

Contents ••••••••••••

CHAIR & CHIEF EXECUTIVE'S ANNUAL REVIEW

CORPORATE GOVERNANCE STATEMENT **DIRECTOR PROFILES**

STATUTORY INFORMATION

TRUSTEES'STATEMENT

FINANCIAL STATEMENTS

DIRECTORY



OUR VISION. A COLLABORATIVE PARTNER THAT ENABLES **GROWTH AND DELIVERS IN** THE NEW ENERGY ECONOMY.

OUR PURPOSE TO ENABLE LONG-TERM PROSPERITY FOR CENTRAL HAWKE'S BAYTHROUGH DYNAMIC ENERGY AND INFRASTRUCTURE

TEAMWORK PASSION

OCCOSO OC WE ARE TRANSPARENT WE ARE ONE TEAM OOOOOOOOO IN EVERYTHING WE DO oooooo WE ARE ALWAYS HONEST CO





BUILDING A SUSTAINABLE FUTURE IN CENTRAL HAWKE'S BAY

Centralines has continued to facilitate unprecedented growth in Central Hawke's Bay by delivering a reliable electricity supply, investing in network growth and providing a healthy return on investment for Central Hawke's Bay power consumers and shareholders. By way of examples, during this reporting period we connected 179 new consumers as well as 40 solar distributed generators – both of which were increases on the previous year. Centralines paid discounts to consumers totalling \$1,551,906 and, the Central Hawke's Bay Consumers Power Trust, through its ownership of Centralines, made a dividend distribution to consumers during the year, totalling more than \$3.7 million. Alongside all of this, we have remained committed to keeping our people and our

community safe, throughout a year of unchartered territory and added challenges brought on by the COVID-19 pandemic.

We have continued to invest in our people with four new trainees joining our team; we have also built on existing and forged new local partnerships contributing \$156,000 to community initiatives. Everything we do at Centralines is centred around our exciting journey towards a prosperous and sustainable future for Central Hawke's Bay. The start of construction on our new Depot in Waipukurau was a key milestone during the year, and an important step in ensuring we remain well positioned to support further growth in the region.

UNPRECEDENTED GROWTH, OUTSTANDING PERFORMANCE

This year's strong network performance – driven by effective asset management practices and our highly capable team – meant we exceeded our own internal targets and those limits set by the Commerce Commission for quality standards SAIDI and, SAIFI.





Beyond providing a reliable network that meets the electricity needs of Central Hawke's Bay power consumers, Centralines has continued to power a vibrant region that is remaining on its trajectory of unprecedented growth. To ensure this growth remains sustainable, during the year we partnered with Central Hawke's Bay District Council to support its development of a Spatial Plan for the Central Hawke's Bay District. With the plan's projections being realised and even exceeded, we saw continued strong demand in new connections this financial year, resulting in record investment in network connection growth. As a consumer-owned company it is pleasing to be able to play an important role in supporting Central Hawke's Bay continuing to evolve as a thriving and desirable region to live and work.

Notwithstanding this, at the time of preparing this report we are acutely aware of the challenges facing consumers and communities following another year of annual rainfall significantly below historic averages, as well as the ongoing impacts of COVID-19 through heightened uncertainty, disrupted supply chains and risks to health with the virus still rampant globally. A special dividend totalling \$3,761,000 was paid to the Central Hawke's Bay Consumers Power Trust and distributed to consumers to provide assistance at this difficult time. Centralines remains committed to delivering ongoing support through a reliable electricity supply, efficient and effective asset management, local employment, investment in our community, development of energy related projects to help regional growth, as well as line discounts, which totalled \$1,596,490 this financial year.



◆ Centralines linesmen inspecting digsite for new pole in Waipukurau.







"People sit at the heart of Centralines. Our employees, consumers and our community are central to our success..."



OUR PEOPLE, OUR COMMUNITY

We are committed to ensuring our people return from work safe and healthy at the end of each day. Despite this focus, and disappointingly, the business recorded one lost-time injury. We were heartened, however, this was not in one of the ten key risk areas we have identified - which include working at heights, with electricity or around heavy machinery. To further improve our safety culture and performance we are working with our people (with support from Australian psychological safety consultants - Sentis) to develop effective risk management strategies tailored towards each of these key risk areas. The total number of events reported, including incidents and near misses, was down on the previous period which is evidence our sustained efforts are driving positive results. We are confident this focus on continuous improvement will enable us to increase our vigilance and performance further.

People sit at the heart of Centralines. Our employees, consumers and our community are central to our success so it's only fitting their safety is at the forefront of everything we do. In addition to ensuring our network is safe, as part of our public safety management system we proactively engage with our community about safety around our assets though presentations, local media, and safety inductions for contractors

working in the field. Despite this focus, unfortunately we still see a small number of public safety incidents – specifically motor vehicle accidents and contractors coming into contact with underground or overhead network assets.

We are pleased to be playing an important role in the social and economic development of Central Hawke's Bay through our growing workforce. This year we appointed four Trainee Line Mechanics and a new Apprentice Electrician, each of whom will support the delivery of consumer connections, subdivisions and electrical services for our customers. Growing our team of people also positions us strongly to be able to continue maintaining and improving our network to ensure, safe, reliable and affordable power delivery.

In January, Gemco Construction commenced construction of Centralines' new fit-for-purpose depot. This marks a new chapter for the business in terms of enhancing our local service provision and improving the work environment for our people. As an added benefit, it will also serve as a multifunctional community asset with the design allowing for the local community to use the building for meetings and functions. It is being constructed and rated in line with the standard for emergency services, thereby ensuring Centralines is able to continue operating

effectively in the event of an emergency. This contributes to enhancing the overall resilience of our region.

Centralines' sponsorship and donations portfolio remains an important tool for supporting our region, and during the year we pledged \$156,000 in community funding to over 40 local organisations that support the wellbeing of our rural community - including the Hawke's Bay Rescue Helicopter Trust, Waipukurau Community Heated Pool and Sports Complex, and the Central Hawke's Bay Technology Centre.

