Trust Tairāwhiti
Consolidated financial statements

The trustees are pleased to present the summary consolidated financial statements of Trust Tairāwhiti for the year ended 31 March 2023.

For and on behalf of the Board of Trustees.

John Clarke
Trustee,
Chair

Ron Aitken
Trustee,
Chair of Audit and Risk Committee

27 July 2023

Deloitte.

Independent Auditor's Report

To the Trustees of Trust Tairāwhiti

Opinion

We have audited the consolidated financial statements of Trust Tairāwhiti (the 'Entity') and its subsidiaries ('the Group'), which comprise the consolidated financial statements on pages F-8 to F-63, and the Consolidated Statement of Service Performance on pages F-4 to F-5. The complete set of consolidated financial statements comprise the Consolidated Statement of Financial Position as at 31 March 2023, and the Consolidated Financial Statement of Comprehensive Revenue and Expense, Consolidated Statement of Changes in Net Assets/Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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

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

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing ('ISAs'), and the audit of the consolidated service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard 1 The Audit of Service Performance Information ('NZ AS 1'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Performance Report section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor and the provision of other assurance services relating to the audit of regulatory disclosure statements and unique emission factors, we have no relationship with or interests in the Entity or any of its subsidiaries. These services have not impaired our independence as auditor of the Entity or Group.

Other information

The Trustees are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the Consolidated Performance Report and the audit report.

Our opinion on the Consolidated Performance Report does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information obtained prior to the date of our audit report and consider whether it is materially inconsistent with the Consolidated Performance Report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Trustees' responsibilities for the Consolidated Performance Report

The Trustees are responsible on behalf of the Group for:

- the preparation and fair presentation of the consolidated financial statements and consolidated Statement of Service Performance in accordance with PBE Standards;
- service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards; and
- such internal control as the Trustees determine is necessary to enable the preparation of a consolidated performance report that is free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Performance Report, the Trustees are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated performance report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated Statement of Service Performance are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated Performance Report.

A further description of our responsibilities for the audit of the consolidated Performance Report is located on at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Trustees, as a body, in accordance with Section 16 of the Trust Deed. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Auckland, New Zealand
27 July 2023

Consolidated Statement of Service Performance

FOR THE YEAR ENDED 31 MARCH 2023

Trust Tairāwhiti

Trust Tairawhiti is the regional community Trust, with a strategic focus on community initiatives, economic development and providing for future generations.

The Trust Deed identifies the purposes of the Trust which are to preserve the capital of the Trust Fund and provide for beneficiaries.

Beneficiaries of the Trust are generally:

- on the residential electoral or the ratepayer electoral roll of the Council; or
- listed on a roll of voters entitled to vote at an election of councilors; or
- are connected to the Tairāwhiti electricity distribution system.

Strategic framework

Trustees have developed a strategic framework to guide them in delivering the purposes of the Trust Deed. Central to this is the wellbeing framework, He Rangitapu, He Tohu Ora which provides the principles and aspirational outcomes that guide the way we work and priorities.

Trustees have set the strategic plan, te aka rautaki ki te tau, which identifies the priorities through to 2026 to maximise impact when applying He Rangitapu He Tohu Ora - Tairāwhiti Wellbeing Framework. Te aka rautaki ki te tau 2026 is focused on:

a) Future generations

The Trust Deed requires Trustees to preserve the value of the capital of the Trust Fund. In doing this, Trustees ensure that future generations will benefit from the Trust's assets.

Trustees review the capital of the Trust Fund as set out in c.5.1.1 the Trust Deed and assessing whether in their view the capital has been preserved (FS-Note 31).

Activity information	2023 Actual	2022 Actual
The capital of the Trust Fund has been preserved	Achieved	Achieved

b) Economic development

The Trust delivers and supports a wide range of economic development initiatives to ensure the Tairāwhiti economy is diverse, innovative, resilient and regenerative and provides access to well-paid, quality jobs.

This output covers:

- Supporting businesses through direct investments to create quality jobs and diversity within the regional economy. An example is the Prime wood processing cluster which has complementary wood processing operators on the Prime SPV Limited Dunstan Road site. These investments provide economic benefits and job opportunities for the benefit of beneficiaries, as well as providing diversification options for the wood industry.
- Delivery of the Economic Development Agency and Regional Tourism Organisation.
- Delivery of the Governments Regional Business Partner Network to strengthen and grow businesses.
- Delivery of the Digital Boost programme to grow business capabilities on digital tools and processes to enhance businesses.
- Delivery of workshops and events to support businesses to increase knowledge and improve business outcomes.

