

2024

Annual Report  
Pūrongo ā-Tau



Te Hono ā-Hiko



# Growing for our community



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# What we Do

# Ā Mātou

# Mahi

Our job is to keep our customers safely connected to electricity — in their homes, their businesses and on their farms.

That means operating and maintaining complex infrastructure across a vast and challenging landscape to deliver electricity, safely and reliably. It involves planning for and managing assets worth hundreds of millions of dollars, from power lines to substations to electric vehicle charging stations.

Increasingly, we work alongside partners to invest in future-focused energy initiatives like community-based solar operations. These initiatives will help us meet the challenges of growth, mitigate the negative impacts of climate change and help us decrease the impact of carbon.

We also work with the independent Maru Energy Trust to support warmer, drier homes with in-home insulation and heating programmes to drive greater energy efficiency.

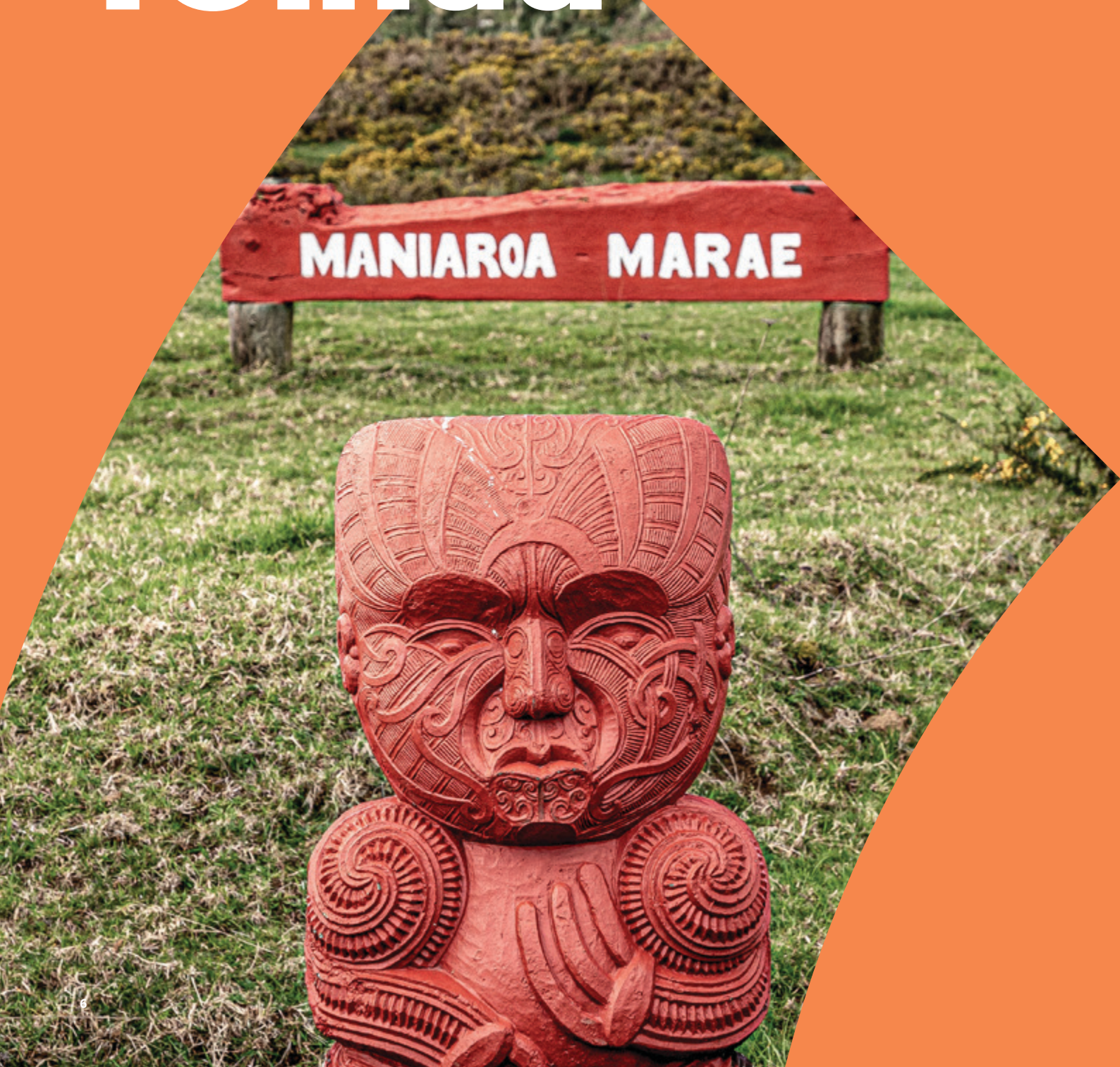
The Lines Company is 100 per cent owned by the Waitomo Energy Services Customer Trust (WESCT) on behalf of our community.



**Increasingly, we work  
alongside partners to  
invest in future-focused  
energy initiatives like  
community-based solar  
operations**



# From the Chair Mai e te Toihau



Ki ngā hapori whānui, ki ngā whānau katoa. Koutou e hono mai nei i ngā Kāhui Maunga, i ngā pareparenga o te Awa tupua me te tahakirikiri o te Moana ki uta, ki te rohe o Te Nehenehenui nei, tēnā tātou katoa, ka huri.

**It has been another year of change for TLC as we prepare our network for the opportunities the future presents.**

We further strengthened partnerships within our community, taking all decisions strongly influenced by a long-term community lens. It was extremely rewarding to be nationally recognised for our work alongside Te Nehenehenui Trust to install solar at Māniaroa marae, near Mōkau. The project is a wonderful example of an innovative, community-driven partnership. I warmly congratulate all involved and look forward to similar projects rolling out across the motu.

Given our eye to the future, we welcomed the timing of the sale of our wholly-owned subsidiary Influx during the year, initiated by Intellihub, New Zealand's second largest metering provider. Influx served TLC well but maximising its financial return would have required a substantial capital injection as well as considerable effort, time and resource. Global players are now entering the data market and while that it is exciting, our focus and effort must remain on doing what is best, here at home, for our people.

The divestment of Influx was an important milestone for TLC, at a critical juncture. The sale unlocked significant capital at a time when we are heading into a 20-year period requiring substantial investment in our network. It means we can continue to invest heavily and to remain focused on our core purpose — to ensure homes, businesses and farms across our network have a secure and reliable electricity supply.

The year also saw us reach a settlement with the Commerce Commission following historic breaches of our quality standards some years ago. I commend our team for the professional way in which this process was worked through and for being transparent and open about what occurred. The Board looks forward to the independent report on this issue which will help us to further improve our processes. Importantly, customers will have an opportunity for input into any changes we propose to make following the independent report.

Our Board continued to enjoy a strong relationship with our shareholder Waitomo Energy Services Customer Trust (WESCT) throughout the year. I congratulate Chair William Oliver on his re-election alongside Janette Osborne. A warm welcome to new WESCT Trustee, Yvette Ronaldson and returning Trustee Erin Wirihana.

Financially, TLC performed significantly above budget, reporting an after-tax profit of \$42.5 million. This represents a 21.7% return on equity before customer discounts. It is rewarding to lead a Board which recognises we must find a balance between discounts and investment, and to work alongside WESCT to reach that position. On that note, we were pleased to pay out \$4.3 million to WESCT beneficiaries, as well as maintain our support of the community through a growing sponsorship and community grants programme.

We are extremely mindful of affordability challenges for many local whānau. Our costs add to other increases in the cost of living, including for the most basic items including electricity. Given that, we have already signalled that in the coming financial

year, we will pay out \$5.2 million in TLC discounts while continuing to invest heavily in long-term infrastructure critical to our future. I am proud to lead a Board which puts community front and centre and which is prepared to make commitments on issues such as this.

It has been a busy and challenging year. I would like to thank chief executive Mike Fox and his award-winning team of staff who, once again, made us incredibly proud. While the Board sits at a governance level, we are well aware of how committed TLC staff are to their jobs and their communities.

Once again, it was a pleasure to be part of the wider TLC whānau which does its very best every day, to deliver for each and every one of us. On behalf of the Board, I thank you all.

**Tēnā tātou, tēnā tātou, kia ora katoa.**



**Bella Takiari-Brame**  
Chair



# Chief Executive's Report Ngā Kōrero te Toihau





We are very proudly a people first business, determined to see staff and contractors returning home safe every day, and equally as determined to minimise safety risks to our community.

## **E ngā mana, e ngā hau e whā, tenā koutou katoa.**

We continued to prioritise and invest in health and safety programmes during the year, so I am extremely pleased to report a 33% decrease in overall injuries alongside an increase in proactive reporting of safety-related issues.

This intense focus on safety was complemented by a wider review of how we could better support our team. After significant planning, an Employee Value Proposition as well as a more formal leadership programme, began last year. Both will help us recruit and retain outstanding people in a job market which remains tight, as well as providing rewarding careers for our people.

On that note, I was tremendously proud to see our team returning home from the Connexis Annual Connection national line competition in Invercargill with a swathe of awards, including winning the prestigious overall line mechanic competition.

The result was the best we have ever had since competition began and signals a return to the top and a commitment that we will continue to be part of this national event. My thanks and congratulations again to everyone involved, including whānau who provided tremendous support behind the scenes.

The outstanding skills of our crews was demonstrated in network results. After the extreme weather of the 2022/2023 financial year, including Cyclone Gabrielle, our network reliability measures returned to previous levels. On average our customers experienced 156 minutes of unplanned outages and 2.16 unplanned interruptions last year.

This is a substantial and welcome improvement from 212 minutes of unplanned outages and 3.20 interruptions in 2019 (2019 was disclosed under DPP2 rules). It reflects the capital investment into the network we have made over the past seven years, targeting areas of under-performance.

This year, we invested \$20.3 million into our network, nearly double the amount compared to seven years ago. The commitment to investing will not wane with more than \$237 million likely to go into the network over the coming decade.

We simply have no choice but to continue a major investment programme if we are to provide a safe, reliable and affordable electricity supply for future generations. Our network is now ageing, with the bulk of it constructed prior to the 1970s. A major renewal programme is needed and at the same time, we are cognisant of increasing growth, largely as a result of international commitments New Zealand has made to remove carbon.

We anticipate twice as much network capacity will be needed to distribute electricity through our network over the next decade. Meanwhile we must also help prepare our community for increasingly volatile weather as an impact of climate change.

I thank the Board for recognising and supporting the need for a major investment programme as outlined in our Asset Management Plan. In particular, I acknowledge the decisions made following the sale of Influx which provided us with capital at a time when we are planning major investment. The team at Influx handled the sales process with utmost professionalism, for which I was grateful.

I also thank the Board for its unwavering support of our growing community grants and sponsorship programme and the ongoing support of the Maru Energy Trust.

Overall, I am immensely proud of what our team achieved over the 12 months. Our success at the line competition was preceded by national recognition at the Energy Excellence Awards where we won the Community Initiative award. Neither achievement would have been possible without the support of the whole team who ensure, no matter what happens, day to-day business continues.

On a personal note, I would like to particularly thank my colleagues on the senior leadership team, including Kyle Barnes and Craig Hackett who were formally appointed to general manager roles during the year. I look forward to another challenging but rewarding 12 months ahead.

**Te amorangi ki mua,  
te hapai o ki muri.**

**Ngā mihi**



**Mike Fox**  
Chief Executive



**Our Year at a Glance**

# **Te Tau Kua Taha Ake**

## **Aotearoa's best**

**Our local lines crews were judged the very best in New Zealand, winning the national lines competition and returning home laden with awards**

## **Network improvements**

**We invested \$20 million in improvements on our network — we have only achieved this level of investment once before — to ensure a safe and reliable electricity supply**

# Influx sold

Proceeds from the sale of Influx were secured for future network investment, including for a large renewals programme

# Helping hand

More than \$400,000 in cash went directly back to our community via grants, sponsorships, scholarship support and the Maru Energy Trust

# Discount paid

We provided \$4.3 million (excluding GST) in TLC discounts to WESCT beneficiaries

# Big win

Alongside our partners Te Nehenehenui Trust, Ecotricity and MBIE we won the coveted Community Initiative of the Year award at the 2023 Energy Excellence Awards

# Keeping safe

The number of work injuries decreased as we continued to prioritise health and safety training and awareness

# Our Community

# Tō Mātou

# Hapori

We are here for one reason — to grow our community with energy.

Our towns, villages and rural areas rely on us to provide safe and reliable electricity to homes, businesses and farms.