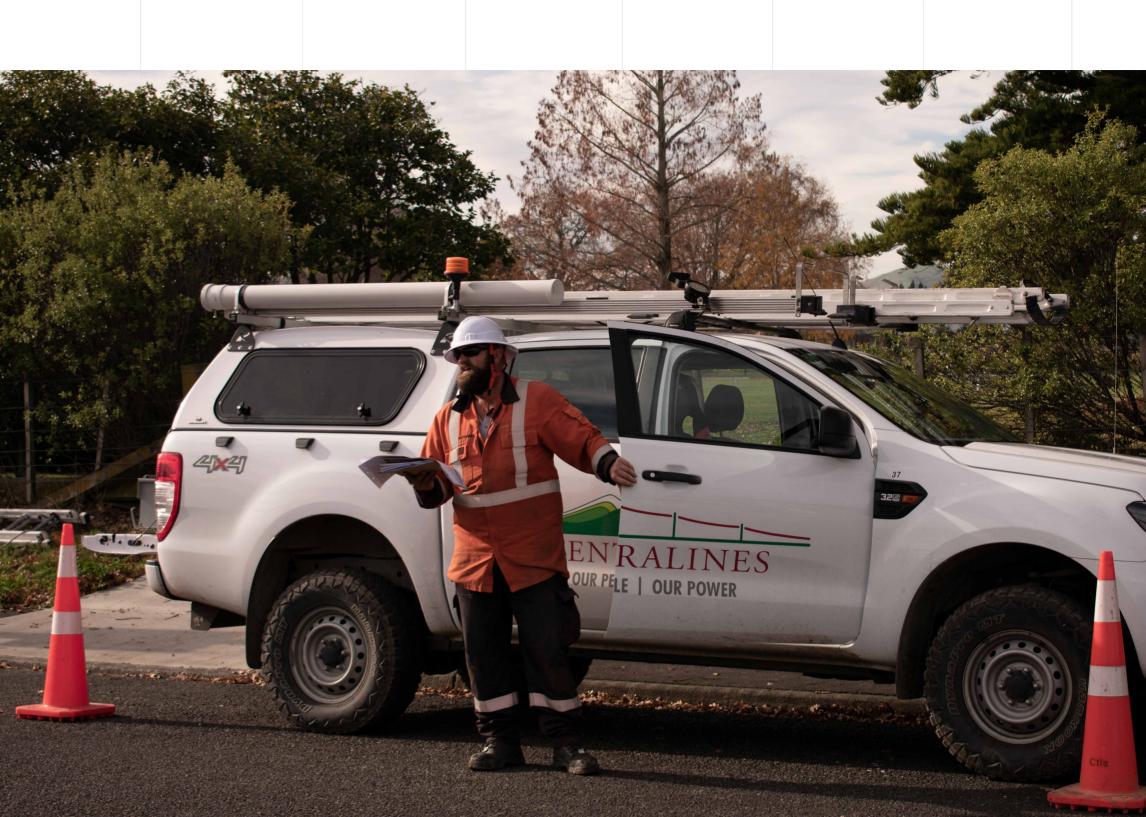


	result for the year, wi of \$3.7 million. This i	I another strong financial th an after-tax profit s after the company	2020/21	2019/20		
	returned \$1.6 million through a discount p					_
	May/June 2020 elec		\$15.9 M	\$15.0 M	TOTAL REVENUE	
	by an increase in net		\$8.8 M	\$8.7 M	EBITDA ¹	
	costs and additional the COVID-19 lockdo time Centralines con	own. At the same	\$3.7 M	\$3.8 M	NET PROFIT AFTER TAX	
	network with a capita	al spend of \$5.8 million.	\$5.8 M	\$4.7 M	CAPITAL EXPENDITURE	
	our expectations with Backed by a strong l	h a spend of \$1.9 million.	\$1.6 M	\$1.4 M	TOTAL DISCOUNT PAID ²	
	assets of \$76 million company continues to investment opportuni	and no debt, the to look for future	1 Earnings before interest, tax, depreciation, amortisation and customer discounts 2 This is the discount paid out during the financial year			
16						
10						



"Centralines delivered another strong financial result for the year, with an after-tax profit of \$3.7m and assets of \$76m"







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OUR REGULATORY AND PRICING ENVIRONMENT

Over the past year Centralines' shareholder, the Central Hawke's Bay Consumers Power Trust, has been working to update its Trust Deed so that all Trustees are elected in future. Currently three of seven trustees are appointed. This will ensure the Trust fully represents its beneficiaries - the power consumers of Central Hawke's Bay, Also, and importantly, this will see Centralines become exempt from some aspects of the Commerce Commission's regulatory regime for the sector, which have proved inflexible and costly for smaller electricity distributors. This means, as a business, we will be able to operate with more agility and be even more responsive to the needs of consumers, and community.

The release of the Climate Change Commission's draft recommendations on emissions budgets has crystalised the necessary and dramatic actions required to meet New Zealand's decarbonisation goals. The electricity sector will do much of the heavy lifting in supporting New Zealand in the uptake of electric vehicles, thereby playing an important role in converting the industry from fossil fuel to electricity. For Centralines, the

principle issue to address will be whether additional electricity infrastructure would be required to meet higher loads caused by electric vehicles. We are watching, with great interest, trials of different smart charging approaches and price reward systems that encourage electric vehicle owners to charge overnight when the network is idling, and not during the major evening peaks. There would be significant benefits to consumers from avoiding further investment in network capacity.

We continue to await reforms of two key aspects of the regulatory framework affecting Centralines and its consumers. The Government agreed in principle in 2019 that the Low Fixed Charge Regulations should be removed as they distort electricity pricing, but we still await changes to the Regulations. Similarly, the current Tree Regulations provide an ineffective framework for managing trees around power lines, causing undue numbers of outages. We understand that there is likely to be consultation on changes later this year, but change cannot come soon enough and would enable improved network reliability for consumers if there are meaningful reforms that permit improved management of trees.





A SUSTAINABLE FUTURE

Centralines has long been part of our community and, through providing reliable delivery of power, is instrumental to its wellbeing and economic development. We are continuing to gear towards ensuring we can facilitate the rapid growth happening in the region, by investing in our workforce and our new depot. Our Asset Management Plan details further network investment to build the capacity required to sustainably accommodate future growth projections.

Not only are we ensuring the economic sustainability of the region, we are focussing on how we can do this in a more environmentally sustainable way. The first step is understanding our carbon footprint (the sum of the emissions arising from our activities) which will enable us to develop and implement strategies to reduce this. At the same time, we can also play a pivotal role in facilitating sustainable ambitions and choices of Central Hawke's Bay consumers. This includes making it easy to connect generation such as solar PV to our network, providing network capacity and pricing that encourages charging of electric vehicles in a way that efficiently utilises network capacity outside of morning and evening peaks. We are also actively looking at opportunities to facilitate development of new sources of renewable energy in Central Hawke's Bav.

At the heart of a sustainable future is people. We are building on our focus for our workforce, consumers and community by developing deeper local partnerships with stakeholders across the region, including Central Hawke's Bay District Council, Iwi, and Hapu. We believe that working together will enable us to support the ambitions and sustainably meet the expectations of current and future generations.

He aha te mea nui o te ao What is the most important thing in the world? He tangata, he tangata, he tangata It is the people, it is the people, it is the people

ACKNOWLEDGEMENTS

Centralines' continued success is a credit to the excellent work and commitment of the Centralines team, the professional leadership of our management partner – Unison Networks – and the support of the Central Hawke's Bay community.

We thank the Trustees for their ongoing confidence, support and for the important role they play in representing the interests of the power consumers of Central Hawke's Bay and our rural communities.

We also wish to acknowledge and thank Jon Nichols, former Chair, along with Wendie Harvey who stepped down as Directors after a number of years of service in which they both made valuable contributions on the Centralines Board. We welcome the appointment of three new Directors who joined during the year; Tony Gray, Sarah von Dadelszen and Len Gould.

As we continue in this new phase of growth for our region and an era change in the sector, it is encouraging that Centralines' business and operations are in a strong position to sustainably respond to this future and to contribute to Central Hawke's Bay continuing to thrive.

Dr lan Walker CHAIR

HILLIAN II

I THE STATE OF

Ken Sutherland
CHIEF EXECUTIVE





ROLE OF THE BOARD OF DIRECTORS

The Board of Directors (the 'Board') is appointed by the shareholder's representatives, the Trustees of the Central Hawke's Bay Consumers Power Trust.

The Board is responsible for setting and monitoring the strategic direction, policies and control of the company's activities, with day-to-day management delegated to the Chief Executive.

The Board has a formal charter that outlines the responsibilities of the Board and the Chief Executive, and provides a code of ethics to guide Directors and the Chief Executive in carrying out their duties and responsibilities.

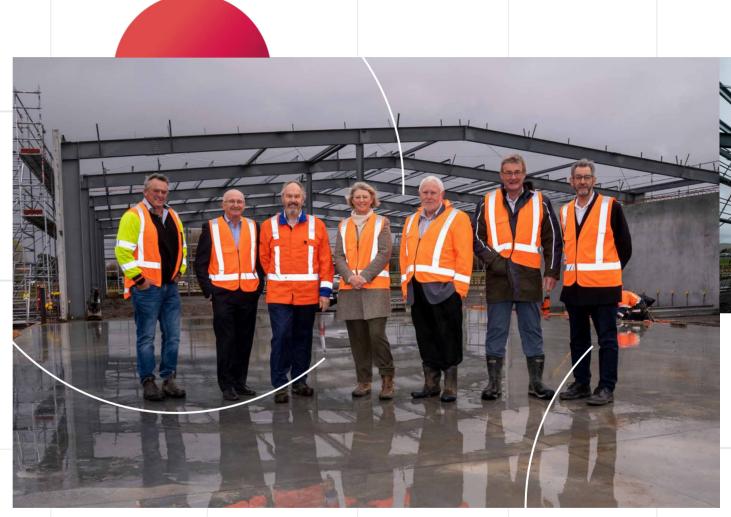
The Board met eight times during the financial year, with additional full meetings and sub-committee meetings being convened when required.

BOARD COMMITTEES

Audit and Risk Committee

Centralines has a formally constituted Audit and Risk Committee, responsible for reviewing the company's accounting policies, financial management, financial statements, management of information systems and systems of internal control, external and internal risk management functions, and the treasury policy. The Committee also considers internal risk assessments and external audit reports as well as the appointment of the external auditor, audit relationship matters and fees.

The Committee meets an average of six times a year, with additional meetings being convened when required.



¶ The Board of Directors & Chief Executive at the construction site for the new Centralines depot in Waipukurau.

