and other receivables | – | 17,256 | 17,256 |
| Cash and cash equivalents | – | 724 | 724 |
| | – | 17,980 | 17,980 |

| Liabilities as per Consolidated Statement of Financial Position | Liabilities through other comprehensive income $'000 | Financial liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|
| **At 31 March 2022** | | | |
| Borrowings | – | 113,200 | 113,200 |
| Trade and other payables | – | 24,979 | 24,979 |
| Lease liabilities | – | 18,366 | 18,366 |
| | – | 156,545 | 156,545 |
| **At 31 March 2021** | | | |
| Derivative financial instruments | 194 | – | 194 |
| Borrowings | – | 95,200 | 95,200 |
| Trade and other payables | – | 23,655 | 23,655 |
| Lease liabilities | – | 12,078 | 12,078 |
| | 194 | 130,933 | 131,127 |

## 20. Share capital

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Share capital | | |
| Ordinary shares | 30,797 | 30,797 |
| Total share capital | 30,797 | 30,797 |

**Ordinary shares**

At 31 March 2022 there were 15,000,000 fully paid ordinary shares (2021: 15,000,000).

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

All shares have no par value.

## 21. Reconciliation of profit after income tax to net cash inflows from operating activities

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Net profit after tax | 26,191 | 16,322 |
| | | |
| Depreciation and amortisation | 22,789 | 21,008 |
| Changes in deferred tax | 7,834 | 3,644 |
| Net gain on sale of assets | (186) | (46) |
| | 30,437 | 24,606 |
| Increase in trade and other receivables | (105) | (3,466) |
| Decrease/(Increase) in inventories | (930) | 1,478 |
| Increase in trade and other payables | 1,324 | 4,524 |
| Decrease in income tax payable | (156) | (617) |
| Increase/(Decrease) in deferred income | 975 | (699) |
| Increase in employee benefits | 561 | 550 |
| | 1,669 | 1,770 |
| | | |
| Net cash inflows from operating activities | 58,297 | 42,698 |

## 22. Commitments

**Capital commitments**

The Group had $10,250,000 committed for property, plant and equipment at 31 March 2022 (2021: $4,547,000).

## 23. Right of use assets and lease liabilities

The leases for buildings relate to office and warehouse space throughout New Zealand. Distribution system assets are used exclusively by the Group.

| | Buildings $'000 | Plant and vehicles $'000 | Distribution system $'000 | Total $'000 |
|---|---|---|---|---|
| **Year ended 31 March 2021** | | | | |
| Opening net book value | 9,341 | 2,783 | 1,722 | 13,846 |
| Additions | 9 | 361 | – | 370 |
| Depreciation charge (note 7) | (947) | (1,428) | (142) | (2,517) |
| Closing net book value | 8,403 | 1,716 | 1,580 | 11,699 |
| **At 31 March 2021** | | | | |
| Cost | 10,187 | 4,562 | 1,864 | 16,613 |
| Accumulated depreciation | (1,784) | (2,846) | (284) | (4,914) |
| Net book value | 8,403 | 1,716 | 1,580 | 11,699 |
| **Year ended 31 March 2022** | | | | |
| Opening net book value | 8,403 | 1,716 | 1,580 | 11,699 |
| Additions | 5,985 | 2,837 | – | 8,822 |
| Disposals | (340) | – | – | (340) |
| Depreciation charge (note 7) | (1,047) | (1,497) | (142) | (2,686) |
| Closing net book value | 13,001 | 3,056 | 1,438 | 17,495 |
| **At 31 March 2022** | | | | |
| Cost | 15,818 | 5,226 | 1,864 | 22,908 |
| Accumulated depreciation | (2,817) | (2,170) | (426) | (5,413) |
| Net book value | 13,001 | 3,056 | 1,438 | 17,495 |

## 23. Right of use assets and lease liabilities (continued)

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Lease liabilities** | | |
| Current | 2,285 | 1,997 |
| Non-current | 16,081 | 10,081 |
| | 18,366 | 12,078 |

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Lease liabilities** | | |
| Opening value | 12,078 | 13,993 |
| Additions | 8,477 | 370 |
| Lease interest (note 7) | 819 | 627 |
| Lease payments | (3,008) | (2,912) |
| Closing value | 18,366 | 12,078 |

Right of use assets are depreciated on a straight-line basis over the life of the lease.
The current rates are:

| | |
|---|---|
| Buildings | 5–50% |
| Plant and vehicles | 20–90% |
| Distribution system | 6–14% |

Right of use assets that had a lease term of less than 12 months or were low value leases were not material in 2022 or 2021.