But as a hapori (community)-owned organisation, we continued to use our skills and resources to add value, contribute to community well-being and build long-term partnerships.

## Community support

During the year, we supported multiple community initiatives and events — ranging from sports and community activities to collaborations with local artists and partner organisations. Three local school leavers were awarded prestigious study scholarships, and a new safety programme was developed for primary school tamariki.

Three community funding rounds saw \$30,000 distributed to volunteer-based groups doing vital mahi. Sponsorship arrangements saw TLC continue to support facilities like the Gallagher Recreation Centre in Te Kūiti.

We continued to be a major supporter of the Maru Energy Trust and over the year, allocated \$200,000 to Maru to help ensure more local homes were warm and dry.

Community education remained a major focus and we delivered 13 energy education seminars during the year to help people better manage their energy use. Our community

engagement team began work on a more robust strategy to support those people in our community suffering energy hardship. The coming year will see that strategy finalised and rolled out to those people who need it most.

## Customer satisfaction

Last year we again conducted independent customer surveys each quarter to track customers and identify an overall satisfaction score measuring service and value. Those surveys showed an improvement in important areas including how we resolve issues with customers. It meant our overall customer satisfaction score remained steady at 54 per cent.

But it is clear that demonstrating value for money is becoming increasingly challenging, not just for us but across the industry. Aotearoa New Zealand needs significant investment to renew our ageing electricity network and to increase capacity to support the transition to a low carbon economy. That is particularly testing for our community which has pockets of serious energy hardship. Our network sprawls across one of the largest and most challenging areas in New Zealand, distributing energy to rural and

sparsely populated areas. However, we have a relatively small number of customers for the area we cover.

While we have made measurable improvement, we want customers' interactions with us to be seamless, efficient and easy. During the year we undertook a comprehensive review of our internal business processes. This enabled us to reduce processing time for customer-initiated works and more effectively measure our performance for individual projects. These changes will be largely automated within a CRM (customer relationship management) system to be commissioned next year.



## Partnerships

Last year we were pleased to partner with Te Nehenehenui Trust, electricity retailer Ecotricity, and MBIE to install 18kW solar arrays on the wharekai at Mānīaroa marae near Mōkau. The project enabled excess solar energy to be shared with five local whānau. Our joint efforts received national attention and recognition, winning the coveted Community Initiative of the Year award at the 2023 New Zealand Energy Excellence Awards. A project to install solar energy at Tarewaanga marae in Ōtorohanga using a similar model has begun and is already delivering excess energy to local whānau.

In the south of our network, we partnered with the Tuwharetoa Health Charitable Trust to deliver solar to four local homes. This project was a New Zealand first and will see excess solar energy used to power hot water cylinders. Three new hot water cylinders were installed in the five whare that received the surplus solar generation.

**We continued to use our skills and resources to add value, contribute to community well-being and build long-term partnerships**



# Our People Ā Mātou Tāngata

We are nothing without our people.

Our focus last year remained on keeping our staff safe and motivated to deliver their very best for the community many of us call home.

A sustained focus on health and safety training and awareness saw a decrease in overall injuries, including a decrease in lost time injuries. We ramped up health and safety activities, running regular awareness campaigns alongside specific training. Pleasingly, there was an increase in reporting of potential hazards and near misses with only one critical risk incident reported. We also passed our IMPAC prequal audit with a score of 81 per cent (up from 65 per cent previously).

The roll-out of Kotahi, a long-term framework for health, safety and well-being continued with the appointment of a project lead, the establishment of a steering committee and agreement on a three-year road map.

## Employee value proposition

We also launched a new Employee Value Proposition (EVP). There is now a much stronger focus on employee engagement and our EVP was co-designed with staff to reflect three pou most important to them: lifestyle and culture (with an emphasis on whānau), development and growth (including learning on the job) and delivering for our community.

Initiatives to support the EVP, including the provision of a volunteer day, medical insurance, improved leave entitlements and flexible working arrangements, were well received.

Retaining our 140 staff, given national skills shortages, remained critical. The implementation of the EVP, the introduction of a leadership development programme in partnership with Gallup, and the support for ongoing training helped see our turnover drop to a historic low — down to 12 per cent from 20 per cent the previous year.

At the same time, it was rewarding to see a dramatic decrease in our gender pay gap — from 28.1 per cent in April 2021 to 14.9 per cent in March 2024. This reflects solid efforts over the past three years as we seek to actively support a diverse workforce.

Meanwhile recruitment efforts saw a significant improvement in the quality of applicants applying to work at TLC as our reputation as a good employer with sound values, spreads. Where possible, we continued to give priority to employing locals.

Last year we also celebrated long service from a number of staff, including one staff member who has been with us for 35 years. Six other employees celebrated 10, 15 and 20-year milestones.

Finally, we were all elated in October to recognise our outstanding team of line mechanics who returned home from the national line competition, with several awards. This reinforces our longstanding commitment to offer high quality training and careers to people from our rohe.





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# Our Network Performance

# Te Whakatutuki- tanga a Tō Mātou Kōtuituinga





# Our core role is to ensure homes, businesses and farms across our network have a secure and reliable electricity supply.

That can be both rewarding and challenging. We are responsible for more than 24,000 connections and more than 4,400km of lines and cables over difficult and remote terrain.

## Major projects

In the last financial year, we invested more than \$20.3 million in the network, prioritising areas of under-performance. This was the largest investment ever made into our network in a single year and indicates our commitment to addressing legacy issues and preparing our community for the future.

A number of major projects were undertaken including:

- the replacement of aged poles and cross arms on the 33kV Taharoa line
- a significant rebuild, requiring the extensive use of helicopters, to replace poles and cross arms and deal with overgrown vegetation on the Raurimu 11kV/LV line
- a major upgrade to Taumarunui's electricity supply including a total replacement of aged assets
- replacement of an existing faulty cable, and the installation of an additional cable to secure supply in Ōtorohanga
- automating and securing supply to the Kiko Road substation (combined with outstanding repairs from Cyclone Gabrielle)
- undergrounding supply near Ōtorohanga to mitigate the risk of vehicle collision on State Highway 3

## Asset management

Huge effort was invested in developing an improved condition assessment framework using data from aerial pole top inspections. The project will allow us to better prioritise repair and replacement of overhead assets in the future and will be completed in the next financial year.

We also introduced additional maintenance inspections on ground mount transformers to assist in condition monitoring and optimise our repairs and replacements schedule.

Internally, we improved our processes to make quality assurance more efficient. We also made some geographic information system (GIS) map improvements to assist engineering and field staff to work more safely and efficiently in the vicinity of Transpower and other high voltage lines.

Work continued on a long-term vegetation management strategy, working with forestry block owners to minimise the risk of trees falling on lines. This strategy included the successful trial of a new helicopter tree branch cutting technique that will allow for faster, more economic and safer vegetation clearing in hard-to-access forest areas.



## Automation

Automation initiatives were commissioned right across the network with Ohakune, Ōtorohanga, Oparure, Retaruke, Tūrangi, Wharepuhunga and Maihihi areas all seeing benefits.

In other areas ageing automation plant was replaced, providing the control room with vastly improved information. Some additional manual switching points were also added to provide greater switching options for unplanned network events in Tongaporutu and Mokai.

In all, 27 significant network automation projects were completed during the year, including four in Kuratau for preparation for a new feeder project. Substantial automation work is already planned and budgeted for completion in the coming year as we leverage new technology.

## Digital utility programme

We embarked upon a comprehensive digital utility programme which, over time, will be transformative for our business and those we work with. The programme will enhance the level of support and engagement we have with customers when attending to faults and undertaking customer-initiated work.

To support this, a new CRM system is being commissioned to streamline workflow and proactively manage communications with our customers. This system is now well in development and expected to go live in mid-2024 with more functionality added over time.

We also commenced planning for an Advanced Distribution Management System (ADMS). This will provide a high level of automation for our SCADA (remote switching and data acquisition system) and will enhance the safety checks for our field teams when carrying out remote switching of live power lines.

The ADMS project includes a full upgrade of our GIS which contains the asset information and electrical model of our high voltage network. This is a substantial piece of work which we expect will take around 12 months to put in place.

These two projects signal fundamental changes to our operations. When complete, our team will be working with significantly enhanced operational systems. This change will enable huge improvement to customer and fault responsiveness and will support our field crews, as well as the teams that support crews in their on-site work.

## Electric vehicle (EV) chargers

Another four fast electric vehicle chargers were commissioned — in Piopio, Waitomo, Whakamaru and Taumarunui. This work was undertaken in partnership with the Energy Efficiency and Conservation Authority (EECA) and was well supported by local partners including councils.

This means there are now seven EV fast chargers owned by TLC and operational in the King Country. This will allow EV drivers to potentially fully charge their vehicles within 30 minutes. These chargers have been placed strategically to cover gaps that existed in the charging infrastructure. Our community now has access to 20 fast chargers across the network.

**A new CRM system is being commissioned to streamline workflow and proactively manage communications with our customers.**



# Our National Achievements

## Ā Mātou Whakatutukitanga ā-Motu

Industry recognition was a hallmark of the year.

The entire TLC team, along with friends and whānau, were incredibly proud to see our line mechanics officially judged 'New Zealand's best' during the year.

Our seven-strong team returned from the national line competition in Invercargill having won the prestigious overall line mechanic competition as well as three separate category awards (electrical theory, hardware install and LV pillar/underground cable).

Specialist cable jointer Richard Bishop won the pit rescue category in his competition, the first time TLC has entered the cable jointer contest. Shaun Edgerton was named one of three finalists in the Distribution Trainee of the Year.

The result was the best TLC has ever had since the challenging national industry competition began in 2002.

Our success in Invercargill came hard on the heels of national accolades at the 2023 New Zealand Energy Excellence Awards.

We won the coveted Community Initiative of the Year award for our partnership with Te Nehenehenui Trust, electricity retailer Ecotricity, and MBIE to install 18kW solar arrays on the wharekai at Māniarua marae, near Mōkau.

The project — a first for New Zealand — enabled excess solar energy to be shared with five local whānau, illustrating the potential of new technology and renewable energy generation.

Our work was recognised for its high level of innovation and the huge positive impact similar projects could have on communities nationwide. We are now looking to expand upon this community-based model across our network.





# The Sale of Influx Te Hoko Atu i a Influx

In June 2023 we confirmed the sale of our wholly-owned subsidiary, Influx Energy Data Limited (Influx) to Intellihub, New Zealand's second largest metering provider.

Over the 24 years since we established the company, Influx transformed from an asset owner of legacy meters to a rising data and technology company offering smart technology services.

At the time of sale, Influx was ranked fourth in the national smart metering and data provider market, with more than 125,000 household and commercial installation control points.

However, significant capital investment was needed to transition to a fully-fledged data-based operation. This would have required us to take on additional debt at the same time as we were preparing for a long-term increase in capital spend on our

network. It would also have required internal resources to execute that change, potentially creating cashflow, debt and resource constraints.

As a community-owned company our core role, first and foremost, is to ensure our community has a secure and reliable electricity supply — not just now, but in the future. Some parts of our network were built 70-80 years ago, and we are facing a peak of investment over the next 10-20 years.

The network decisions we make now will impact our community over the next five decades. On that basis, WESCT supported the sale of Influx, noting it released crucial capital and resources.

The proceeds of the Influx sale are tagged for network investment,

including a large renewals programme as many of our assets approach the end of their life. Funds will also be used across the network to mitigate the impact of climate change and protect our assets — and therefore our community — from the impacts of increasingly volatile weather.

We must also allow for growth. As customers become more reliant on having electricity available, we anticipate twice as much network capacity will be needed to transport the electricity through our network over the next decade. We must ensure our network is resilient enough to accommodate the extra load and that the supply to our customers remains safe, reliable and affordable.

# Our Future

# Tō Mātou

# Anamata

We have a very clear strategy for the future.

Our mandate, strongly supported by WESCT, is to make a difference to our customers and community by reducing energy hardship and enabling community development and well-being.

That will require ongoing development in our network, noting the requirement for capital must be balanced against the challenge of affordability. That will require us to be exceptional asset managers, making sound, data-based decisions that will serve people for generations to come.

Little will be achieved by working in isolation so we will continue to invest in genuine partnerships. We will put people first by doing everything we can to ensure our staff return home safe, always. We'll continue to invest in

people, build capacity from within and expect high levels of accountability and performance.