RISK MANAGEMENT

The Board oversees a formal risk policy and risk management framework that is consistent with the Australian and New Zealand standard for risk management AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines.

The Board is responsible for reviewing and ratifying the risk management practices and system of internal controls.

The Board monitors the Company's risk position and activities, principally through the Audit and Risk Committee, and the Board considers the recommendations and advice of external and internal auditors and other external advisors on the risks that face the Company.

The Board ensures that recommendations made by the external and internal auditors and other external advisors are investigated and appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

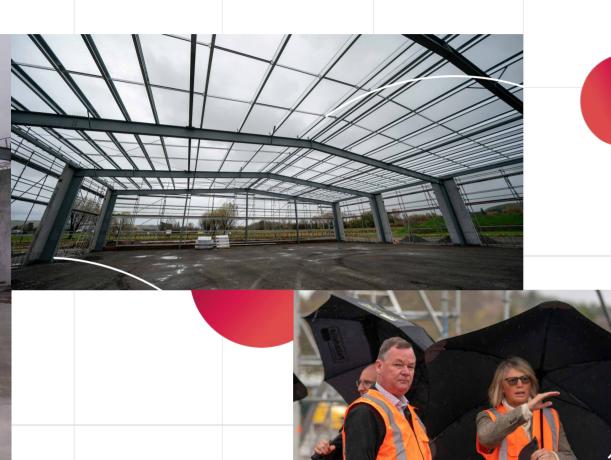
STATEMENT OF CORPORATE INTENT

In accordance with Section 39 of the Energy Companies Act 1992, the Directors annually submit a Statement of Corporate Intent for the coming financial year to the Central Hawke's Bay Consumers Power Trust for endorsement.

This document outlines the company's overall objectives, intentions and financial performance targets and is available on the company's website.

DIRECTORS' INTERESTS REGISTER

The company maintains and reviews on a monthly basis an Interests Register to record particulars of transactions or matters involving Directors.



IAN WALKER - CHAIR

lan was appointed as Director to Centralines in July 2013, and then as Chair in October 2020.

lan moved with his family into the district over 40 years ago, working as a veterinarian for Vet Services (Hawke's Bay) Ltd until March 2016, was a director of that company for 30 years and subsequently obtained a good knowledge of the geography of the distribution area. Ian is directly involved with a family sheep, deer and beef farm, and is also involved in several community sporting and cultural groups. He is a Director of Kilgaren Farm Limited, DeeResearch Ltd, and Chair of Deer Industry New Zealand.



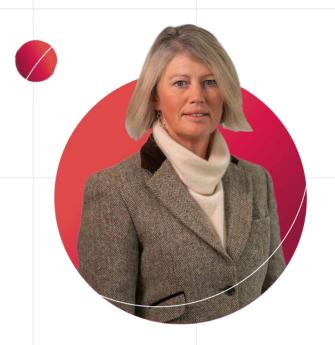
DEREK WALKER – CHAIR OF AUDIT AND RISK COMMITTEE

Derek joined the Centralines Board in August 2016. He is a widely-experienced director and is presently Chair of Speirs Group Limited. Derek's previous directorships include Palmerston North Airport Limited, The Factory NZ Limited, NZ Windfarms Limited and Quotable Value Limited. He was a founding Principal of the business consulting practice, Third Bearing Limited. He has an honours degree in electrical engineering, a business studies degree, and has extensive management, governance and consulting experience in the electricity sector, including 11 years as Chief Executive and Managing Director of the electricity distribution company, CentralPower Limited.



SARAH VON DADELSZEN

A strong advocate for the local community and wider agricultural sector, Sarah joined the Centralines Board in November 2020. She lives with her husband Sam and three teenage boys near Takapau, where they are sheep and beef and dairy farming. Currently on the Ballance Agri-Nutrients and FMG boards, Sarah's previous roles include being a Trustee of AGMARDT and Independent director of NZ Young Farmers. She was the previous Chair of the CHB Consumers Power Trust which enabled her to gain a good understanding of the power industry as it was then. Sarah has completed several governance and leadership forums including the international INSEAD governance programme in Singapore and France, along with the Institue of Directors programme and chairing the board. She has also spent time at Stanford University with a NZ leadership group.



FENTON WILSON

Fenton was appointed to the Centralines Board in 2018. He was previously a Hawke's Bay Regional Councillor/Chairman and has a good grasp of the issues and opportunities in Central Hawke's Bay. He is currently a Director of OSPRI New Zealand Limited, which manages National Animal Identification and Tracing and the TBfree program. He is also a director of QRS, the roading business owned by Wairoa District Council, and Director representative of Tangihanga Quarries Joint Operation. A passionate community advocate, Fenton is Chairman of the Predator Free New Zealand Trust which encourages community scale pest control and enables community groups and schools to increase biodiversity in their communities. He farms a 235ha sheep and beef property in Wairoa and has a distinctly rural background. He sees Centralines as a key contributor to the CHB community in a time of real growth.



TONY GRAY

Tony was appointed as a director to the Centralines Board in November 2020. He is currently a director of a number of companies including EA Networks Limited, Civic Financial Services Limited, Artemis Nominees Limited, Quality Roading and Services (Wairoa) Limited, and Chair of Ngāti Pūkenga Investments Limited, Tātau Tātau o Te Wairoa Commercial Limited and Te Turapa Wai Ariki Limited. Tony has also been on the boards of various companies including CLEAR Communications and Sky Network Television Limited, and recently retired from the Eastland Group. He is an executive project advisor to Hastings District Council chairing the Establishment Board of Foodeast – a Hawke's Bay Food Innovation Hub. Previously, he was chief financial officer at Hastings District Council and has also held senior finance roles at Te Rūnanga o Ngāi Tahu, Mighty River Power and TVNZ.



LEN GOULD

Len joined the Centralines Board in November 2020.

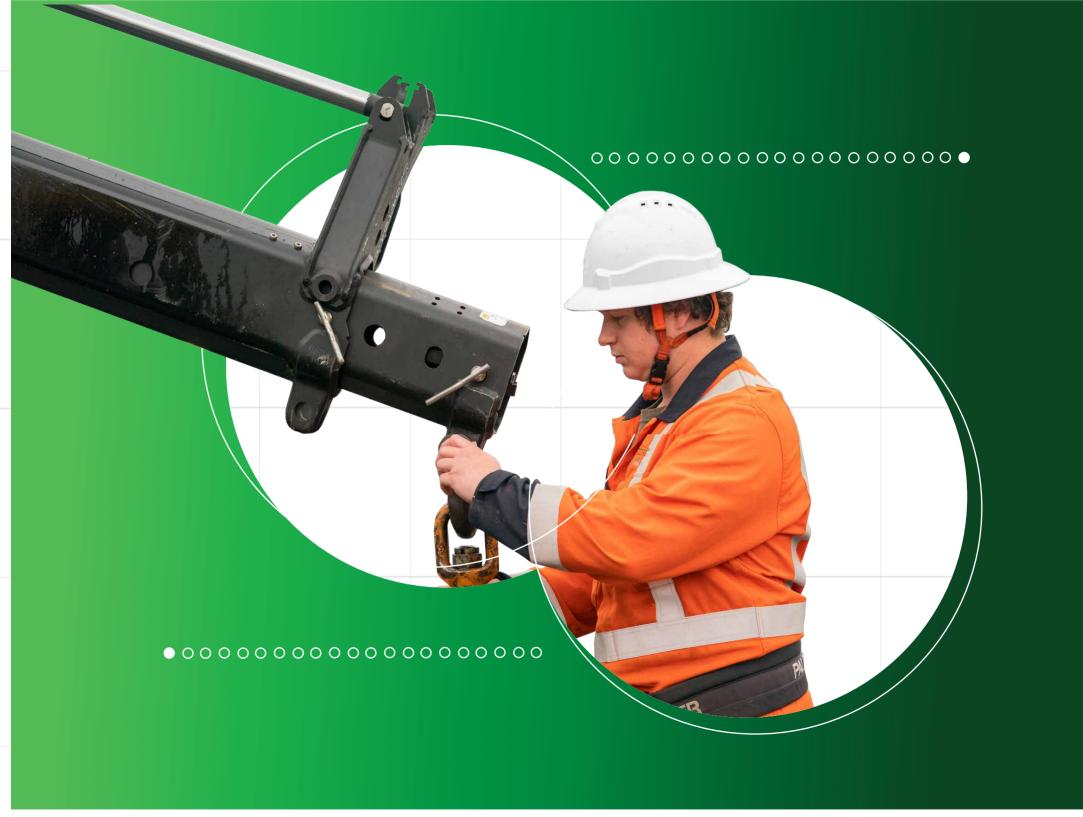
Len held senior executive roles within the electricity industry, including eight years as General Manager Commercial for the electricity distribution company, Unison Networks. Prior to his role at Unison, Len was employed at Transpower were he held both technical and commercial roles over his thirty

three year tenure.