## 24. Investments in subsidiaries

**Subsidiaries**

| Name of entity | Country of incorporation | Interest held by entity 2022 | Interest held by entity 2021 |
|---|---|---|---|
| ECL Group Limited | New Zealand | 75% | 75% |
| CPL Network Limited | New Zealand | 100% | 100% |

On 1 February 2019, the Group acquired a 75% shareholding in ECL Group Limited. The 25% minority interest is held by Optima Investment Group Limited.

## 25. Investment in associates and joint ventures

| Name of entity | Place of Business/Country of incorporation | % of Ownership Interest | Nature of Relationship | Measurement Method |
|---|---|---|---|---|
| SmartCo Limited | New Zealand | 14.29% | Joint Venture | Equity |
| Ampli Limited | New Zealand | 31.58% | Associate | Equity |

In 2010, the Group acquired a 14.29% joint venture investment in SmartCo Limited. Due to the nature of the contractual rights and obligations, SmartCo Limited is classified as a joint venture for accounting purposes and accounted for using the equity method.

In 2017, the Group acquired a shareholding of 31.58% in Ampli Limited (incorporated on 18 December 2017) at nil consideration. The company is no longer trading.

There were no changes during the year.

## 26. Related party transactions

**(a) Parent**

The Group is 100% owned by the Counties Energy Trust.

**(b) Transactions with related parties**

The following transactions occurred with related parties:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Counties Energy Trust (Parent)** | | |
| Dividends paid (2.7 cents per share) | 400 | 400 |
| **SmartCo Limited (Joint Venture)** | | |
| Contribution to operating costs | 6 | 6 |
| **Optima Investment Group Limited** | | |
| Financial liabilities (note 2(x)) | 6,775 | 6,500 |
| **Counties Energy Trust** | | |
| Loan | 1,133 | – |

The loan is repayable by 30 June 2024 and will incur interest at the ASB borrowing rate for Counties Energy Limited (note 18).

**(c) Key management personnel compensation**

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Directors' fees – Parent Company | 345 | 345 |
| Directors' fees – ECL Group Limited | 150 | 148 |
| Salaries and short-term employee benefits | 2,301 | 2,201 |
| Total salaries and short-term employee benefits | 2,796 | 2,694 |

Key management personnel have been defined as the Leadership Team.

## 27. Events occurring after the reporting date

On 31 May 2022, Counties Energy Limited acquired the remaining 25% shareholding (refer note 24) in ECL Group Limited from Optima Investment Group Limited for $6,775,000.

# Statement of Service Performance

The table below sets out the performance targets included in the Statement of Corporate Intent for 2022.

| For the year ended 31 March | 2022 | | 2021 | |
|---|---|---|---|---|
| | Target | Actual | Target | Actual |
| Earnings before customer discounts, interest and tax expressed as a percentage of total average capital employed | 7.7% | 14.2% | 8.1% | 10.1% |
| Profit or loss before customer discounts and after tax expressed as a percentage of average consolidated shareholders' funds | 7.4% | 13.0% | 7.3% | 8.9% |
| **Average minutes without electricity per Consumer (SAIDI)** | | | | |
| • Unplanned outages | 104.26 | 147.89 | 140.00 | 120.81 |
| • Planned | 180.00 | 150.37 | 90 | 70.12 |
| **Average number of outages per Consumer (SAIFI)** | | | | |
| • Unplanned outages | 2.28 | 2.71 | 2.70 | 2.55 |
| • Planned | 0.58 | 0.48 | (not previously reported) | (not previously reported) |

Financial targets were exceeded in 2022.

The targets and corresponding actual values for SAIDI and SAIFI, for the year ended 31 March 2022, have been updated from those previously stated in our Statement of Corporate Intent for 2022. This is in line with the intention previously stated at that time and to align with the 2021–25 DPP normalisation method (as compared to the 2015–2020 DPP normalisation).