In the coming financial year, we have budgeted to invest \$25 million in our network. The focus will be on core areas aimed at reducing the number and length of unplanned power cuts. There will be huge effort put into managing vegetation, working alongside forestry companies and others to keep trees away from power lines.

Major network projects have already begun, including:

- an upgrade of the sub-transmission line supplying Tūrangi to reduce long duration outages for more than 2,000 customers
- the replacement of three power transformers at Kaahu Tee, Arohena and Kiko Road substations
- an investment into the supply for Kuratau, Omori and Pukawa to increase supply and reduce outage times for more than 1,000 customers

- a \$5.6 million overhead line renewal programme which will see an upgrade of aged poles and conductors across the network

As always, we will be looking and planning well into the future. We will be undertaking a detailed analysis to identify those parts of the network which have the most potential to be replaced by a viable, alternative energy option. We already take enormous pride in driving innovative community models which can make a real difference to those who need help most — and that will not change.

At a national level we will continue to play a role in helping improve the New Zealand electricity sector. We are a member of the Northern Energy Group which sees seven northern electricity distributors collaborating in key areas. The group has — and will continue — to drive thinking on critical issues including the adoption of low carbon technologies, new operational models and standardisation initiatives to better meet the needs of customers.

# Waitomo Energy Services Customer Trust WESCT

The Lines Company is 100 per cent owned by Waitomo Energy Services Customer Trust (WESCT) on behalf of the community. WESCT has six trustees:



**William Oliver**  
Chair 'A' Trustee



**Cathy Prendergast**  
Deputy Chair 'B' Trustee



**Janette Osborne**  
'A' Trustee



**Yvette Ronaldson**  
'A' Trustee



**Guy Whitaker**  
'B' Trustee



**Erin Wirihana**  
'Appointed' Trustee



# Our Board

# Tō Mātou Poari

Our Board of Directors appointed by WESCT, is made up of six independent directors. They are:



**Bella Takiari-Brame**  
Chair



**Andrew Johnson**



**Craig Richardson**



**Fraser Jonker**



**Mike Underhill**



**Todd Spencer**

# Our Leadership Team

## Te Kei o te Waka

Our leadership team is led by Chief Executive Mike Fox and includes:



**Mike Fox**  
Chief Executive



**Craig Hackett**  
General Manager —  
Operational Excellence



**Gerhard Buitendach**  
General Manager — Network



**Jared Murrell**  
General Manager — Service Delivery



**Kyle Barnes**  
General Manager — Future Energy



**Romay Rundgren**  
General Manager — Finance



**Simon Batters**  
General Manager — People and Safety



# Ngā Tauākī Pūtea

# 2024 Financial

# Statements

For year ending 31 March 2024

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# Five-Year Trend Statement

## Financial performance

	2024 \$'000	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
<b>Revenue <sup>(1)</sup></b>	<b>45,242</b>	<b>47,176</b>	<b>42,148</b>	<b>55,009</b>	<b>51,249</b>
EBITDA <sup>(1)</sup>	15,937	17,759	16,751	29,590	24,467
EBIT <sup>(1)</sup>	3,740	6,082	6,166	12,461	10,863
EBIT and network discount <sup>(1)</sup>	8,040	10,240	10,232	16,261	16,463
Profit before tax <sup>(1)</sup>	3,458	3,260	3,890	9,881	8,089
Profit from continuing operations <sup>(1)</sup>	1,697	1,554	2,840	7,038	6,563
Network discounts granted	4,300	4,158	4,066	3,800	5,600
Operating cash flow before tax <sup>(1)</sup>	14,465	15,667	13,649	30,980	16,512
Dividends paid <sup>(3)</sup>	1,296	300	300	250	200
<b>Total assets</b>	<b>345,399</b>	<b>321,256</b>	<b>321,144</b>	<b>305,816</b>	<b>297,032</b>
Shareholder funds	237,595	183,136	173,449	150,304	142,889
Shareholder equity	233,669	180,136	170,449	147,304	139,889
Debt to assets ratio	15.6%	27.6%	30.2%	35.3%	36.4%
Equity ratio	60.9%	55.5%	50.4%	47.9%	48.9%
Return on average equity	20.2%	4.0%	4.6%	4.1%	4.7%
Return on average assets	1.2%	3.0%	2.8%	3.0%	2.7%
Earnings per share net of tax (cents) <sup>(1)</sup>	14	13	24	51	57

## Operating performance

	2024	2023	2022	2021	2020
<b>Outage minutes per customer <sup>(2)</sup></b>					
Planned	79	116	74	126	34
Unplanned	156	239	160	155	237
<b>Total</b>	<b>235</b>	<b>355</b>	<b>234</b>	<b>281</b>	<b>271</b>
<b>Outage per customer</b>					
Planned	0.51	0.62	0.38	0.63	0.20
Unplanned	2.16	3.44	2.80	2.55	2.80
<b>Total</b>	<b>2.67</b>	<b>4.06</b>	<b>3.18</b>	<b>3.18</b>	<b>3.00</b>

<sup>(1)</sup> 2024–2022 performance measures exclude Influx as it a discontinued operation

<sup>(2)</sup> 2024–2021 has been measured under new DPP3 rules

<sup>(3)</sup> Dividend paid has increased in 2024 due to the increase in perpetual debt

# Performance information

Key Performance Indicator	Achieved	Actual	Target	Comments
<b>Custodianship</b>				
Return on average assets before customer discount	×	2.1%	3.4%	Return in SCI calculated with Influx in for 12 months.
Return on average equity before customer discount	✓	21.7%	4.5%	Return on equity materially ahead of target due to Influx sale.
Equity Ratio	✓	60.9%	No Less than 40%	
TLC Discount Policy	✓	\$4.3m	\$4.3m	
TLC Dividend Policy	✓	\$1.3m	\$300k	Dividend exceed target due to the increase in perpetual debt.
Group Debt (including subordinated debentures)	✓	\$45.0m	\$93.4m	
Average Cost of Debt	✓	3.27%	4.5%	
<b>Community</b>				
Local initiatives investment	✓	\$400k	\$400k	
Customer Satisfaction	×	54%	60%	Customer satisfaction was lower than target. However, we have seen an improvement in the percentage of customers who rate us as poor from 13% in the prior year to 7%.
Maru Energy Trust support homes across network	×	76 Insulation installations 63 heat pump installations	100 insulation installations 100 heat pump installations	Finding customers that meet requirements under EECA can be challenging. In addition, suppliers in the area are limited and to achieve numbers we have had to find new suppliers.
<b>Performance</b>				
Reliability — Unplanned SAIDI	✓	155.5 minutes	181.5 minutes (Regulatory limit 181.5 minutes)	
Reliability — Unplanned SAIFI	✓	2.16 interruptions	3.27 interruptions (Regulatory limit 3.27 minutes)	
<b>People</b>				
No serious harm injuries	✓	Nil	Nil	
Reduce the percentage of Critical Risk incidents	✓	50% Reduction	Incidents related to Critical Risk categories to reduce by 10%	

# Ngā Tauākī Pūtea 2024 Financial Statements

The financial statements for the year ended 31 March 2024 are signed on behalf of the board of directors by:



**Bella Takiari-Brame**  
Chair, Board of Directors  
20 June 2024



**Craig Richardson**  
Director, Chair Audit, Risk  
and Finance Committee  
20 June 2024

# Statement of Comprehensive Income

for the year ended 31 March 2024

	Note	2024 \$'000	2023 \$'000
<b>Continuing operations</b>			
<b>Revenue from contracts with customers</b>	1	45,242	47,176
Operating expenses	2	(29,305)	(29,417)
Depreciation and amortisation	9 & 10	(12,197)	(11,677)
Interest costs (net)	3	(282)	(2,822)
Total expenses		(41,784)	(43,916)
Profit before tax		3,458	3,260
Income tax expense	4	(1,761)	(1,706)
<b>Profit from continuing operations</b>		1,697	1,554
Profit from discontinuing operations	11.2	40,823	5,611
<b>Profit after tax</b>		<b>42,520</b>	<b>7,165</b>
Profit for the year is attributable to:			
Equity holders of the company		42,520	7,172
– Profit for the year from continuing operations		1,697	1,561
– Profit for the year from discontinuing operations		40,823	5,611
Non-controlling interest from discontinuing operations losses	15	–	(7)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation of property, plant and equipment		18,197	4,000
Deferred tax relating to revalued assets		(5,095)	(1,120)
Other comprehensive income for the year, net of tax		13,102	2,880
<b>Items that may be reclassified to profit or loss</b>			
Cash flow hedge reserves	14.2	(1,101)	972
Deferred tax relating to cashflow hedges	14.2	308	(272)
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(793)</b>	<b>700</b>
<b>Total comprehensive income for the year</b>		<b>54,829</b>	<b>10,745</b>
Total comprehensive profit is attributable to:			
Equity holders of the company		54,829	10,752
Total comprehensive income from continuing operations		14,006	5,141
Total comprehensive income from discontinuing operations		40,823	5,611
Non-controlling interest from discontinuing operations losses		–	(7)

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.



# Statement of Financial Position

as at 31 March 2024

	Note	2024 \$'000	2023 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6	32,761	2,509
Trade and other receivables	7	5,314	5,335
Contract assets	1	292	-
Inventories	8	1,318	1,529
Other financial assets	24	18	-
Asset held for sale	11.1	-	34,445
		39,703	43,818
<b>Non-current assets</b>			
Property, plant and equipment	9	300,064	271,230
Intangible assets	10	3,573	3,030
Other financial assets	24	2,059	3,178
		305,696	277,438
<b>Total assets</b>		<b>345,399</b>	<b>321,256</b>
<b>Current liabilities</b>			
Trade and other payables	19	6,076	6,963
Contract liabilities	1	282	209
Lease liabilities	21	32	30
Current tax liability	16	553	1,218
Accrual for staff entitlements	20	1,834	1,543
		8,777	9,963
<b>Non-current liabilities</b>			
Bank borrowings	18	41,000	74,500
Lease liabilities	21	42	74
Perpetual debt	18	926	-
Subordinated debentures	18	3,000	3,000
Deferred tax liability	17	57,985	53,583
		102,953	131,157
<b>Total liabilities</b>		<b>111,730</b>	<b>141,120</b>
<b>Net assets</b>		<b>233,669</b>	<b>180,136</b>
<b>Equity</b>			
Share capital		8,013	8,013
Retained earnings		128,834	86,375
Cash flow hedge reserves	14.2	1,495	2,288
Revaluation reserves	14.3	95,327	83,460
<b>Equity attributable to equity holders of the company</b>		<b>233,669</b>	<b>180,136</b>
<b>Total equity</b>		<b>233,669</b>	<b>180,136</b>

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

# Statement of Changes in Equity

for the year ended 31 March 2024

	Note	Share Capital \$'000	Retained Earnings \$'000	Cashflow Hedge Reserves \$'000	Revaluation Reserves \$'000	Total Attributable to Equity Holders \$'000	Non-controlling Interest \$'000	Total Equity \$'000
<b>Balance as at 31 March 2022</b>		<b>8,013</b>	<b>78,561</b>	<b>1,588</b>	<b>81,522</b>	<b>169,684</b>	<b>765</b>	<b>170,449</b>
Profit for the year		-	7,172	-	-	7,172	(7)	7,165
<b>Other comprehensive income</b>								
Interest rate swaps		-	-	700	-	700	-	700
Revaluation of property, plant and equipment		-	-	-	2,880	2,880	-	2,880
<b>Total other comprehensive profit</b>		<b>-</b>	<b>-</b>	<b>700</b>	<b>2,880</b>	<b>3,580</b>	<b>-</b>	<b>3,580</b>
Transfer from retained earnings	14.3	-	942	-	(942)	-	-	-
Dividends paid to non-controlling interest	15	-	-	-	-	-	(758)	(758)
<b>Transactions with owners</b>								
Dividends	12	-	(300)	-	-	(300)	-	(300)
<b>Total transactions with owners</b>		<b>-</b>	<b>(300)</b>	<b>-</b>	<b>-</b>	<b>(300)</b>	<b>-</b>	<b>(300)</b>
<b>Balance as at 31 March 2023</b>		<b>8,013</b>	<b>86,375</b>	<b>2,288</b>	<b>83,460</b>	<b>180,136</b>	<b>-</b>	<b>180,136</b>
Profit for the year		-	42,520	-	-	42,520	-	42,520
<b>Other comprehensive income</b>								
Interest rate swaps		-	-	(793)	-	(793)	-	(793)
Revaluation of property, plant and equipment		-	-	-	13,102	13,102	-	13,102
<b>Total other comprehensive profit</b>		<b>-</b>	<b>-</b>	<b>(793)</b>	<b>13,102</b>	<b>12,309</b>	<b>-</b>	<b>12,309</b>
Transfer from retained earnings	14.3	-	1,235	-	(1,235)	-	-	-
<b>Transactions with owners</b>								
Dividends	12	-	(1,296)	-	-	(1,296)	-	(1,296)
<b>Total transactions with owners</b>		<b>-</b>	<b>(1,296)</b>	<b>-</b>	<b>-</b>	<b>(1,296)</b>	<b>-</b>	<b>(1,296)</b>
<b>Balance as at 31 March 2024</b>		<b>8,013</b>	<b>128,834</b>	<b>1,495</b>	<b>95,327</b>	<b>233,669</b>	<b>-</b>	<b>233,669</b>
<b>Attributable to Equity Holders of the Company</b>		<b>8,013</b>	<b>128,834</b>	<b>1,495</b>	<b>95,327</b>	<b>233,669</b>	<b>-</b>	<b>233,669</b>