FOR THE YEAR ENDED 31 MARCH 2021

The Board of Directors presents their annual report including the financial statements of the company for the year ended 31 March 2021. As required by section 211 of the Companies Act 1993, we disclose the following information:

NATURE OF BUSINESS

The company's activities have not changed during the year under review.

RESULTS

The operating profit before discount, interest and tax for the year was \$6.77 million. The annual net profit was \$3.73 million after allowance for discount and tax. This compares with an operating profit in 2020 of \$6.76 million, a net profit of \$3.83 million after allowance for discount and tax.

DIRECTORS

The Directors received the following remuneration during the year under review:

I.H. Walker (Chair) \$39,798.28 Re-appointed 29 July 2019

J.E. Nichols (Chair) \$31,990.77 Resigned 28 October 2020

D.N. Walker (Director) \$32,312.8 Re-appointed 29 July 2019 F.D. Wilson (Director) \$29,053.73 Re-appointed 20 July 2020

W.N. Harvey (Director) \$16,947.73 Resigned 28 October 2020

S.J. von Dadelszen (Director) \$12,105.52 Appointed 1 November 2020

A.T. Gray (Director) \$12,105.52 Appointed 1 November 2020

L.J. Gould (Director) \$10,268.13 Appointed 23 November 2020

Directors' and Officers' Liability Insurance premiums of \$4,086 were paid during the year under review.

DIVIDEND

Dividends of \$3,761,194 were declared during the year ended 31 March 2021 (2020: \$0).

AUDITORS

In accordance with Section 45 of the Energy Companies Act 1992 the Auditor-General continues as Auditor.

Audit fees payable by the company to Audit New Zealand as at 31 March 2021 were \$67,531 (2020: \$61,828).

ACCOUNTING POLICIES

The accounting policies applied are generally consistent with those applied in the last audited financial statements. The Company has applied the following standards and amendments for the first time from 1 April 2020.

2019 Omnibus Amendments to NZ IFRSs

Definition of a Business - NZ IFRS 3

Interest Rate Benchmark Reform - NZ IFRS 9

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.



F Wilson

- Centralines Limited Director
- OSPRI NZ Limited Director
- TB Free NZ Limited Director
- National Animal Identification Traceability (NAIT)
 Limited Director
- Oruru Land Company Limited Director/Beneficial Shareholder
- Predator Free New Zealand Trust Chair and Trustee
- Quality Roading and Services (Wairoa) Limited Director
- Tangihanga Quarries Joint Operation Director Representative

S von Dadelszen

- Centralines Limited Director
- Centralines Limited Consumer
- Ballance Agri-Nutrients Limited Director, Chair of Remuneration Committee
- FMG Insurance Limited Director
- For Sure Limited Director
- Hinerangi Station Limited Director/Shareholder
- Porangahau and Maharakeke Catchment Group Committee Member
- Tukituki Water Security Group Committee Member

T Gray

- Centralines Limited Director
- Te Turapa Wai Ariki Limited Chair
- Artemis Nominees Limited Director
- Quality Roading and Services (Wairoa) Limited Director and Chair of Audit Committee
- Nga Hua O Ngati Pukenga Limited Director
- Ngati Pukenga Investments Limited Chair
- Tatau Tatau o Te Wairoa Commercial Limited Chair
- Electricity Ashburton Limited (incl. subsidiaries) Director
- Local Government Mutual Funds Trustee Limited Director
- Civic Financial Services Limited Director
- Civic Property Pool Trustee
- Hastings District Council Executive Project Advisor, Chair Establishment Board foodeast
- Tatau Tatau Horticulture GP Limited Director

L Gould

- Centralines Limited Director
- Gould Consultancy Limited Owner & Director





TRUSTEES' STATEMENT

The Central Hawke's Bay Consumers
Power Trust is the owner of Centralines.
There are seven Trustees of which four are
elected and three are appointed by the
highest electricity consumer, the Mayor and
the local Council. The beneficiaries of the
Trust are the electricity consumers in the
Central Hawke's Bay region.

A significant change is being sought to the composition of the Trust. We have applied to the High Court to change our Trust Deed to have all seven Trustee positions being elected. The goal of this change is to simplify the regulatory requirements on Centralines and therefore the cost. It will also mean that consumer beneficiaries get a greater say in the governance of the Trust and Centralines.

A core responsibility of the Trust is to oversee the assets that the Trust owns, which is Centralines. It is important to the Trust that the capital held by Centralines is utilised in a manner that protects and grows value. Excess capital that is generated and not required for growth needs to be distributed in line with the interests of our consumer beneficiaries. To this end, the Trust paid a \$400 fully imputed dividend for every consumer connection, funded by way of a \$3.76m dividend from Centralines to the Trust.

Additionally, Centralines has provided the maximum allowable discount to our consumers. This totalled \$1,552,000.

To the average residential consumer this meant a discount in the order of \$141 in May / June 2020, which is meaningful and valued by our consumer owners. To the larger users, the rebate was in the thousands of dollars, with the highest user receiving a rebate of \$5,850.

Centralines also gave generously to 51 charitable organisations for a total of \$156,000. These organisations included numerous sports teams, community events, social services and schools.

A key responsibility of the Trust is to monitor the performance of the Directors and select new Directors as required. We have been fortunate to have had the services of Jon Nichols and Wendy Harvey, who retired during the year. Their leadership and business acumen have allowed Centralines to develop into the company it is today. We thank them very much for their years of service. The Trust welcomes three new Directors to the Board – Len Gould, Sarah von Dadelszen and Tony Gray. We are very pleased to have secured their service.

Our core business is supported by the professionalism of Centralines' staff and their ability to operate and grow our electricity network. It has been a demanding year for the team, and we appreciate and acknowledge their commitment to making Centralines a great company. Our key partners at Unison are true professionals in the Electricity Distribution Business industry and we are fortunate to have their

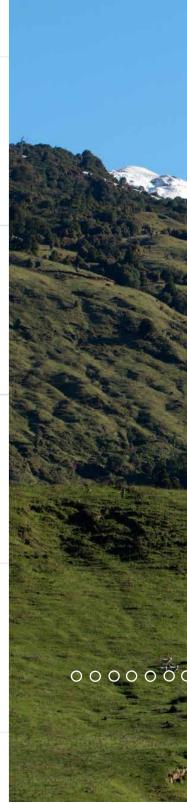
management expertise running the company.

As part of the Governance of the organisation, the Trust issues a Letter of Expectations to the Directors of Centralines at the start of each financial year. Included in recent years is the expectation that the Directors focus on growth and on ensuring Centralines is ready for industry changes. Responsible growth and investment in the business will ensure that Centralines is in a position to continue to give back to our Consumer Beneficiaries. It also ensures that Central Hawke's Bay is in a position to grow on the back of an energy network that is reliable, scalable, fit for purpose and cost effective.

We have confidence that these expectations are being progressed. The Trust is very pleased with the new depot plans beside the Waipukurau Substation. This will indeed allow the company to grow and be a functional base for the Centralines of the future. With change there are always as many threats as opportunities. Navigating this requires sound judgement and courage to act in a timely manner.

Looking ahead we are optimistic for Centralines and believe that we have the best Directors in place overseeing future challenges and opportunities.