- Delivery of the Government's business recovery grant programme in the aftermath of Cyclone Gabrielle.

Trustees track the outputs through the following metrics:

Activity information	2023 Actual	2022 Actual
Businesses supported through regional business partners	171	206
Number of jobs at Prime site	80	69
Logs processed in region	58,042	60,140

c) Community Initiatives

Funding has been provided to a range of organisations to support initiatives that deliver impacts and outcomes aligned to He Rangitapu, He Tohu Ora wellbeing framework.

The funding provided to organisations contributes to helping them work towards their own vision which allows our people, whānau and communities to live the lives they value in the ways that matter most to them.

Trust Tairāwhiti is responsible for the following outputs:

- providing information and assistance to prospective grant applicants
- processing, assessing and monitoring grant applications
- administration of grant payments

Trustees measure non-financial performance on:

Activity information	2023 Actual	2022 Actual
Applications received	115	69
Organisations supported	68	63

The Trust Group is a consolidation of Trust Tairāwhiti, Eastland Network Charitable Trust, and subsidiary companies; Eastland Group Ltd, Prime SPV Ltd, Eastland Development Fund Ltd and Trust Tairāwhiti Limited along with associate and joint ventures.

The Trust Group's primary operations include electricity generation, the operation of Gisborne's port and airport, the ownership of strategically located investment properties and investment portfolios.

The financial statements of the Trust Group follow this report.

Consolidated Financial Statements Year in Review

FOR THE YEAR ENDED 31 MARCH 2023

Significant transactions and events in the financial year

The following significant transactions and events affected the financial performance and position of the Trust Group during the year.

a) Economic development and tourism activities

The Trust Group made a net investment of $1.7 million (2022: $1.5 million) for personnel and operating activities to deliver economic and tourism development activities. These activities attract external funding by way of local and central government funding.

b) Wood processing cluster direct investments

Sawmill upgrades continued during the year with further investments of $6.4 million (2022: $11.5 million) being made. These have been co-funded by Prime SPV Limited, the Provincial Growth Fund and Kiwi Lumber Limited.

Construction continued on the $8 million building to house the WET Gisborne Limited G1.2 production plant. $3.0 million (2022: $5.0 million) was spent during the year which completes Prime SPV Ltd's contribution to the project.

Work also continued on the new WGL heat plant and road and hardstand with a further investment of $1.89 million (2022: $4.5 million) for these projects.

c) Enabling others through distributions

The Trust supports initiatives that will deliver outcomes and impacts aligned to He Rangitapu, He Tohu Ora. Trustees approved distributions of $4.4 million during the year.

d) Weather related events

During the year, Tairāwhiti has operated under three State of Emergencies and one National Emergency due to severe weather. The most recent, relating to Cyclone Gabrielle, resulted in significant damage to regional infrastructure, including the region's roading network.

A significant portion of Eastland Port's revenue is from the export of forestry products. The immediate impact of Cyclone Gabrielle was severe, due to damage to roads and regional infrastructure. The longer-term impact on export revenue is not yet known, however, the impairment assessment that was carried out had sufficient capacity to allow for reduced volumes, and to not have an impact on the long-term carrying value of the port infrastructure assets.

Eastland Network (discontinued operation) also suffered damage to its distribution network for which $0.6 million of repairs were recognised at 31 March 2023. Capital works also occurred of $2.1 million and are ongoing.

e) Sale of Eastland Network Limited

On 31 March 2023, Eastland Group sold Eastland Network for $260 million. The decision to solicit interest to sell Eastland Network was made on 1 July 2022 and was then classified as held for sale. From that date Eastland Network was recognised as a discontinued operation.

The sale of Eastland Network resulted in a gain on sale of $95.8 million, a $50 million special dividend and repayment of the $30 million capital notes to the Trust. This allowed further diversification of the Trust investments and liquidity improvement. Refer to Note 3 Discontinued operations for further detail.

f) Business restructuring

As a result of the sale of Eastland Network Limited, Eastland Group restructured its operations. This has resulted in recognition of impairment costs relating to discontinued information systems, redundancy costs, and abandoned business development activities.

The recoverable value of the impaired asset costs was assessed to be nil. There was no reversal of prior period impairments. The asset classes affected were assets at cost and other plant and equipment in property plant and equipment, software in intangible assets and right of use assets.