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

# Statement of Cash Flows

for the year ended 31 March 2024

	Note	2024 \$'000	2023 \$'000
<b>Operating activities</b>			
Cash generated from operations	22	15,073	18,698
Interest paid	3	(1,523)	(3,047)
Interest received	3	915	16
Income taxes paid	16	(5,525)	(6,066)
<b>Net cash inflow from operating activities</b>		<b>8,940</b>	<b>9,601</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(21,556)	(13,250)
Purchase of intangible assets		(1,446)	(915)
Proceeds on disposal of property, plant and equipment		236	124
<b>Net cash outflow from investing activities</b>		<b>(22,766)</b>	<b>(14,041)</b>
<b>Financing activities</b>			
Dividends paid	12	(1,296)	(300)
Perpetual debt	18	926	-
Dividends paid to non-controlling interest	15	-	(758)
Lease liability paid	21	(34)	(200)
Bank borrowings repaid		(74,500)	(62,867)
Bank borrowings advanced	18	41,000	74,500
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(33,904)</b>	<b>10,375</b>
<b>Net cash inflow/(outflow) from discontinuing operations</b>	<b>11.3</b>	<b>77,982</b>	<b>(9,878)</b>
Net increase/(decrease) in cash and cash equivalents		30,252	(3,943)
Cash and cash equivalents at the beginning of the year	6	2,509	6,452
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>32,761</b>	<b>2,509</b>

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

# Notes to the Financial Statements

## General information

The Group consists of The Lines Company Limited (“the Company” or “TLC”) and its subsidiaries disclosed in Note 13. The Group’s principal activities are the conveyance of electricity through its distribution network and electrical contracting. Influx was sold during the current financial year (Note 11).

The address of its registered office is King Street East, Te Kūiti and its principal network operations are carried out in the greater King Country region.

The financial statements were authorised for issue by the Directors on 20 June 2024.

## Summary of material accounting policies

### Basis of preparation

The consolidated financial statements (“financial statements”) of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and with the requirements of the Companies Act 1993, Financial Reporting Act 2013 and Energy Companies Act 1992.

The Group is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

They are prepared on the historical cost basis except for the revaluation of certain non-current assets, assets of a disposal group classified as held for sale and financial instruments measured at fair value.

The presentation currency is the New Zealand Dollar (\$). All financial information has been rounded to the nearest thousand, unless otherwise stated.

## Material accounting policies, estimates and judgements

The Board and management are required to make judgements, estimates and apply assumptions that affect the amounts reported in the financial statements. They are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in the future periods.

Judgements and estimates which are material to the financial statements are found in the following notes:

Note 1	Revenue recognition	Pg 38
Note 9	Valuation of network distribution system	Pg 45
Note 14.2	Cash flow hedging	Pg 49
Note 24.3	Financial instruments	Pg 58

## Accounting standards not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory until the next accounting period. These include:

- Amendments to IAS 1 — Non-current liabilities with covenants
- Amendment to IFRS 16 — Leases on sale and leaseback
- Amendments to IAS 7 and IFRS 7 — Supplier finance

These are not expected to have any material effect on the annual report. In addition, the Group has not adopted IFRS 18 — Presentation and disclosure in Financial Statement which was issued on 24 May 2024. This standard replaces IAS 1 and will be effective for the period beginning 1 April 2027. The Group has not yet assessed its impact on the financial statements.

# Notes to the Financial Statements

For the year ended 31 March 2024

## 1. Revenue from contracts with customers

	Note	2024 \$'000	2023 \$'000
<b>Revenue recognised over time</b>			
Network revenue before discounts		46,335	46,606
Less network discount	12	(4,300)	(4,158)
<b>Network revenue</b>		<b>42,035</b>	<b>42,448</b>
Revenue from electrical contracts which were unsatisfied and included in contract assets and liabilities			
		(315)	109
Revenue from completed electrical contracts			
		3,522	4,619
<b>Electrical contracting revenue</b>		<b>3,207</b>	<b>4,728</b>
<b>Revenue</b>		<b>45,242</b>	<b>47,176</b>

### Contract assets and liabilities

The following table reflects the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	2024 \$'000	2023 \$'000
Electrical contracts assets due to percentage of completion	292	-
<b>Contract assets</b>	<b>292</b>	<b>-</b>
Electrical contracts liabilities due to percentage of completion	-	(24)
Network customer credit balances	(282)	(185)
<b>Contract liabilities</b>	<b>(282)</b>	<b>(209)</b>

Management expects that 100% (2023: 100%) of the transaction price will be allocated to the unsatisfied contracts to revenue in the next reporting period.

### Policies

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and GST. All revenue is earned within New Zealand.

The Group has two streams of revenue:

- Network revenue
- Electrical contracting revenue

**Network revenue** results from the conveyance of electricity through its distribution network. The Company directly bills its large and dedicated asset customers. These customers do not have extended terms of payment and can terminate on short notice. The Company bills all other ICP's to retailers directly for the electricity delivered across the region's line network through a time of use pricing methodology. Retailers do not have extended terms of payment.

The Company's obligation is to provide a single performance obligation of continuous service to the end customer which they benefit from over time. Revenue is recognised at the price per kilowatt-hour (kWh) delivered to the customer in that period together with a fixed daily fee. Prices incorporating variable pricing and reflects demand and deduction of discounts. Payment terms are within 30 days.

A network discount is approved annually and paid in December and May.

**Electrical contracting revenue** relates to the installation of streetlights, lines and network connection for customers. Revenue is recognised based on the stage of completion of the contract applying the cost-to-cost method, i.e., based on the proportion of contract costs incurred to work performed to date relative to the estimated total contract cost. The Directors consider this input method as an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15, i.e., recognised over time.

General payment terms are that a 50% deposit is paid before work commences and final payment is made on completion of the contract. This may result in a contract asset or liability on the statement of financial position when comparing the payment received and the percentage of completion revenue. Where a contract liability is recognised, it is not considered to be a significant financing component as the period between milestone payments and revenue under the cost-to-cost method is less than a year.

### **Judgements**

Management must apply judgement where:

- Electrical contracting projects percentage of completion is assessed based on percentage of cost basis. Judgement is used for the estimated final cost. Variations to contracts are assessed in the estimated final cost but these are minimal.

## 2. Operating expenses

	2024 \$'000	2023 \$'000
Transmission charges	6,475	5,684
Total staff cost recognised as expense	12,206	13,228
Other network related expenditure	5,229	3,495
Cost of inventories recognised as expense	1,285	1,908
Low value or short term leases not included in leases (Note 21)	101	44
Donations and sponsorships	400	357
Professional fees	1,825	2,466
Property expenses	698	620
Directors' fees and expenses	336	301
Gain on disposal of property, plant and equipment and software intangibles	(222)	(118)
Other expenses	972	1,432
<b>Total</b>	<b>29,305</b>	<b>29,417</b>

### Policies

Government grants relating to costs are deferred and recognised in profit and loss over the period necessary to match them with the costs that they are intended to compensate.

	2024 \$'000	2023 \$'000
<b>Fees and expenses paid to auditors</b>		
Financial statements audit fee	237	289
Regulatory audit fees	131	117
OAG fees	27	29
<b>Total</b>	<b>395</b>	<b>435</b>

### 3. Interest costs (net)

	2024 \$'000	2023 \$'000
<b>Interest costs</b>		
Interest on bank borrowings	1,464	2,873
Capitalised interest	(389)	(214)
Interest on lease liabilities	4	5
Interest on subordinated debentures	190	174
Other interest expense	7	-
<b>Total interest costs</b>	<b>1,276</b>	<b>2,838</b>
<b>Interest income</b>		
Interest income	(994)	(16)
<b>Total interest income</b>	<b>(994)</b>	<b>(16)</b>
<b>Total</b>	<b>282</b>	<b>2,822</b>

The weighted average interest rate on bank borrowings, including interest rate swap derivatives, is 3.27% (2023: 3.82%).

#### Interest paid per the statement of cash flows

	2024 \$'000	2023 \$'000
Total interest costs (net)	1,276	2,838
Less interest accrual	(138)	-
Less lease liability interest	(4)	(5)
Add capitalised interest	389	214
<b>Interest paid per the statement of cash flows</b>	<b>1,523</b>	<b>3,047</b>

#### Interest received per the statement of cash flows

	2024 \$'000	2023 \$'000
Total interest income	994	16
Less Interest accrual	(79)	-
<b>Interest received per the statement of cash flows</b>	<b>915</b>	<b>16</b>

#### Policies

Interest income/expense is recognised as it accrues, using the effective interest rate method.

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. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Borrowing costs not directly attributable to qualifying assets is recognised as interest expense.



## 4. Income tax expense

Reconciliation of income tax expense	Note	2024 \$'000	2023 \$'000
Profit before income tax from continuing operations		3,458	3,260
Profit before income tax from discontinuing operations	11.2	41,253	7,061
Profit before tax		44,711	10,321
Expenses that are non-deductible		117	137
Gain on sale of investment		(39,271)	-
Taxable profit		5,557	10,458
Income tax expense at 28%		1,556	2,928
Change in tax legislation regarding depreciation on buildings		629	-
Effect of prior period tax adjustment		6	228
<b>Income tax expense</b>		<b>2,191</b>	<b>3,156</b>
Effective tax rate (being total tax expense divided by profit before tax)		5%	31%
Current tax expense		2,576	5,020
Deferred tax expense		(385)	(1,864)
Income tax expense		2,191	3,156
Attributable to:			
Continuing activities		1,761	1,706
Discontinuing activities		430	1,450

### Amounts recognised directly in other comprehensive income

Aggregate current and deferred tax arising in the reporting period and not recognised in the net profit and loss component of the statements of comprehensive income but directly debited and credited to other comprehensive income.

Deferred tax — debited directly to other comprehensive income	4,787	1,392
Total tax expense for the year recognised in other comprehensive income	4,787	1,392

### Policies

Income tax expense comprises current and deferred tax and is calculated using tax rates enacted or substantively enacted at balance sheet date.

Current and deferred tax is recognised in profit and loss unless the tax relates to items in other comprehensive income, in which case the tax is recognised as an adjustment in other comprehensive income against the item to which it relates.

### Imputation credits

The value of imputation credits available for subsequent reporting periods as at 31 March 2024 is \$22.9m (2023: \$21.0m).

### Change in legislation

In March 2024, the New Zealand Government enacted the Taxation (annual Rates for 2023-24, Multinational Tax and Remedial Matters) Bill. As a result, from 2024-25 income tax year onwards, the Company can no longer claim any tax on depreciation on their buildings with useful lives of 50 years or more in New Zealand. The Company assessed the accounting impact of this change, which resulted in an increased deferred tax liability on property, plant and equipment.

## 5. Operational profit from continuing operations

	2024 \$'000	2023 \$'000
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		
Network	21,338	24,140
Network services	769	617
Corporate services	(6,170)	(6,998)
<b>EBITDA<sup>(3)</sup></b>	<b>15,937</b>	<b>17,759</b>
Depreciation and amortisation	(12,197)	(11,677)
<b>Earnings before interest and tax (EBIT)</b>	<b>3,740</b>	<b>6,082</b>
Interest costs (net)	(282)	(2,822)
<b>Profit before tax</b>	<b>3,458</b>	<b>3,260</b>

<sup>(3)</sup> EBITDA is a non-GAAP measure however due to significant capital expenditure in the group, it is deemed a relevant measure of the financial performance of the group for financial users.