Alistair Setter
Chair – Central Hawke's Bay Consumers
Power Trust







FINANCIAL STATEMENTS

42	STATEMENT 0	F PERFO	RMANCE
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- 44 STATEMENT OF COMPREHENSIVE INCOME
- 46 BALANCE SHEET
- 48 STATEMENT OF CHANGES IN EQUITY
- 49 STATEMENT OF CASH FLOWS
- 50 NOTES TO THE FINANCIAL STATEMENT
- 63 INDEPENDENT AUDITOR'S REPORT



STATEMENT OF PERFORMANCE	FOR THE YEAR ENDED 31 MARCH 2021	2021 CORPORATE INTENT TARGETS	2021 ACTUAL	2020 ACTUAL
	FINANCIAL MEASURES			
Earnings Before Interest, Tax, Depreciation a	nd Amortisation (EBITDA) excluding discounts (\$ millions)	\$7.87	\$8.79	\$8.70
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (excluding	discounts) as a percentage of Average Assets Employed	10.60%	11.62%	11.90%
Net Profit After Tax (adjusted for dis	counts) as a percentage of Average Shareholders' Funds	6.72%	7.91%	8.30%
Network Operational Costs – \$	per ICP (excluding Transmission Costs and Depreciation)	\$524	\$565	\$503
Additional operational costs were incurred through the COVID-19 lockdown. The made to conti	se costs would have normally been capitalised. Additional nue with external vegetation control contractors.	maintenance costs we	ere incurred after	the decision was
Network Operational Costs – \$ per kilomet	e of line (excluding Transmission Costs and Depreciation)	\$2,349	\$2,591	\$2,257
Total F	anned Electricity Network Capital Expenditure (\$ millions)	\$3.78	\$3.81	\$4.06
	Dividend - paid in that year (\$ millions)	\$3.20	\$3.76	-
	Discount - paid in that year (\$ millions)	\$1.45	\$1.57	\$1.41

STATEMENT OF PERFORMANCE - CONTINUED	2021 CORPORATE INTENT TARGETS	2021 ACTUAL	2020 ACTUAL
RELIABILITY MEASURES			
Unplanned System Average Interruption Duration Index SAIDI represents the average number of minutes the customer was without power in any one year. The target was met due to less than expected adverse weather.	62.83	*38.46	114.91
System Average Interruption Frequency Index SAIFI is the average number of supply interruptions that a customer experiences in the period including maintenance but excluding transmission (Transpower). The successive interruptions have been treated in the same way for the 2021 financial year as they were for the 2020 financial year.	3.16	*1.49	1.94

*For 2020/21 SAIDI and SAIFI targets and actual performance are based on unplanned outages and normalised according to the Electricity Distribution Services Default Price Quality Path Determination 2020. These measures are not comparable to prior years as targets and performance were based on the prior regulatory methodologies, which combined planned and unplanned outages. On a comparable basis, performance in 2020/21 would be 107.4 minutes and 1.68 interruptions respectively.

An unplanned loss of supply event can, in some circumstances, be followed by restoration of supply to some consumers and then by a successive interruption as a result of isolating the initial cause or making repairs and completing the permanent restoration of supply to all consumers. For the avoidance of doubt, where this occurs, Centralines' reported SAIDI includes the consumer minutes from subsequent short duration outages required to effect the restoration of supply. This recording approach has not changed from Centralines' previous statements

1	1	2	Number of major faults (33kV) that result in interruptions to supply, per 100 km of line per year (as per the Electricity Distribution Information Disclosures Determination 2012)
			SAFETY MEASURES
1	1	0	Number of Lost Time Injuries

The one Lost Time Injury was a field staff member who suffered a back strain when lifting a truck tailgate and required two days off work. As a consequence, the target of 0 LTIs was unable to be met.

Refresher training has been provided to ensure safe lifting practices are used to prevent risk of strain injuries

STATEMENT OF COMPREHENSIVE INCOME	FOR THE YEAR ENDED 31 MARCH 2021	NOTES	2021 \$000	2020 \$000
	REVENUE			
	Revenue from contracts with customers		17,421	16,422
	Posted discount accrued	2	(1,596)	(1,566)
	Net revenue from contracts with customers	2	15,825	14,856
	Other income	2	77	176
			15,902	15,032
	EXPENSES			
	Transpower charges		(2,568)	(2,907)
	Network maintenance		(1,841)	(1,485)
	Employee related expenses		(1,130)	(1,058)
	Other expenses	3	(2,727)	(2,378)
	Business development		(447)	(70)
	Total operating expenses		(8,713)	(7,898)

STATEMENT OF COMPREHENSIVE INCOME - CONTINUED		2021 \$000	2020 \$000
Earnings before interest, taxes, depreciation and amortisation expenses (EBITDA)		7,189	7,134
Depreciation and amortisation expense	5	(2,016)	(1,940)
Profit before income tax		5,173	5,194
Income tax		(1,447)	(1,362)
Profit for the year		3,726	3,832
Other comprehensive income:			
Items that will not be reclassified to profit or loss		-	-
Gains/(Losses) on revaluation of electricity distribution network	5	-	-
Deferred tax impact		-	-
Items that may be subsequently reclassified to profit or loss:		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		3,726	3,832

BALANCE SHEET AS AT 31 MARCH 2021	NOTES	2021 \$000	2020 \$000
ASSETS			
Current assets			
Cash and cash equivalents		5,958	2,880
Investments	8	-	5,562
Trade and other receivables	7	1,747	1,975
Inventories	6	559	429
Total current assets		8,264	10,846
Non-current assets			
Property, plant and equipment	5	67,561	63,762
Intangible assets		131	97
Investment property	15	292	292
Total non-current assets		67,984	614,151
Total assets		76,248	74,997
LIABILITIES			
Current liabilities			
Trade and other payables		2,355	1,495
Contract liabilities	2	1,596	1,566
Current tax liabilities		131	295
Employee provisions		285	276
Total current liabilities		4,367	3,632

BALANCE SHEET - CONTINUED AS AT 31 MARCH 2021	NOTES	2021 \$000	2020 \$000
Non-current liabilities			
Employee provisions		48	47
Deferred tax liabilities	4	10,204	9,654
Total non-current liabilities		10,252	9,701
Total liabilities		14,619	13,333
Net assets		61,629	61,664
EQUITY			
Share capital		8,000	8,000
Reserves	9	856	856
Retained earnings		52,773	52,808
Total equity		61,629	61,664

lan Walker – Chair

Derek Walker - Directo

For and on behalf of the Board of Directors of Centralines Limited, who authorised these financial statements presented on pages 42 to 62 for issue on 25 June 2021.

The above balance sheet should be read in conjunction with the accompanying notes

CTATEMENT OF QUANCES			ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
STATEMENT OF CHANGES IN EQUITY	FOR THE YEAR ENDED 31 MARCH 2021	NOTES	SHARE CAPITAL \$000	REVALUATION RESERVE \$000	RETAINED EARNINGS \$000	TOTAL EQUITY \$000
	Balance as at 1 April 2020		8,000	856	52,808	61,664
	Profit/(loss) for the year		-	-	3,726	3,726
	Other comprehensive income: Revaluation of electricity distribution network Deferred tax on revaluation	5	- -	- -	- -	- -
	Total comprehensive income		-	-	3,726	3,726
	Dividends	14			(3,761)	(3,761)
	Balance as at 31 March 2021		8,000	856	52,773	61,629
	Balance as at 1 April 2019		8,000	856	48,976	57,832
	Profit/(loss) for the year		-	-	3,832	3,832
	Other comprehensive income: Revaluation of electricity distribution network Deferred tax on revaluation	5	- -	- -	- -	- -
	Total comprehensive income		-	-	3,832	3,832
	Dividends		-	-	-	-
	Balance as at 31 March 2020		8,000	856	52,808	61,664

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021	2021 \$000	2020 \$000
Cash flows from operating activities		
Receipts from customers	14,688	13,957
Contributions for capital works	1,417	854
Interest received	37	176
Payments to suppliers and employees	(7,862)	(8,756)
Income taxes paid	(1,064)	(646)
Net cash inflow/(outflow) from operating activities	7,216	5,585
Cash flows from investing activities		
Proceeds from disposal of investments	15,857	9,439
Purchases of investments	(10,295)	(9,587)
Purchase and construction of property, plant and equipment	(5,974)	(4,743)
Proceeds from disposal of property, plant and equipment	35	-
Net cash inflow/(outflow) from investing activities	(377)	(4,891)
Cash flows from financing activities		
Payment of dividends	(3,761)	-
Net cash inflow/(outflow) from financing activities	(3,761)	-
Net increase (decrease) in cash and cash equivalents	3,078	694
Cash and cash equivalents at the beginning of the financial year	2,880	2,186
Cash and cash equivalents at end of year	5,958	2,880

The above statement of cash flows should be read in conjunction with the accompanying notes

Cash and cash equivalents

Recognition and measurement

For the purpose of presentation in the above statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term deposits, highly liquid investment 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.