Unplanned outages, as measured by SAIDI (average minutes without electricity per customer), were unfavourable to target by 43.63 minutes (41.8% unfavourable). The main categories of faults were Vegetation, Defective Equipment and No Cause Found. Unplanned SAIFI (average number of outages per customer) was also unfavourable to target by 0.43 interruptions (18.9% unfavourable).

Planned SAIDI was favourable, being 29.63 minutes (16.5% favourable) under the year's target and Planned SAIFI was favourable, being 0.10 interruptions (17.2% favourable) under the year's target.

The unplanned SAIDI and SAIFI results were calculated in accordance with the 2021-25 DPP normalisation method and the planned SAIDI and SAIFI results reverted to the Information Disclosure (ID) method using information from the Company's non-financial systems. Outages on Transpower or initiated by events on privately owned secondary networks, planned and unplanned, are excluded. Counties Energy also commenced recording the full impact of single transformer outages part way through FY22 in order to better understand the full customer experience of network reliability. These outages on single transformers are currently excluded from reported measures. Although this is a variation from the standard 2021-25 DPP methodology, it is consistent with how Counties Energy measures have been reported to date and how the targets for FY22 were derived. Including single transformer outages, the measures would be 151.56 SAIDI and 2.72 SAIFI. Single transformer outages will be included in reporting and factored into targets in the Statement of Corporate Intent and Asset Management Plan from FY24.

The longer term targets for SAIFI and SAIDI have been revised based on:

- Recent performance of network
- Research presented to the Counties Energy Directors on network reliability
- A forecast of planned outage requirements, which is based on investment programmes (outlined in the Asset Management Plan), and the expected reliability improvements from those investments.

### Health and safety measures

Counties Energy continues to ensure the core focus of safety is embedded in everything we do across the business. Every meeting is initiated with safety conversations and focusses on sharing safety incidents, events and lessons learned. Counties Energy remains an active member in safety forums such as the Business Leaders' Health and Safety Forum and the Electricity Engineers' Association (EEA) Health and Safety Forum. The Company has adopted the EEA-released, redefined Critical Risks. A key objective of the EEA Critical Risks redefinition is to support businesses to focus resources onto Electricity Industry specific critical risks and associated critical controls.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Target | Actual | Target | Actual |
| Lost time injuries (LTIs) | – | 3 | – | 3 |

**INDEPENDENT AUDITOR'S REPORT**

**TO THE READERS OF COUNTIES ENERGY LIMITED'S GROUP CONSOLIDATED FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2022**

The Auditor-General is the auditor of Counties Energy Limited and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Matthew White, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the consolidated financial statements and the performance information of the Group on his behalf.

### Opinion

We have audited:

- the consolidated financial statements of the Group on pages 32 to 64, that comprise the consolidated statement of financial position as at 31 March 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Group on pages 66 and 67.

In our opinion:

- the consolidated financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 31 March 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to the International Financial Reporting Standards; and
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2022.

Our audit was completed on 23 June 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the consolidated financial statements and the performance information, we comment on other information, and we explain our independence.

### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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





### Responsibilities of the Board of Directors for the consolidated financial statements and the performance information

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these consolidated financial statements and performance information.

For the target information reported in the statement of service performance, our procedures were limited to checking that the information agreed to the Group's statement of corporate intent.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the consolidated financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance;

For the year ended 31 March 2022

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements and the performance information, including the disclosures, and whether the consolidated financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the consolidated financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements and performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

**Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 29, but does not include the consolidated financial statements and the performance information, and our auditor's report thereon.

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

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

**Independence**

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

For the year ended 31 March 2022

In addition to the audit, we have carried out assignments in the areas of compliance with then Electricity Distribution (Information Disclosure) Determination 2012.This assignment was compatible with the Auditor-General's independence requirements. Other than this assignment, we have no relationship with or interests in the Group.

Matthew White
PricewaterhouseCoopers
On behalf of the Auditor-General

Hamilton, New Zealand

**Location:**
14 Glasgow Road,
Pukekohe, Auckland, 2120,
New Zealand

**Postal Address:**
Private Bag 4,
Pukekohe 2340,
New Zealand

Phone: 0800 100 202
Fax: 09 238 5120
Email: service@countiesenergy.co.nz
Web: www.countiesenergy.co.nz