## 6. Cash and cash equivalents

	2024 \$'000	2023 \$'000
Cash at bank on hand	6,761	2,509
Term deposits	26,000	-
<b>Total</b>	<b>32,761</b>	<b>2,509</b>

### Policies

For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

## 7. Trade and other receivables

	2024 \$'000	2023 \$'000
<b>Trade receivables</b>		
Trade receivables	2,355	1,840
Less loss allowance (note 24.2)	(748)	(225)
Balance at 31 March	1,607	1,615
<b>Other receivables</b>		
Unbilled network revenue	2,939	2,960
Prepayments	768	760
Balance at 31 March	3,707	3,720
<b>Total trade and other receivables balance at 31 March</b>	<b>5,314</b>	<b>5,335</b>
<b>Ageing of trade receivables</b>		
Current to 90 days	1,507	1,543
Greater than 90 days	848	297
<b>Total</b>	<b>2,355</b>	<b>1,840</b>

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally settled within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional.

A loss allowance is assessed in note 24.2.

### Policies

Trade and sundry receivables are non-interest bearing and are generally settled within a 30-day term. Therefore, the carrying value of trade receivables approximates their fair value.

The simplified approach to measuring expected credit losses is applied which uses a lifetime expected loss allowance for all trade receivables.

## 8. Inventories

	2024 \$'000	2023 \$'000
Network stock	1,318	1,529
<b>Total</b>	<b>1,318</b>	<b>1,529</b>

### Policies

Inventories are stated at average cost. Inventory is valued at the lower of net realisable value or cost.

Cost includes the cost of direct materials and other charges, e.g. freight incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

## 9. Property, plant and equipment

	Land \$'000	Buildings \$'000	Network Distribution System \$'000	Meters & Relays \$'000	Plant & Vehicles \$'000	Right of use asset \$'000	Total \$'000
<b>Cost</b>							
<b>At 31 March 2022</b>	<b>1,503</b>	<b>3,592</b>	<b>338,491</b>	<b>49,863</b>	<b>12,029</b>	<b>1,493</b>	<b>406,971</b>
Assets reclassified to held for sale	-	-	-	(56,273)	(892)	(1,304)	(58,469)
Additions	-	61	12,289	6,590	1,239	-	20,179
Disposals	-	-	-	-	(361)	-	(361)
Reclassifications	-	-	-	(180)	180	-	-
Network revaluation	-	-	4,000	-	-	-	4,000
<b>At 31 March 2023</b>	<b>1,503</b>	<b>3,653</b>	<b>354,780</b>	<b>-</b>	<b>12,195</b>	<b>189</b>	<b>372,320</b>
Revaluation	200	55	18,000	-	-	-	18,255
Additions	-	196	19,209	-	2,540	-	21,945
Disposals	-	-	-	-	(817)	-	(817)
<b>At 31 March 2024</b>	<b>1,703</b>	<b>3,904</b>	<b>391,989</b>	<b>-</b>	<b>13,918</b>	<b>189</b>	<b>411,703</b>
<b>Accumulated amortisation and impairment</b>							
<b>At 31 March 2022</b>	<b>-</b>	<b>218</b>	<b>82,681</b>	<b>22,465</b>	<b>7,997</b>	<b>270</b>	<b>113,631</b>
Depreciation charge	-	92	9,421	5,116	1,298	250	16,177
Assets reclassified to held for sale	-	-	-	(27,553)	(381)	(429)	(28,363)
Reclassifications	-	-	-	(28)	28	-	-
Disposals	-	-	-	-	(355)	-	(355)
<b>At 31 March 2023</b>	<b>-</b>	<b>310</b>	<b>92,102</b>	<b>-</b>	<b>8,587</b>	<b>91</b>	<b>101,090</b>
Depreciation charge	-	102	9,798	-	1,365	29	11,294
Revaluation	-	58	-	-	-	-	58
Disposals	-	-	-	-	(803)	-	(803)
<b>At 31 March 2024</b>	<b>-</b>	<b>470</b>	<b>101,900</b>	<b>-</b>	<b>9,149</b>	<b>120</b>	<b>111,639</b>
<b>Carrying amount (Net book value)</b>							
<b>At 31 March 2022</b>	<b>1,503</b>	<b>3,374</b>	<b>255,810</b>	<b>27,398</b>	<b>4,032</b>	<b>1,223</b>	<b>293,340</b>
<b>At 31 March 2023</b>	<b>1,503</b>	<b>3,343</b>	<b>262,678</b>	<b>-</b>	<b>3,608</b>	<b>98</b>	<b>271,230</b>
<b>At 31 March 2024</b>	<b>1,703</b>	<b>3,434</b>	<b>290,089</b>	<b>-</b>	<b>4,769</b>	<b>69</b>	<b>300,064</b>
<b>Carrying amount (Cost model)</b>							
<b>At 31 March 2023</b>	<b>159</b>	<b>718</b>	<b>182,557</b>	<b>-</b>	<b>3,608</b>	<b>98</b>	<b>187,140</b>
<b>At 31 March 2024</b>	<b>159</b>	<b>1,150</b>	<b>205,680</b>	<b>-</b>	<b>4,769</b>	<b>69</b>	<b>211,827</b>

The carrying amount (cost model) table represents the carrying amounts that would have arisen had all property, plant and equipment been carried under the cost model.

Estimated work in progress at the end of the year was \$7.8m (2023: \$8.9m) included in network

distribution assets.

## Policies

Property, plant and equipment other than land and buildings and network distribution system are initially measured at cost, and subsequently stated at cost less depreciation and any impairment losses.

Land and buildings and network distribution assets are held at their fair value. Fair values are determined based on valuations adjusted for subsequent purchase costs, disposals, depreciation and impairment. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Expenditure is capitalised if the asset is technically and commercially feasible, future economic benefits are probable, and the Company intends to use or sell the asset.

Capitalisation occurs immediately once an asset is acquired or installed.

Depreciation begins once an asset is ready for use.

Depreciation of property, plant and equipment, other than land, is calculated on a straight line basis and expensed over the life of the asset.

Estimated useful asset lives are as follows:

Buildings	40 – 100 years
Network distribution system	5 – 60 years
Meters & relays	3 – 15 years
Plant & vehicles	1 – 13 years

Right of use assets associated with lease assets are depreciated over the lease term.

Gain or loss on disposal is recognised in profit and loss. When revalued assets are sold the amounts included in the revaluation reserves are transferred to retained earnings.

## Judgements

### Land and buildings

The land and buildings of the Group, comprising depots at Waitete Road, Ohakune, Te Kūiti and Te Peka Street, Taumarunui; the residential dwellings at Te Peka Street, Taumarunui and head office at King Street East, Te Kūiti were revalued to \$4.5 million at 31 March 2024.

These valuations were prepared by Doyle Valuations Ltd (A.N.Z.I.V, S.N.Z.P.I), an independent valuer with local experience. These valuations were carried out in accordance with API and PINZ Professional Practice and International Valuation Standards. Cost summation, market rate and income approaches were used for the valuations.

The fair value measurements above are considered to be Level 2 as per NZ IFRS 13, as they are derived from valuation techniques that include inputs for the assets that are based on observable market data.

### Network distribution system

The Group estimates the fair value of the distribution network through independent valuers using the discounted cash flow method every three years or more frequently if there is evidence of a material change in value.

Network distribution system assets were revalued to \$290m at 31 March 2024.

This value adoption is approximately at the midpoint of the valuation range (\$279m–\$305m), independently prepared by Deloitte and the key assumptions used are shown in the following table. In all cases an element of professional judgement is required. The valuation is based on revenue and cost assumptions applied against a combination of discount rates and distribution revenues.

Assumptions	Valuation midpoint assumptions adopted	Low	High	Valuation impact \$'000s
Network revenue	–	-5%	–	-\$16,091
		–	5%	+\$16,091
Discount rate	6.4%	-0.5%	–	+\$13,276
		–	0.5%	-\$12,658

Consistent with prior years, the valuer has assumed the terminal value equal to forecast Regulatory Asset Base (RAB) based on information disclosures, as it is believed that the terminal value would approximate the RAB value in a steady state regulatory environment. We have considered the impact of climate change in the preparation of the network valuation. A greater level of capital spend has been forecast in the latest Asset Management Plan ("AMP") due to the expected load increase arising from decarbonisation and to ensure ongoing reliability of the network. The AMP forms the basis of the capex and opex spend incorporated in the valuation.

The fair valuation measurements above are considered to be Level 3 as per NZ IFRS 13, as they are derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

## 10. Intangible assets

	Software \$'000	Land Easements \$'000	Customer Contracts \$'000	Total \$'000
<b>Cost</b>				
<b>At 31 March 2022</b>	<b>8,708</b>	<b>267</b>	<b>10,661</b>	<b>19,636</b>
Assets reclassified to held for sale	(4,061)	-	(10,661)	(14,722)
Additions	1,991	-	-	1,991
<b>At 31 March 2023</b>	<b>6,638</b>	<b>267</b>	<b>-</b>	<b>6,905</b>
Additions	1,446	-	-	1,446
<b>At 31 March 2024</b>	<b>8,084</b>	<b>267</b>	<b>-</b>	<b>8,351</b>
<b>Accumulated amortisation and impairment</b>				
<b>At 31 March 2022</b>	<b>3,939</b>	<b>-</b>	<b>4,681</b>	<b>8,620</b>
Assets reclassified to held for sale	(1,487)	-	(5,977)	(7,464)
Amortisation charge for the year	1,423	-	1,296	2,719
<b>At 31 March 2023</b>	<b>3,875</b>	<b>-</b>	<b>-</b>	<b>3,875</b>
Amortisation charge for the year	903	-	-	903
<b>At 31 March 2024</b>	<b>4,778</b>	<b>-</b>	<b>-</b>	<b>4,778</b>
<b>Carrying amount (Net book value)</b>				
<b>At March 2022</b>	<b>4,769</b>	<b>267</b>	<b>5,980</b>	<b>11,016</b>
<b>At March 2023</b>	<b>2,763</b>	<b>267</b>	<b>-</b>	<b>3,030</b>
<b>At March 2024</b>	<b>3,306</b>	<b>267</b>	<b>-</b>	<b>3,573</b>

Estimated work in progress at the end of the year was \$0.5m (2023: \$0.8m) included in software.

### Policies

Software is amortised on a straight line basis over their estimated useful life of 1–8 years. These include acquired computer software licence agreements which the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets on the basis of the costs incurred to acquire and bring to use the specific software. All other acquired cloud-based computer software licence agreements are treated as service contracts and expensed.

Intellectual property has an indefinite life and is assessed annually for impairment.

Customer contract assets are contractual income streams assessed with the legacy metering business acquisition in previous years. These are depreciated over thirteen years in line with the expected rate of decline in revenue.

## 11. Discontinued operations

### 11.1 Assets held for sale

	2024 \$'000	2023 \$'000
Property, plant and equipment (Note 9)	-	30,106
Intangible assets (Note 10)	-	7,258
Trade and other receivables	-	2,099
Deferred tax asset (Note 17)	-	362
<b>Total assets</b>	<b>-</b>	<b>39,825</b>
Trade and other payables	-	1,095
Current tax liability (Note 16)	-	2,315
Accrual for staff entitlements (Note 20)	-	983
Lease liabilities (Note 21)	-	987
<b>Total liabilities</b>	<b>-</b>	<b>5,380</b>
<b>Assets held for sale</b>	<b>-</b>	<b>34,445</b>

At 31 March 2023 Influx was treated as assets held for sale. The final share sale was completed on the 30 June 2023. The final sale value for Influx was \$79.7m settled in cash. Bank accounts held with Influx were transferred as part of the sale these amounted to \$208k.

### Carrying value of assets at date of sale (30 June 2023)

	30 June 2023 \$'000
Property, plant and equipment	32,900
Intangible assets	6,246
Trade and other receivables	2,166
Deferred tax asset	330
<b>Total assets</b>	<b>41,642</b>
Trade and other payables	1,937
Provision for staff entitlements	324
Lease liabilities	942
<b>Total liabilities</b>	<b>3,203</b>
<b>Net assets</b>	<b>38,439</b>

### Policies

Assets held for sale have been valued at the lower of fair value less cost to sell and its carrying value. Profit from discontinued operations presented below represents the aggregate of the trading results for the three months of ownership during the year and the gain on disposal, net of tax.