NOTES TO THE FINANCIAL STATEMENTS

1 ABOUT THIS REPORT

(a) Entity reporting

Centralines Limited is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 2 Peel Street, Waipukurau, New Zealand. It is registered under the Companies Act 1993 and is an energy company in terms of the Energy Companies Act 1992.

Centralines Limited ('the Company') provides electricity distribution and line function services to consumers and businesses, as well as fibre optic network interconnections and related services throughout the Central Hawke's Bay. The Company also provides vegetation and electrical contracting services.

Centralines Limited is 100% owned by the Central Hawke's Bay Consumers Power Trust.

These financial statements are presented in New Zealand dollars (\$), which is Centralines Limited functional currency, and have been rounded to the nearest thousand unless otherwise stated.

(b) Basis of preparation

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR).

The Company is eligible and has elected to report in accordance with Tier 2 for profit accounting standards, NZ IFRS RDR on the basis that the Company has no public accountability and is not a large for profit public sector entity. The Company has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment, which are adjusted to fair value through other comprehensive income.

(c) Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(d) Notes to the financial statements

Information that is considered material and relevant to the users of these financial statements is included within the notes to the financial statements. The assessment of materiality and relevance includes qualitative as well as quantitative factors including the size and nature of the balance and if the balance is important in understanding the Company's current or future performance.

Other relevant accounting information not included in the notes to the accounts is included below.

(e) New and amended standards adopted by the Company

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2020, except for the adoption of new standards effective as of 1 January 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

• (i) 2019 Omnibus Amendments to NZ IFRS (effective 1 January 2020). The Standard has been issued to make minor amendments to NZ IFRSs, including NZ IFRS 44, NZ IFRS 10, and NZ IAS 28.

- (ii) Definition of a Business (Amendments to NZ IFRS 3) (effective 1 January 2020). The Standard has been issued to clarify the definition of a business and provide guidance to help entities determine whether an acquisition is of a business or a group of assets.
- (iii) Interest Rate Benchmark Reform Phase 1 (effective 1 January 2020) The Standard amends NZ IFRS 9 Financial Instruments, NZ IAS 39 Financial Instruments: Recognition and Measurement, and NZ IFRS 7 Financial Instruments: Disclosures.
- (iv) Definition of Material (Amendments to NZ IAS 1 and NZ IAS 8). The Standard definition of material has been amended and additional guidance provided to make it easier for entities to make materiality judgements in the preparation of their financial statements

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(f) Critical accounting judgements and estimates, including impact of COVID-19

The preparation of financial statements in conformity with NZ IFRS RDR requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have a significant effect on the amounts recognised in the financial statements are as follows:

- Valuation of Electrical distribution network (note 5)
- Estimation of useful lives for depreciation (note 5)

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and remained in lockdown at Alert Level 3 until 13 May inclusive. The country moved to Alert Level 1 on 9 June 2020. Additionally, parts of the country moved into Alert Level 2 for some time during August and September 2020 and February and March 2021. During Alert Level 4 Centralines business activity was restricted to emergency works response. some essential preventative maintenance, and high priority capital work. Most staff were working from home. During Alert Level 2, most business activity resumed with the required health and safety protocols in place, and staff returned to their usual place of work. Alert Level 1 predominantly saw a return to pre COVID-19 activity.

The regulated electricity lines revenue saw no adverse impact for the year. There were no negative impacts on the overall level of network maintenance for the year. Capital expenditure for the year was below budget due to delays in projects during Alert Levels 3 and 4. There was no noticeable impact on our SAIDI and SAIFI results.

No impairment test has been performed over the carrying value of the electricity distribution because the Company considers that there are no impairment indictors as at 31 March 2021.



2 REVENUE

Revenue streams

The Company generates revenue primarily from electricity distribution and line function services provided to consumers and businesses in the Central Hawke's Bay. Other sources of revenue include electrical contracting services and investment income.

Changes in contract assets and liabilities

The Company has recognised a contract liability for the discount to be paid to consumers. The Company will pay a posted discount of \$0.01978 c/kWh to all consumers registered on its electricity network as at 31 March 2021. The discount is calculated using twelve months of consumption data from 1 April 2020, and is scheduled to be paid to consumers in the month of May 2021. The minimum discount payable to any consumer is \$55.00, and the maximum is \$5,850

	2021 \$000	2020 \$000
Net revenue from contracts with customers ¹	15,825	14,856
Other income:		
Interest income	36	176
Miscellaneous income	41	-
Total revenue	15,902	15,032

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines:		2020 \$000
Electricity line revenue ¹	13,664	13,336
Capital contributions	1,417	854
Contracting revenue	707	629
Other	37	37
	15,825	14,856

¹Net of the accrued posted discount of \$1,596,490 to be paid to consumers connected to the Company's electricity network as at 31 March 2021 and scheduled to be paid to consumers in May 2021.

Contract assets and liabilities The Company has recognised the following revenue-related contract assets and liabilities:	2021 \$000	2020 \$000
Contract liabilities – posted discount payable to consumers	1,596	1,566
Total contract liabilities	1,596	1,566

Accounting policy

(i) Electricity line revenue

The Company owns, manages and operates an electricity distribution network. The Company distributes electrical energy on behalf of electricity retailers that has been brought to points of supply by the National Grid operator or produced by embedded generators, to consumers connected to the Company's electricity distribution network.

Line revenue relates to the provision of electricity distribution services and includes pass through revenue and recoverable cost revenue. Prices are regulated, and customers are charged through a mix of fixed charges which are recognised on a straight line basis and variable charges which are recognised based on the volume of distribution services provided. Consistent with NZ IFRS 15 this revenue is recognised over time at the fair value of services provided based on an output method as the service is delivered to match the pattern of consumption. Pass through and recoverable costs include transmission costs, statutory levies and utility rates.

The Company pays a discount to eligible consumers registered on its network as at 31 March each year. The basis of the discount is posted on the Company's Electricity Distribution Delivery Prices disclosure at the start of each financial year, and is paid to consumers via their retailer in the following financial year. The electricity line revenue recognised is net of the discount to be paid to consumers.

A contract liability (included in trade and other payables) is recognised for the expected discount payable to consumers in relation to electricity distribution made until the end of the reporting period.

(ii) Capital contributions

Customer contribution revenue relates to contributions received from customers towards costs of reticulating electricity to subdivisions. constructing uneconomic lines and relocating existing lines. The revenue recognised is the fair value of the asset being constructed. Revenue is recognised at a point in time when the asset is connected to the network for customers whose supply of electricity is contracted to a retailer. For retailers. this revenue is recognised over time.

(iii) Contracting revenue

Contracting revenue relates to revenue from electrical contracting services provided to third parties and is recognised as the fair value of the service provided or asset being constructed. Where an asset is being constructed for a third party, revenue is recognised over time as a result of control of the asset transferring to the customer over the time. For electrical services revenue is recognised at a point in time when the performance obligation is satisfied.

(iv) Interest income

Interest income is recognised using the effective interest method.

3 OTHER EXPENSES

Other operating expenses are recognised in the statement of comprehensive income as an expense when they are incurred.

	2021 \$000	2020 \$000
Other expenses		
Bad debt expense	(6)	-
Audit of the annual financial statements – Audit New Zealand	68	62
Regulatory audit and assurance work - Audit New Zealand	60	66
Directors fees	185	174
Donations	51	1
Community sponsorship	105	158
Other operating expenses	2,264	1,917
	2,727	2,378

4 TAXATION

(a) Income tax expense	2021 \$000	2020 \$000
Current tax on profits for the year	898	1,094
Deferred tax associated with timing differences	550	269
Adjustments in respect of prior years	(1)	(1)
Income tax expense	1,447	1,362
(b) Reconciliation of income tax expense to prima facie tax payable	2021 \$000	2020 \$000
Profit from continuing operations before income tax expense	5,173	5,194
Income tax @ 28%	1,448	1,453
Tax effects of:		-
 Income not subject to tax 	-	-
 Expenses not deductible for tax purposes 	-	-
Prior period current tax adjustment	(1)	(1)
Reduction in deferred tax on buildings	-	(90)
Income tax expense	1,447	1,362
(c) Deferred tax liabilities	2021 \$000	2020 \$000
The balance comprises temporary differences attributable to:		
Property, plant and equipment Employee provisions Other provisions	10,294 (88) (2)	9,742 (82) (6)
Total deferred tax liabilities	10,204	9,654
Movements: Opening balance Deferred portion of current year tax expense Amounts charged or credited direct to equity	9,654 550	9,385 269
Amounts charged or credited direct to equity Closing balance	10,204	9,654
Olooling building	. 0,=0 .	0,001

Accounting policy

Income tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

5	PROPERTY, PLANT & EQUIPMENT	ELECTRICAL DISTRIBUTION NETWORK \$000	FIBRE NETWORK \$000	LAND AND BUILDINGS \$000	OTHER ASSETS \$000	TOTAL \$000
	Year ended 31 March 2021					
	Opening net book amount	59,426	545	2,127	1,664	63,762
	Additions	3,809	14	1,732	274	5,829
	Disposals	-	-	-	(14)	(14)
	Assets classified as investment property	-	-	-	-	-
	Depreciation charge	(1,531)	(61)	(20)	(404)	(2,016)
	Revaluation	-	-	-	-	-
	Closing net book amount	61,704	498	3,839	1,520	67,561
	At 31 March 2021					
	Cost	12,316	1,360	3,983	5,711	23,370
	Valuation	54,024	-	-	-	54,024
	Accumulated depreciation	(4,636)	(862)	(144)	(4,191)	(9,833)
	Net book amount	61,704	498	3,839	1,520	67,561
	Year ended 31 March 2020					
	Opening net book amount	56,820	606	2,345	1,482	61,253
	Additions	4,060	-	94	587	4,741
	Disposals	-	-	-	-	-
	Assets classified as investment property	-	-	(292)	-	(292)
	Depreciation charge	(1,454)	(61)	(20)	(405)	(1,940)
	Revaluation	-	-	-	-	_
	Closing net book value	59,426	545	2,127	1,664	63,762
	At 31 March 2020					
	Cost	8,507	1,345	2,251	5,542	17,645
	Valuation	54,024	-	-	-	54,024
	Accumulated depreciation	(3,105)	(800)	(124)	(3,878)	(7,907)
	Net book amount	59,426	545	2,127	1,664	63,762

(a) Valuations of electrical distribution network

The current book value of the Electricity distribution network was assessed against the fair value as at 31 March 2021, calculated using the Discounted Cash Flow (DCF) method which showed that there was no material difference. On this basis, no revaluation has been recognised.

The DCF model is updated internally by suitably qualified employees and the basis, methodology and assumptions underpinning the valuation are independently reviewed by PricewaterhouseCoopers.

The use of fair value is considered to be the most appropriate basis of valuation because it represents the exchange value of the future economic benefits embodied in the assets.

The valuation model calculation uses the following key assumptions:

• Line Revenue price increase: Centralines has received notification that the High Court will grant Centralines a change to its Trust Deed, the effect of which is that Centralines is expected to become exempt from DPP regulation with practical effect from 1 April, 2022. Centralines Board has determined that Centralines would continue to use the revenue cap financial model used by the Commerce Commission to determine the level of revenues that is reasonable for an electricity network business to earn.

Continued over page

The valuation model uses the board approved budget for the 2021/22 year as the base year for line revenue. The model then uses the current Commerce Commission's revenue cap model as the basis for modelling future revenues, using the 2021 AMP update for key Opex and Capex inputs, and the WACC assumptions noted below:

- Weighted Average Cost of Capital (WACC) for regulated revenue calculation: The model for the calculation of regulated revenue uses a Vanilla WACC (67th percentile) of 4.57%.
- A post tax discount rate of 4.68% per annum (2020: 4.69%).

A sensitivity analysis of the key assumptions shows that the biggest impact on the NPV of the future cash flows for Centralines' electrical distribution network is the post tax discount rate used. An increase of 0.5% to the post tax discount rate would decrease the network's fair value by \$2.6m.

(b) Capital work in progress

Capital work in progress as at 31 March 2021 of \$2,847,684 (2020: \$941,417) of which \$1,020,734 is included in Electrical distribution network additions and \$1,826,950 included in the Land and Buildings additions.

(c) Capital commitments

The value of contractual capital commitments as at 31 March 2021 is estimated at \$8,243,749 (2020: Nil).

Accounting policy

Property, plant and equipment

Property, plant and equipment, except the electrical distribution network, is stated at historical cost less depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

The electrical distribution network is carried at fair value using a discounted cash flow model. The electrical distribution network is revalued with sufficient regularity to ensure that the carrying amount does not significantly differ from fair value at the date of the financial statements. Additions are recognised at cost and are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation on electrical distribution assets is calculated using the straight line method to allocate their cost or re valued amounts over their estimated remaining useful lives.

Any accumulated depreciation on electrical distribution assets as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Depreciation on other assets (other than Land which is not depreciated) is calculated using the straight line method to allocate their cost over their estimated useful lives.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

 Electrical distribution network 	0 – 70 years
Fibre network	0 – 12 years
Buildings	50 - 100 years
• Land	indefinite
Other assets:	
- Motor vehicles	3 – 15 years
Plant and equipment	1 – 10 years
Office furniture and equipment	5 – 15 years
Information technology	2 – 10 years

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

Impairment of assets

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

6 INVENTORIES

Inventories are stated at cost. Cost is determined using the a work in progress comprises design costs, stock, direct labo		2021	2020
production overheads.		\$000	\$000
	Stock	521	396
	Work in progress	38	60
	Trent in progress	559	429
7 TRADE AND OTHER RECEIVABLES		2021 \$000	2020 \$000
	Trade receivables	1,746	1,933
F	Provision for doubtful receivables	(9)	(22)
		1,737	1,911
9	Sundry receivables and accruals	10	64
	•	10	64
7	otal trade and other receivables	1,747	1,975
(a) Impaired receivables			
Movements on the provision for impairment of trade receivables are as follows:	AT 1 APRIL	2021 \$000	2020 \$000
	Opening balance	(22)	(14)
Provision for impair	ment recognised during the year	(3)	(16)
•	during the year as uncollectible	7	3
	ounts recovered during the year	9	5
	At 31 March	(9)	(22)
			· ,

Accounting policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due within 30 days and therefore are all classified as current. There are no significant financing components.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in the statement of comprehensive income.

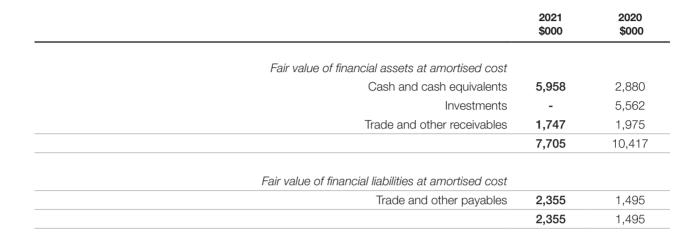
8 FINANCIAI RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

(a) Fair value estimation

The methods and assumptions used are that carrying amounts in the financial statements reflect the estimated fair value of the financial instruments including receivables, cash and cash equivalents, investments, and accounts payable.

Financial assets and liabilities:



Note, the Company only has one classification of its financial assets, as all cash and cash equivalents and investments are classed as financial assets at amortised cost. Financial assets at amortised cost are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate less any impairment. Amortisation or impairment losses are recognised in the profit or loss.

Investments consist of short term deposits held with registered banks and are classified as current assets if they mature within 12 months, otherwise they are classified as non current.

Investments are held to collect principle and interest as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Market risk

(i) Interest rate risk

The Company's interest rate risk arises from investments in short term deposits and cash held in bank accounts. To manage its exposure to interest rate risk the Company

diversifies its investment portfolio. Diversification of the investment portfolio is done in accordance with the limits set by the Company's comprehensive investment policy.

Sensitivity

Profit or loss is sensitive to higher/ lower interest income from cash and cash equivalents as a result of changes in interest rates.

IMPACT ON POST TAX PROFIT	2021 \$000	2020 \$000
Interest rates – increase by 50 basis points	-	28
Interest rates – decrease by 50 basis points	-	(28)

(c) Credit risk

In the normal course of its business the Company incurs credit risk from accounts receivable, bank balances and investments. There is no significant concentration of credit risk and the Company has a policy of assessing the credit risk of significant new customers and monitors the credit quality of existing customers. Counterparties to cash and investments are major banks,

which are approved by the directors under the Company's Investment Policy. The Company's maximum credit risk exposure is as disclosed in the statement of financial position and collateral or other security is not held.