## 11.2 Profit for the year from discontinuing operations

	2024 \$'000	2023 \$'000
Revenue	5,527	20,570
Operating expenses	(1,849)	(6,023)
<b>EBITDA</b>	<b>3,678</b>	<b>14,547</b>
Depreciation	(1,841)	(7,219)
<b>EBIT</b>	<b>1,837</b>	<b>7,328</b>
Gain on sale of investment	39,430	-
Interest costs	(14)	(267)
Profit before tax	41,253	7,061
Income tax	(430)	(1,450)
<b>Profit for the year from discontinuing operations</b>	<b>40,823</b>	<b>5,611</b>
<b>Non-controlling interest from discontinuing operations</b>	<b>-</b>	<b>(7)</b>
<b>Total comprehensive profit from discontinuing operations</b>	<b>40,823</b>	<b>5,604</b>

## 11.3 Net cash inflow/(outflow) from discontinuing operations

	2024 \$'000	2023 \$'000
Net cash inflow from operating activities	1,837	14,179
Net cash inflow/(outflow) from investing activities	76,145	(7,791)
Net cash outflow from financing activities	-	(16,266)
<b>Net cash inflow/(outflow) from discontinuing operations</b>	<b>77,982</b>	<b>(9,878)</b>

## 12. Dividends

	2024 \$'000	2023 \$'000
Dividends paid to WESCT	1,296	300

Dividends of \$1.3m (2023: \$0.3m) were paid to shareholders in the current year being 10.94 cents per share (2023: 2.53 cents).

## 13. Investments

### Investments in subsidiaries

Name	Principal activity	Ownership Interest	
		2024 %	2023 %
Influx Energy Data Limited	Meter and relay assets	-	100
Speedys Road Hydro Limited	Dormant	-	75

Influx Energy Data Limited was disposed of on the 30 June 2023 (refer to note 11).

Speedy's Road Hydro Limited was struck off the company's register on the 3 August 2023.



## Policies

Subsidiaries are 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.

Intra-Group transactions are eliminated on consolidation.

## Balance dates

All subsidiaries have financial year end of 31 March.

## Geography

All subsidiaries are incorporated in New Zealand.

## 14. Equity and reserves

### 14.1 Share capital

#### Shares

The total number of authorised and issued shares is 11,846,808 (2023: 11,846,808). The Company has one class of ordinary shares. All ordinary shares are classified as equity and have no par value.

### 14.2 Hedge reserves

Hedge reserves comprise the cash flow hedge reserve associated within interest rate swaps. These derivative instruments are only used for hedging purposes and not as speculative investments.

#### Policies

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The accounting for the changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group currently hedges a particular risk associated with the cash flows of recognised assets and liabilities that have highly probable transactions (cash flow hedges). At inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and hedged item including whether changes in cash flows of the hedging instruments are expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy undertaking its hedged transactions.

The fair values of derivative financial instruments designated in hedging relationships are disclosed in note 24.1. The effective portion in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised on the cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Upon meeting all the relevant criteria, hedge accounting is applied to mitigate the risk that the hedging instrument materially differs from the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>Interest rate swaps</b>		
Opening net asset	2,288	1,588
Changes in fair value of hedging instrument recognised in other comprehensive income (OCI)	(1,101)	972
Deferred tax	308	(272)
<b>Closing net asset</b>	<b>1,495</b>	<b>2,288</b>

## 14.3 Revaluation reserve

	Network distribution system \$'000	Land & buildings \$'000	Total \$'000
<b>Total at 31 March 2022</b>	<b>80,144</b>	<b>1,378</b>	<b>81,522</b>
Transfer to retained earnings	(942)	-	(942)
Revaluation increases	4,000	-	4,000
Deferred tax on revaluation	(1,120)	-	(1,120)
<b>Total at 31 March 2023</b>	<b>82,082</b>	<b>1,378</b>	<b>83,460</b>
Transfer to retained earnings	(1,235)	-	(1,235)
Revaluation increases	18,000	197	18,197
Deferred tax on revaluation	(5,040)	(55)	(5,095)
<b>Total at 31 March 2024</b>	<b>93,807</b>	<b>1,520</b>	<b>95,327</b>

## 15. Non-controlling interest

The following table summarises the financial information of Speedys Road Hydro Limited.

Summarised financial information of subsidiary with non-controlling interest	2024 \$'000	2023 \$'000
<b>Summarised statement of comprehensive income</b>		
<b>Total comprehensive loss</b>	-	(28)
<b>Loss allocated to non-controlling interest</b>	-	(7)
<b>Dividends paid to non-controlling interest</b>	-	<b>758</b>
<b>Summarised statement of cash flows</b>		
Cash flows from operating activities	-	(920)
Cash flows from financing activities	-	(3,033)
<b>Net decrease in cash and cash equivalents</b>	-	<b>(3,953)</b>

## 16. Current tax liability

	2024 \$'000	2023 \$'000
Opening balance	1,218	4,579
Tax payments and tax credits received	(5,525)	(6,066)
Liability transferred to held for sale	2,284	(2,315)
Current tax expense for the year	2,576	5,020
<b>Closing balance</b>	<b>553</b>	<b>1,218</b>

### Policies

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## 17. Deferred tax liability

	Property, plant and equipment and intangible assets \$'000	Cash flow hedges \$'000	Provisions \$'000	Total \$'000
<b>At 31 March 2022</b>	<b>53,126</b>	<b>618</b>	<b>(51)</b>	<b>53,693</b>
Charged to income	(1,636)	-	(228)	(1,864)
Current liability transferred to held for sale	110	-	252	362
Charged to other comprehensive income	1,120	272	-	1,392
<b>At 31 March 2023</b>	<b>52,720</b>	<b>890</b>	<b>(27)</b>	<b>53,583</b>
Charged to income	(159)	-	(226)	(385)
Charged to other comprehensive income	5,095	(308)	-	4,787
<b>At 31 March 2024</b>	<b>57,656</b>	<b>582</b>	<b>(253)</b>	<b>57,985</b>

### Policies

Deferred tax is:

- Recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.
- Determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to be applied when the related deferred income tax asset is realised, or the deferred income tax liability is settled.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 18. Bank borrowings and subordinated debentures

	2024 \$'000	2023 \$'000
Bank Borrowings	41,000	74,500
Perpetual debt	926	-
Subordinated debentures:		
Waitomo Energy Services Customer Trust	1,000	1,000
North King Country Development Trust	2,000	2,000
	44,926	77,500
Disclosed in the financial statements as:		
Current borrowings	-	-
Non-current borrowings	44,926	77,500
<b>Total</b>	<b>44,926</b>	<b>77,500</b>

Reconciliation of net debt	Due within 1 year \$'000	Due after 1 year \$'000	Total \$'000
<b>Balances as at 1 April 2022</b>	<b>76,077</b>	<b>6,056</b>	<b>82,133</b>
Facility drawdown	-	74,500	74,500
Repayment of loans	(76,077)	(3,056)	(79,133)
<b>Net debt as at 31 March 2023</b>	<b>-</b>	<b>77,500</b>	<b>77,500</b>
Perpetual debt	-	926	926
Facility drawdown	-	41,000	41,000
Repayment of loans	-	(74,500)	(74,500)
<b>Net debt as at 31 March 2024</b>	<b>-</b>	<b>44,926</b>	<b>44,926</b>

## Policies

Borrowings, subordinated debt and perpetual debt are initially measured at fair value, less transaction costs and are subsequently measured at amortised cost, using the effective interest rate method.

### Bank borrowings

The Group has term lending facilities:	2024 \$'000	2023 \$'000
<b>Westpac Corporation Limited</b>		
Facilities expiring 31 August 2025	18,750	25,000
Facilities expiring 31 August 2027	18,750	25,000
<b>China Construction Bank Limited</b>		
Facilities expiring 31 August 2025	18,750	17,500
Facilities expiring 31 August 2027	18,750	17,500
Facilities expiring 31 August 2029	–	15,000
	<b>75,000</b>	<b>100,000</b>

On the 31 August 2022, the Group renewed its facilities. The facility limits have been reduced to \$75m at 30 June 2023 with the sale of Influx. They are split equally between Westpac Corporation Limited (Westpac) and China Construction Bank Limited (CCB) and are on similar terms as the prior year.

Westpac and CCB hold a negative pledge deed between TLC and its subsidiaries. The negative pledge includes all obligations and cross guarantees between the guaranteeing subsidiaries.

The following bank covenants have been agreed to in the negative pledge:

- Leverage ratio (Total indebtedness/EBITDA for the 12 month period ending on that date)
- Coverage ratio — assets
- Coverage rate — EBITDA

These are reported six monthly to the banks. There have been no breaches of the covenants in the financial year (2023: 0).

The Group forecasts to still meet the covenants into the foreseeable future.

The Directors estimate the fair value of the Group's bank loans approximate their book value, because they are floating rate loans.

### Subordinated debentures

The WESCT debenture has a principal value of \$1,000,000 and has fixed interest of 7.42% per annum (2023: 7.42%). The North King Country Development Trust (NKCDT) debenture has a principal value of \$2,000,000 and has fixed interest of 5.00% per annum (2023: 5.00%).

The subordinated debentures are unsecured and have no specified maturity date. Repayment of the subordinated debentures is not permitted until full repayment of all other borrowings of the Company, or until the Company is wound up. While the debentures are perpetual, the Company has a contractual obligation to deliver cash in the form of interest payments and therefore the arrangement is recognised as a financial liability.

The interest rate payable on the WESCT debenture is reset yearly, by negotiation, having regard to interest paid by other entities who have issued similar debt securities. The fair value of the WESCT debenture is not considered to be materially different from its principal value as the applicable interest rate approximates that of similar debt securities.

There are no specified repayment terms in relation to subordinated debentures.

### Perpetual debt

The WESCT perpetual debt instrument was entered into in December 2023 and has a principal value of \$926,000 and has fixed interest of 7.66% per annum (2023: nil).

The perpetual debt instrument is unsecured and has no specified maturity date. Repayment of the perpetual debt is not permitted without agreement of WESCT, or until the Company is wound up. While the instrument is perpetual, the Company has a contractual obligation to deliver cash in the form of interest payment and therefore the arrangement is recognised as a financial liability.

The interest rate payable on the WESCT perpetual debt is reset quarterly, based on the 90 day New Zealand bill rate plus a margin of 2%. The fair value of the WESCT perpetual debt is not considered to be materially different from its principal value as the applicable interest rate approximates that of similar debt securities.

## 19. Trade and other payables

	2024 \$'000	2023 \$'000
Trade creditors	2,880	3,015
Interest accruals	60	308
TLC discount accrual	2,161	2,016
Other payables and accruals	975	1,624
<b>Total</b>	<b>6,076</b>	<b>6,963</b>

### Policies

Trade and other payables are:

- Are recognised at fair value when the Group becomes obligated to make future payments resulting from the purchases of goods and services and are subsequently measured at amortised cost using the effective interest rate method.
- Comprise amounts outstanding for trade purchases and ongoing costs.
- Carrying amount approximates to their fair value because the amounts due will be settled within one year's time for their carrying value.

## 20. Accrual for staff entitlements

	2024 \$'000	2023 \$'000
Accrual for staff entitlements	1,834	1,543
<b>Total</b>	<b>1,834</b>	<b>1,543</b>

### Policies

Accrual is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Accruals made which are expected to be settled within 12 months are measured at their amounts expected to be paid using the remuneration rate expected at the time of settlement.

The carrying amount of the accrual for staff entitlements approximates to their fair value as the entitlement is due to be settled within one year.

## 21. Lease liabilities

	2024 \$'000	2023 \$'000
<b>Lease liabilities</b>		
Current	32	30
Non-current	42	74
<b>Total lease liabilities</b>	<b>74</b>	<b>104</b>
Opening balance	104	1,286
Liability transferred to held for sale	-	(987)
Interest on lease liabilities (note 3)	4	5
Cash outflow for leases	(34)	(200)
<b>Total lease liabilities</b>	<b>74</b>	<b>104</b>

The Group leases various offices and warehouses. Rental contracts are typically made for fixed periods of 3 years to 6 years but may have extension options. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right of use assets are disclosed in note 9.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an operating expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment. This is disclosed in note 2.

## 22. Cash generated from operations

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>Profit before tax</b>	3,458	3,260
Interest costs (net)	282	2,822
<b>Net profit before interest</b>	3,740	6,082
<b>Adjustments for non-cash items</b>		
Depreciation and amortisation	12,197	11,677
Gain on disposal of property, plant and equipment and intangible assets	(222)	(118)
Movement in provision for doubtful debt	523	137
	16,238	17,778
<b>Changes in net assets and liabilities</b>		
Trade and other receivables	(502)	1,119
Contract assets and liabilities	(219)	(101)
Inventories	211	(410)
Trade and other payables	(946)	438
Accrual for staff entitlements	291	(126)
<b>Cash generated from operations</b>	<b>15,073</b>	<b>18,698</b>

## 23. Capital Commitments, contingent assets and liabilities

### Capital Commitments

The Group has capital commitments of \$5.7m (2023: \$3.4m) relating to network assets.

### Contingent assets

The Group has no contingent assets (2023: \$0 million).

### Contingent liabilities

In February 2024 the Group entered into an Enforceable Undertaking agreement with the Commerce Commission in relation to historic breaches of quality standards spanning 2018 to 2020. This included a formal warning being issued by the Commerce Commission. The Group has agreed to:

- obtain an independent engineering review;
- develop and deliver a plan driven by the review; and
- publish an annual delivery report for every year covered by the plan summarising progress.

The Group is cooperating fully and considers this undertaking to be achievable within the Commerce Commission's expectation and expects no financial penalties to be imposed providing the Group maintains compliance with the undertaking.

The Group has no other contingent liabilities (2023: \$0 million).

## 24. Financial risk management

### Objectives

The Group manages financial risks by complying with the policies set by the Board.

The risks outlined in the policy include:

- Interest rate risk
- Credit risk
- Capital risk
- Liquidity risk

Any new risks are referred to the Board for consideration as they become known.

Each risk is monitored and reported to the board on a quarterly basis.

### 24.1 Interest rate risk

The Group's main interest rate risk is through its borrowing activities with variable rates, which expose the Group to cash flow interest rate risk.

The Group's policy with regards to fixing its floating rate is depicted below:

Period	Minimum	Maximum
0-1 year	40%	100%
1-3 years	30%	80%
3-5 years	15%	60%
5-8 years (subject to Board approval)	0%	40%

Generally, the Group enters into long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. The Group's borrowings are only in New Zealand dollars.

The Group's borrowings and receivables are carried at amortised cost. The current borrowings are repriced every three months and as such exposed to the risk of future changes in interest rates.

Swaps currently in place cover 100% of the debt at the end of the financial year for 2024. This is due to a reduction in debt due to the sale of Influx disclosed in note 11. For 2023 the swaps covered 62% of the variable loan outstanding. The fixed interest rate of the swaps range between 0.75% and 3.25% (2023: 0.75% and 5.12%) and the variable rates of the loans between 5.69% and 5.79% (2023: 4.87% and 5.43%) above the 90-day bank bill rate which at the end of the reporting period was between 1.02% and 0.66% (2023: 1.02% and 0.66%).

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates do coincide with the dates on which interest is payable on the underlying debt and are thus effective.

<b>Effect of hedge accounting on the financial position and performance</b>	<b>2024 \$'000</b>	2023 \$'000
<b>Interest rate swaps</b>		
Net current other financial asset	18	-
Net non-current other financial asset	2,059	3,178
<b>Mark to market fair value of interest rate swaps at 31 March</b>	<b>2,077</b>	<b>3,178</b>
Notional amount	41,000	46,000
Maturity date	May 24 to Aug 27	Jun 23 to Aug 27
Hedge Ratio	1:1	1:1
<b>Net non-current other financial asset attributable to:</b>		
Financial assets	2,059	3,178
<b>Net current other financial asset attributable to:</b>		
Financial assets	18	-
	<b>2,077</b>	<b>3,178</b>
Change in fair value of outstanding hedging instruments	(1,101)	972
Change in value of hedge item used to determine hedge effectiveness	1,101	(972)
Weighted average hedged rate for the year	1.67%	2.00%

## Sensitivity

Sensitivity analysis is determined based on the exposure to interest rates for both derivatives and non-derivative instruments at balance sheet date.

A 100 basis point increase or decrease is used to assess interest rate and this represents management's assessment of the reasonably possible change in interest rates.

	<b>2024 \$'000</b>	2023 \$'000
<b>Impact on statement of comprehensive income</b>		
- 1% change in interest rates	-	(205)
+ 1% change in interest rates	-	205
<b>Impact on statement of financial position</b>		
- 1% change in interest rates	(295)	(331)
+ 1% change in interest rates	295	331

Hedge ineffectiveness is determined at inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedged instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, maturities and notional amount. The Group does not have to hedge at 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective. It is noted in 2024 the loans covered were a 100% due to the reduction in loan value due to the Influx sale disclosed in Note 11.

Hedged ineffectiveness may occur due to:

- Difference in critical terms between the interest rate swaps and loans; and
- The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan.

There was no ineffectiveness during 2024 or 2023 in relation to interest rate swaps. The hedges are expected to be effective into the foreseeable future, based on forecasted debt levels.



## 24.2 Credit risk

The Group's principal financial assets are cash and cash equivalents, trade and other receivables, contract assets and related party loans, which represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. Thus, the impact on cash and cash equivalents is deemed immaterial.

### Impairment of financial assets

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same contract types. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from 31 March 2024 and 31 March 2023 respectively and the corresponding historical credit losses experienced within this period. The Group's customer base was mainly focused in the King Country and as such macroeconomic factors are considered within this particular environment and the credit loss adjusted accordingly when the group billed its customers directly.

On that basis, the loss allowance as at 31 March 2024 and 31 March 2023 was determined as follows for both trade receivables and contracts assets:

	Less than 90 days past due	More than 90 days past due	Total
<b>31 March 2024</b>			
Expected loss rate	0%	88%	
Gross carrying amount — trade receivables	1,507	848	<b>2,355</b>
Gross carrying amount — contract assets	292	-	292
<b>Loss allowance</b>	-	<b>748</b>	<b>748</b>
<b>31 March 2023</b>			
Expected loss rate	0%	76%	
Gross carrying amount — trade receivables	1,543	297	<b>1,840</b>
Gross carrying amount — contract assets	-	-	-
<b>Loss allowance</b>	-	<b>225</b>	<b>225</b>

### The closing loss allowance for trade receivables as at 31 March 2024 reconciles to the opening loss allowances as follows:

	2024 \$'000	2023 \$'000
Opening balance	225	88
Increase in loss allowance recognised in profit and loss	523	148
Receivables written off during the year as uncollectible	-	(11)
<b>Loss allowance closing balance</b>	<b>748</b>	<b>225</b>

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 120 days past due.

## 24.3 Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments
- The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve derived from quoted interest rates for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

### Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group 2024</b>				
Derivative financial assets	-	2,077	-	2,077
<b>Group 2023</b>				
Derivative financial assets	-	3,178	-	3,178

There were no transfers between Level 1, 2 and 3 during the year.

## Financial instruments by category

	Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000	Financial asset/ liability at fair value through profit and loss \$'000	Total \$'000
<b>2024</b>				
Cash and bank balances	32,761	-	-	32,761
Trade and other receivables	4,546	-	-	4,546
Contract assets	292	-	-	292
Other financial assets	-	-	2,077	2,077
<b>Total financial assets</b>	<b>37,599</b>	<b>-</b>	<b>2,077</b>	<b>39,676</b>
Trade and other payables	-	6,076	-	6,076
Contract liabilities	-	282	-	282
Lease liabilities	-	74	-	74
Perpetual debt	-	926	-	926
Subordinated debentures	-	3,000	-	3,000
Borrowings	-	41,000	-	41,000
<b>Total financial liabilities</b>	<b>-</b>	<b>51,358</b>	<b>-</b>	<b>51,358</b>
<b>2023</b>				
Cash and bank balances	2,509	-	-	2,509
Trade and other receivables	4,575	-	-	4,575
Other financial assets	-	-	3,178	3,178
<b>Total financial assets</b>	<b>7,084</b>	<b>-</b>	<b>3,178</b>	<b>10,262</b>
Trade and other payables	-	6,963	-	6,963
Contract liabilities	-	209	-	209
Lease liabilities	-	104	-	104
Subordinated debentures	-	3,000	-	3,000
Borrowings	-	74,500	-	74,500
<b>Total financial liabilities</b>	<b>-</b>	<b>84,776</b>	<b>-</b>	<b>84,776</b>

### Policies

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The Group's credit risk is primarily attributable to its trade receivables and contract assets.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with AA credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with the largest individual receivable being less than 10% of trade receivables and the remaining exposure being spread over a large number of counterparties and customers.

## 24.4 Capital risk

During 2024, the Group's strategy, which was unchanged from 2023, was to maintain an equity/assets ratio of not less than 40%.

<b>The ratio at March 2024 and 2023 were as follows:</b>	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Average equity (including subordinated debentures and perpetual debt)	210,366	178,293
Total assets at year end	345,399	321,256
<b>Equity to Assets Ratio</b>	<b>60.9%</b>	<b>55.5%</b>

### Policies

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2023 and is based on risk management strategies and treasury management policies set and monitored by the Board.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and reserves as disclosed in note 14 and statement of changes in equity respectively.

Debt covenants have been complied with during the year and is expected to be complied with in the future. These are disclosed in note 18.

## 24.5 Liquidity risk

<b>Financial liability maturity analysis</b>	<b>Less than 1 month \$'000</b>	<b>1 month to 1 year \$'000</b>	<b>1 to 5 years \$'000</b>	<b>Total \$'000</b>
Non-interest bearing	6,076	-	-	6,076
Variable interest rate instruments	-	-	41,000	41,000
<b>At 31 March 2024</b>	<b>6,076</b>	<b>-</b>	<b>41,000</b>	<b>47,076</b>
Non-interest bearing	6,963	-	-	6,963
Variable interest rate instruments	-	-	74,500	74,500
<b>At 31 March 2023</b>	<b>6,963</b>	<b>-</b>	<b>74,500</b>	<b>81,463</b>

The table includes both interest and principal cash flows.

Variable rate instruments include the impact of derivatives.

There are \$3.0 million of subordinated debentures and \$0.9 million perpetual debt (note 18) with no set maturity date.

Interest payable on these is excluded from this analysis.

The Group had access to the following borrowing facilities at the end of the reporting period:

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Total facility	75,000	100,000
Undrawn facility	34,000	25,500

The bank facilities may be drawn at any time and expiry dates are split in three tranches, subject to the continuance of satisfactory credit ratings.

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Facilities expiring 31 August 2025	37,500	42,500
Facilities expiring 31 August 2027	37,500	42,500
Facilities expiring 31 August 2029	–	15,000
	75,000	100,000

### Policies

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

## 25. Related party transactions

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>Transactions with Waitomo Energy Services Customer Trust</b>		
Dividends paid	1,296	300
Interest paid on perpetual debt	14	–
Interest paid on subordinated debentures	74	74
<b>Transaction with Maru Energy Trust</b>		
Donations to Maru Energy Trust	200	150
<b>Transactions with key management personnel</b>		
Salary and other employee benefits	1,762	2,104
Short-term employee benefits	1,762	1,609
Post-employment benefits	–	47
Long-term employee benefits	–	447
Directors' fees and expenses	336	301
<b>Balances with related parties</b>		
Maru Energy Trust Receivable	–	146
Perpetual debt with Waitomo Energy Services Customer Trust	926	–
Subordinated debentures with Waitomo Energy Services Customer Trust	1,000	1,000

## 26. Subsequent events

Ruapehu Alpine Lifts Limited (RAL), a major customer of TLC went into liquidation in 2023. In April 2024 the southern slope assets were sold to Pure Turoa Limited. The Northern slope assets are being managed by the liquidators. The financial position has been assessed and no adjustments are required due to the liquidation. All outstanding receivables (note 7) were provided for. Future financial impacts on the Group are being assessed but have not been quantified, due to uncertainty around the future of the northern slopes of RAL.

On 20 June 2024, the board of directors resolved to declare a fully imputed dividend of \$1,420,000 to the Company's shareholder to be paid in July 2024.

There were no other subsequent events requiring recognition or disclosure.

# Corporate Governance

The Lines Company's Board and management are committed to ensuring that the company strives for best practice governance principles.

This section provides an overview of TLC's main corporate governance policies, practices and processes which have been adopted by and are followed by TLC's Board.

The Lines Company Limited (TLC) came into existence on 26 March 1993 and is wholly owned by the Waitomo Energy Services Customer Trust (WESCT). TLC is principally engaged in the construction, maintenance and operation of an electricity distribution network.