(d) Liquidity risk

Liquidity risk represents the risk that the Company may not have the financial ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis. Overall the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding in place to cover potential shortfalls.

9	SHARE CAPITAL				2021 \$000	2020 \$000
		Ordinary shares				
		Fully paid (no par value)	8,000	8,000	8,000	8,000

10 RELATED PARTY TRANSACTIONS

The amounts owing to related parties are paid in accordance with the Company's normal commercial terms of trade. No related party debts have been written off or forgiven during the year. Certain directors of the Company are also directors of other companies with whom the Company transacts. All such transactions are on normal commercial terms.

(a) Key management and personnel compensation

Centralines Limited has a management contract operated by Unison Networks Limited, an electricity lines company based in Hastings. This contract provides for executive, financial and technical managerial services for Centralines Limited.

Key management includes directors of the Company, and members of the Executive Committee of Unison Networks Limited who provide key management personnel services as part of the management contract with Centralines Limited. There are no employees of the Company who are classified as key management personnel.

For the year ended 31 March 2021, the amounts incurred by Unison Networks Limited for the provision of key management personnel amounted to \$132,723 (2020: \$129,739).

The compensation paid or payable to Directors was \$184,582 (2020: \$174,311).

(b) Transactions with related	l parties		TRAN	NSACTION	Υ	EAR-END
Related party	Nature of transactions	Relationship with company	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Central Hawke's Bay Consumers Power Trust	Dividend	Parent	3,761	-	-	-
Unison Networks Limited	Purchases materials and management services	Key management personnel	3,635	3,457	485	202
Trustees	Sale of contracting services	Trustee	2	1	-	-
Farmlands	Retail purchases	Directors' interest	10	9	-	-

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11 COMMITMENTS

(i) Operating lease commitments

Lease payments under operating leases, for short term leases or leases for which the underlying asset is of low value are expenses in the statement of comprehensive income in equal instalments over the lease term.

The expense for the period is \$3,592 (2020 \$3,414)

The Company has applied NZ IFRS 16.6. No right of use asset has been recognised.

The future aggregate minimum lease payments under non cancellable operating leases are as follows:		2020 \$000
No later than 1 year	4	4
Later than 1 year and no later than 5 years	4	8
Later than 5 years	-	-
Total	8	12

12 CONTINGENCIES

As at 31 March 2021 the Company had no contingent liabilities or assets (2020: \$Nii).

13 EVENTS OCCURING AFTER THE REPORTING PERIOD

On 10 June 2021, the High Court determined that it would approve changes to the Central Hawke's Bay Consumers Power Trust Deed. As a result all Trustees will be elected by consumers and Centralines will become an exempt ED under section 54G of the Commerce Act 1986. Exempt EDBs are not subject to Default Price-Quality Regulation.

14 DIVIDENDS

During the financial year a fully imputed dividend of \$3,761,194 (\$5,223,881 inclusive of imputation credits) was paid in respect of the 2020/21 financial year (2020: Nil).

15 INVESTMENT PROPERTY	2021 \$000	2020 \$000
Balance at 1 April	292	-
Transfer from property, plant and equipment	-	292
Depreciation	-	-
Impairment	-	-
Balance at 31 March	292	292
Cost	292	292
Accumulated depreciation	-	-
Book value	292	292

Accounting Policy

Investment property is measured at cost less depreciation and impairment losses.

The estimated useful lives of investment property are:

Land	Indefinite
Buildings	50 - 100 years

The fair value at 31 March 2020 is \$340,000

The valuation to determine the fair value was performed by Mel Wilson, a registered valuer from SouthgateWilson. The fair value was determined using sales of comparable properties.

The investment property is a residential property purchased with the intention of being developed into a new depot for the company. This plan has now changed and there has been no decision made on the future of this property. The property is held at historical cost.

INDEPENDENT

TO THE READERS OF CENTRALINES LIMITED'S FINANCIAL STATEMENTS AND AUDITOR'S REPORT PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2021

The Auditor-General is the auditor of Centralines Limited (the company). The Auditor-General has appointed me. Chris Webby, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the company on his behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 44 to 62, that comprise the statement of financial position as at 31 March 2021, 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 accounting policies and other explanatory information; and
- the performance information of the company on pages 42 to 43.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 31 March 2021: and
- its financial performance and cash flows for the year then ended; and

- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards. Reduced Disclosure Regime (NZ IFRS RDR): and
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the vear ended 31 March 2021.

Our audit was completed on 25 June 2021. 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 company 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 company 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 company 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

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

basis of accounting, unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the 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 readers taken on the basis of these financial statements and performance information.

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 company's internal control.
- We evaluate the appropriateness of the reported performance information within the company'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 company'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 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 company to cease to continue as a going concern.

• We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 39 and 69, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements 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 company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out assurance engagements pursuant to the pursuant to the Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015) and the Electricity Distribution Services Default Price-Quality Path Determination 2020, which are compatible with those independence

requirements. Other than the audit and these engagements, we have no relationship with or interests in the company.

Chris Webby

Audit New Zealand

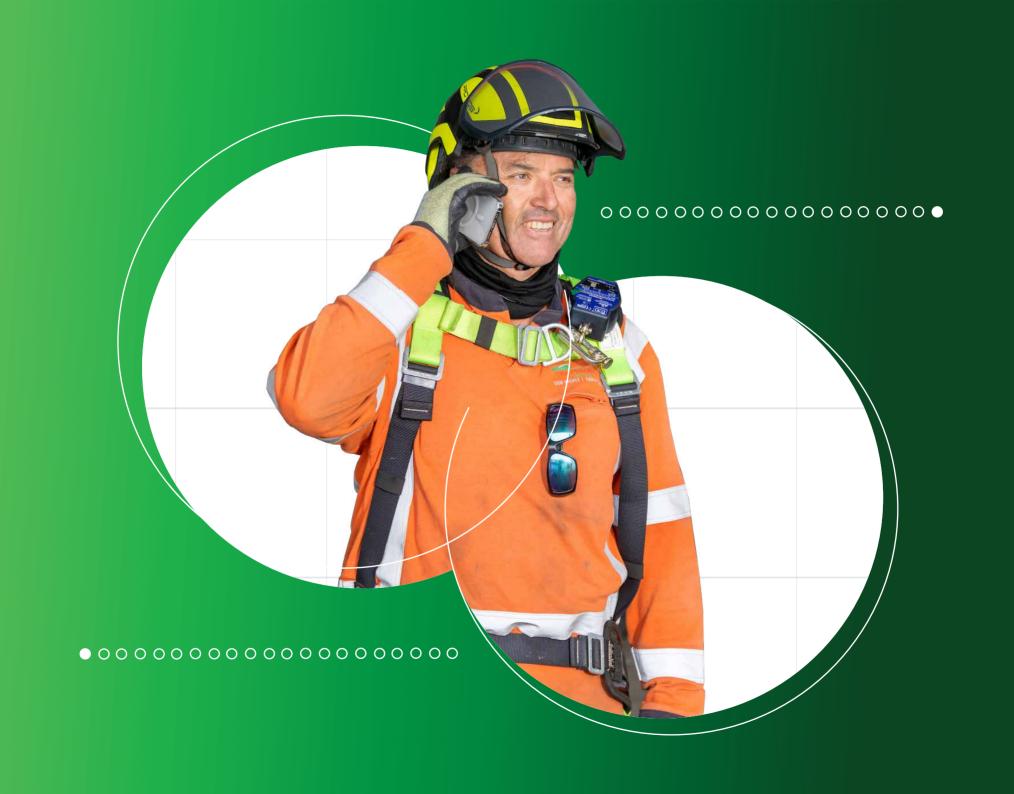
On behalf of the Auditor-General

Palmerston North, New Zealand















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DIRECTORS

I Walker – Chair D Walker F Wilson S von Dadelszen

T Gray L Gould

CHIEF EXECUTIVE

K Sutherland

TRUSTEES

A Setter – Chair C Avery – CHB Mayoral Representative G Williams – CHB District Council Appointee C Gray – Silver Fern Farms Appointee K Middelberg M Peacock L Tosswill

AUDITORS

Audit New Zealand, on behalf of the Auditor-General PO Box 149 Palmerston North

BANKERS

ANZ Bank New Zealand Limited Ruataniwha Street Waipukurau

SOLICITORS

Gifford Devine Barristers and Solicitors 45 Ruataniwha Street Waipukurau