The activities of the company are regulated under the terms of the Electricity Act 1992, the Electricity Industry Reform Act 1998 and the Commerce Act 1986.

Compliance with the Commerce Act 1986 and the Electricity Industry Reform Act 1998 is administered by the Commerce Commission.

## Board of Directors

The Directors are appointed by the Shareholder. All Directors are non-executive and are independent. The Board is responsible for setting and monitoring the strategic plans and goals of the company. It delegates the day-to-day management of the company to the Chief Executive.

The Board's authority and accountability is based on the regulatory framework and the Statement of Corporate Intent (SCI). The SCI is produced annually and sets out the TLC's strategic objectives, goals and performance targets, incorporating feedback from the Shareholder. The Board operates in accordance with the Constitution of TLC, adopted on 1 April 1999. The Board receives reports from management and meets at least seven times during each financial year. The Constitution specifies that there shall be no less than four and no more than seven directors at any one time, and that at every annual general meeting one third of the Directors shall retire from office and be eligible for reappointment.

The Board has three operating committees. The Remuneration & Culture Committee makes recommendations to the Board on the remuneration packages including base salary, fringe benefits, incentive schemes, superannuation and entitlements of the Chief Executive and senior executive officers. The Audit, Risk and Finance Committee reviews the effectiveness and efficiency of internal controls and information systems, oversees TLC's compliance with legal and statutory requirements, corporate compliance requirements, financial statements, treasury policy and preparation of the annual report, and liaises with the Office of the Auditor General on the appointment of external auditors. The Regulatory and Asset Management Committee reviews and oversees regulatory and compliance requirements related to the network business and provides advice on regulatory issues.

## Risk Management

The Board has adopted a formal risk policy and risk management framework. The Board is responsible for reviewing and ratifying systems of risk management and systems of internal controls. The Board monitors the operational and financial aspects of TLC's activities and considers the recommendations and advice of external auditors and other external advisors on the operational and financial risks that face TLC.

## Health and Safety

A key focus is to operate in a manner where no harm occurs to our staff, contractors or public while complying with the Health and Safety at Work Act 2015. The Board exercise due diligence through the regular review of health and safety reports and maintain an oversight of key health and safety policies, procedures and processes. Directors schedule workplace visits and support management in promoting a positive health and safety culture.

## Treasury Management

Exposure to treasury related financial risks is managed in accordance with TLC's treasury policy. This policy sets out financial and treasury management objectives, specific responsibilities, limits on management authority, permissible financial instruments and reporting and monitoring requirements. Under this policy the Board is responsible for approving all treasury and interest rate strategies and any subsequent changes to these strategies.

## Indemnification and Insurance of Directors

TLC has insured all its Directors, both present and past, and staff against liabilities to other parties that may arise from their positions as Directors or staff. This insurance does not cover liabilities arising from criminal actions.

## Information used by Directors

Information relating to items to be discussed by the Directors at a meeting is provided to Directors prior to that meeting. Directors must not use information received in their capacity as a Director, which would not otherwise be available to them, without the prior consent of the Board.

## Interests Register

Directors must disclose all relevant interests and identify any potential conflicts of interest they may have in dealing with TLC's affairs. TLC maintains an interest register to record particulars of transactions or matters involving Directors.

# Statutory Information

## 1. Directors' remuneration

Directors' remuneration for The Lines Company of \$324,001 (2023: \$296,035) distributed as follows:

	Appointment date	Retirement date	2024	2023
Bella Takiari-Brame (Chair)	01 Dec 2019		92,571	87,643
Andrew Johnson	08 Sept 2018		46,286	43,821
Craig Richardson	01 Oct 2018		46,286	43,821
Fraser Jonker	01 June 2022		46,286	36,679
Mike Underhill	01 May 2021		46,286	43,821
Todd Spencer	01 May 2022		46,286	36,679
Douglas Troon	01 May 2021	30 Apr 2022	-	3,571
<b>Total</b>			<b>324,001</b>	<b>296,035</b>

All transactions in entities in which Directors disclosed an interest have been conducted on an 'arm's length' basis in the normal course of business.

## 2. Directors' register

Directors' register for The Lines Company and its subsidiaries is as follows:

	The Lines Company Limited	Influx Energy Data Limited (until 30 June 2023)
Bella Takiari-Brame	✓	✓
Andrew Johnson	✓	✓
Craig Richardson	✓	✓
Fraser Jonker	✓	✓
Mike Underhill	✓	✓
Todd Spencer	✓	✓

### 3. Directors' disclosures of Interest

#### Interests Register

Register of Directors' Interests as at 31 March 2024

Companies Act 1993, Section 189(1)(C)

Company	Nature
<b>B Takiari-Brame</b>	
Accident Compensation Corporation	Board Member
Accordant Group Limited	Director
Aotearoa Fisheries Limited trading as Moana New Zealand	Director
Braemar Hospital Limited	Independent Director
Crown Infrastructure Partners Limited	Director
Luana Limited	Managing Director
NZ Healthcare Investments Limited including subsidiary Asia Pacific Healthcare Group	Independent Director
Te Nehenehenui Trust	Deputy Chair
Te Ohu Kai Moana Trustee Limited	Director/Shareholder
Te Putea Whakatapu Trustee Limited	Shareholder
Te Wai Māori Trustee Limited	Shareholder
The Lines Company Limited	Chair
Tiratū Iwi Māori Partnership Board	Board Member
<b>A D Johnson</b>	
Ace Training Limited	Advisory Board
Addison Clothing Limited	Shareholder/Advisory Board
Andrew Johnson Business Trust	Trustee
Asset Management Partners Limited	Director
Boston Forest Limited Partnership	Partner
ConnectPlay Limited	Director
D M Ferguson Trustees Limited	Director
Harrison Painting and Decorating Limited	Shareholder
Hayman Trust	Trustee
IT Partners Limited	Director
LCP Alpha Limited	Director
Lightwire Australia Pty Limited	Director
Lightwire Labs Limited	Director
Lightwire Limited	Director
Livingston NZ Limited (and subsidiaries)	Director
LondonGreen Limited (and subsidiaries)	Director/Shareholder
Nicola Johnson Trust	Trustee
PDV Engineering Limited	Director
Scotts Epicurean (2022) Limited	Director
St Paul's Foundation Limited	Director
Stark Property Limited	Advisory Board
The Addison Business Trust	Trustee
The Lines Company Limited	Director
Tompkins Wake	Advisor (Board/CEO)
Waikato Anglican College Trust	Chair
Whesby Trust	Trustee



<b>Company</b>	<b>Nature</b>
<b>C P Richardson</b>	
AgriSea Seaweed New Zealand Limited	Chair Advisory Board
Autonomy Health (NZ) Limited	Director
Autonomy Health Limited	Director
Autonomy Health Pty Limited	Director/Shareholder
Autonomy Holdings Limited	Chair/Shareholder/Director
Crane Partners Limited	Director/Shareholder
Crane Partners Pty Limited	Director/Shareholder
The Lines Company Limited	Director
Van Diemen Ventures Limited	Director/Shareholder
<b>F Jonker</b>	
Dairy Creek GP Limited	Director
Ecogas GP Limited	Director
F&L Investments Limited	Director
Greenpower New Zealand Limited	Director
Invest South GP Limited	Director
Jonkers Estate Limited	Director/Shareholder
Lochindorb Wind GP Limited	Director
Mainpower New Zealand Limited	Director
Mt Cass Wind Farm Limited	Director
Pioneer Energy Limited	CEO
Pioneer Generation Investments Limited	Director
Pulse GP Limited	Director
The Lines Company Limited	Director
Southern generation GO Limited	Director
Wood Energy New Zealand GP Limited	Director
Wood Energy New Zealand North Island GP Limited	Director
<b>M Underhill</b>	
Electricity Authority	Consultant/Member Security & Reliability Council
Herbert Gardens Limited	Shareholder
The Lines Company Limited	Director
<b>T Spencer</b>	
Airshed Limited	Director
Coastguard Kapiti Coast Incorporated	Director
Contact Energy Limited	Shareholder
Goodwood Management Limited	Director
Oraka Aparima Holdings Limited	Director
The Lines Company Limited	Director

## 4. Employee Remuneration

Remuneration and other benefits for employees totalling \$100,000 or more were as follows:

	2024	2023
\$450,000-\$460,000	1	-
\$370,000-\$380,000	-	1
\$360,000-\$370,000	-	1
\$260,000-\$270,000	1	-
\$250,000-\$260,000	1	-
\$230,000-\$240,000	1	-
\$220,000-\$230,000	1	-
\$200,000-\$210,000	-	1
\$190,000-\$200,000	1	2
\$170,000-\$180,000	-	4
\$160,000-\$170,000	6	4
\$150,000-\$160,000	6	6
\$140,000-\$150,000	6	4
\$130,000-\$140,000	16	6
\$120,000-\$130,000	10	13
\$110,000-\$120,000	14	24
\$100,000-\$110,000	8	9
	<b>72</b>	<b>75</b>



## **INDEPENDENT AUDITOR'S REPORT**

To the Readers of The Lines Company Limited's Group Financial Statements and Performance Information for the year ended 31 March 2024

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

### **Opinion**

We have audited:

- the financial statements of the Group on pages 32 to 61, that comprise the statement of financial position as at 31 March 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policies and other explanatory information; and
- the performance information of the Group on page 30.

In our opinion:

- the financial statements of the Group:
  - o present fairly, in all material respects:
    - its financial position as at 31 March 2024; and
    - its financial performance and cash flows for the year then ended; and
  - o comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to 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 2024.

Our audit was completed on 21 June 2024. This is the date at which our opinion is expressed.

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

### **Basis for our opinion**

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

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

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



**Responsibilities of the Board of Directors for the financial statements and the performance information**

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

The Board of Directors is also responsible on behalf of the 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 financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the 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 the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

For the target information reported in the financial statements and performance information, 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 financial statements and the performance information.

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- 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 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 financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated 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, 31, 62 to 66, and 71 to 72, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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



### **Independence**

We are independent of the 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 (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out regulatory audit engagements in the areas of Default Price-Quality Path Compliance and Information Disclosure assurance, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.

A handwritten signature in black ink, appearing to read 'Philippa Cameron', written in a cursive style.

Philippa Cameron  
PricewaterhouseCoopers  
On behalf of the Auditor-General  
Auckland, New Zealand

# Ngā Whakamārama | Glossary of Terms

<b>Average total assets</b>	(Opening total assets plus closing total assets) divided by 2
<b>Average shareholder funds</b>	(Opening shareholder funds plus closing shareholder funds) divided by 2
<b>Debt to asset ratio</b>	(Total liabilities less deferred tax liabilities) divided by total assets
<b>Capital ratio</b>	Average shareholder funds divided by total assets
<b>Earnings per share</b>	Profit from continuing operations divided by weighted average number of ordinary shares
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation
<b>EBIT</b>	Earnings before interest and tax
<b>Return on average equity</b>	Profit for the year to equity holders divided by average shareholder funds
<b>Return on average equity before customer discounts</b>	(Profit for the year to equity holders plus customer discounts after tax) divided by average shareholders funds
<b>Return on average assets</b>	(EBIT multiplied by the applicable tax rate) divided by average total assets
<b>Return on average assets before customer discounts</b>	((EBIT plus customers discount) multiplied by the applicable tax rate) divided by average shareholders funds
<b>Net assets</b>	Total assets less total liabilities
<b>Shareholder funds</b>	Total equity plus subordinated debentures plus perpetual debt
<b>SAIDI</b>	Average interruption duration per connection point served per year measured in minutes
<b>SAIFI</b>	Average outage value per connection point served per year measured in interruptions
<b>LTIFR</b>	Lost Time Frequency Rate measured as lost time hours divided by worked hours

# Papatohu | Directory

as at 31 March 2024

## The Lines Company Limited

### Company number

578653

### Directors

B L Takiari-Brame (Chair)

A D Johnson

C P Richardson

J F Jonker

M C Underhill

J T Spencer

### Registered Office

The Lines Company Limited

King Street East

Te Kūiti

New Zealand

### Auditor

PricewaterhouseCoopers has been appointed to perform the audit on behalf of the Auditor-General

### Solicitors

Tompkins Wake

Forgeson Law

Harmos Horton Lusk

Chapman Tripp

### Postal Address

PO Box 281

Te Kūiti

New Zealand

P 07 878 0600

**[thelinescompany.co.nz](http://thelinescompany.co.nz)**