We have recognised $4.9 million relating to impairment costs consisting of:

- Asset impairments $3.7 million. Note 8 property plant and equipment.
- Discontinued information systems $0.3 million. Note 11 Intangible assets.
- Redundancy cost provisions and payments $0.7 million. Note 2 specific expenses.

g) TOPP1 Geothermal Plant

On 22 January 2022 the TOPP1 geothermal plant was damaged by a chemical clean carried out by a third-party contractor. The plant consisting of two turbines coupled with a single generator shaft, was able to restore one turbine and at 31 March 2022 was generating 12 MW of electricity by operating one side on steam only to increase output to 18MW.

The plant was repaired and resumed operation on 13 March 2023 and is operating at its capacity of 23.5 MW of electricity.

An insurance claim was fully approved for asset damage and business interruption. A deductible was deducted of $250,000 from the total claim.

The following was recognised at 31 March 2023:

- Business interruption insurance proceeds covering gross profit of $3.0 million
- Insurance proceeds for damaged plant $3.8 million.

h) Flick Energy Limited

On 18 December 2022, Eastland Group sold its investment in Flick Energy Limited for $4.7 million. A gain on sale of $0.9 million was recognised on sale through profit and loss.

i) Bank facility

On 15 July 2022, Eastland Group refinanced $230 million of existing facilities and obtained $20 million of additional facilities from ANZ and ASB.

	Maturity	**Facility amount**
Tranche A	1 April 2026	$65 million
Tranche C	1 April 2025	$80 million
Tranche G	1 April 2027	$105 million

On 29 September 2022, Eastland Group agreed with banks to amend Financial Covenants for reporting periods 30 September 2023 and 31 December 2023.

On 31 March 2023, Eastland Group agreed with banks to permanently reduce its Gearing and Debt Cover Ratios. The syndicate also agreed to remove Eastland Network Limited and Eastland Energy Solutions Limited as Guaranteeing Parties for debt held by the Parent entity. Eastland Group permanently reduced $150 million of existing facilities.

Consolidated Financial Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 $'000	2022 $'000
Revenue from exchange transactions	1	87,734	87,152
Revenue from non-exchange transactions	1	10,126	823
Total revenue	1	**97,860**	**87,975**
Operating expenditure	2	(20,856)	(18,082)
Depreciation and amortisation	2	(25,155)	(23,488)
Asset impairments and restructuring costs	2	(4,964)	-
Personnel expenses	29	(18,775)	(16,379)
Administrative expenses	2	(17,890)	(17,265)
Finance expenses	17	(19,766)	(10,086)
Total expenditure		**(107,406)**	**(85,300)**
Operating surplus		**(9,546)**	**2,675**
Other non-operating income	4	637	6,637
Other non-operating expenditure	5	(1,827)	(814)
Share of surplus/(loss) of joint ventures	15	394	612
Loss on de-recognition of investment in associate	14	-	(1,768)
Surplus before income tax		**(10,342)**	**7,342**
Income tax expense	6	(2,516)	(3,852)
Profit from discontinued operations	3	99,177	5,708
Net surplus after tax		**86,319**	**9,198**
Distributions for the benefit of beneficiaries			
Distributions and grants	30	(4,390)	(4,552)
Tax effect of distributions		1,447	1,127
Net surplus after tax and distributions		**83,376**	**5,773**
Surplus attributable as:			
Equity holders of the parent		83,616	5,738
Non-controlling interest		(240)	35
		83,376	**5,773**
Other comprehensive revenue and expense:			
Items that will not reclassify subsequently to profit or loss:			
Revaluation of property, plant and equipment		20,684	2,255
Disposal of property, plant and equipment			
Tax on revaluation of property, plant and equipment		(5,734)	(152)
Fair value through other comprehensive income - sale of investment		(349)	-
Reserve transfer on sale of subsidiary		662	-
Items that will reclassify subsequently to profit or loss:			
Revaluation of other investments		(1,478)	(1,862)
Revaluation of cash flow hedges	19	(8,804)	26,482
Tax on revaluation of cashflow hedges		2,465	(7,415)
Movement in associate OCI	14	-	(5,504)
De-recognition of OCI reserve to profit and loss	14	-	(959)
Tax on share of associate other comprehensive income	14	-	1,810
Total other comprehensive revenue and expense		**7,446**	**14,655**
Total comprehensive revenue for the period		**90,822**	**20,428**
Total comprehensive revenue:			
Equity holders of the parent		91,062	20,393
Non-controlling interest		(240)	35
		90,822	**20,428**

These financial statements should be read in conjunction with notes and accounting policies on pages F-13 to F-63

Consolidated Statement of Financial Position

AS AT 31 MARCH 2023

	Notes	2023 $'000	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents		95,170	16,454
Exchange trade and other receivables	10	20,270	36,563
Non exchange other receivables	10	1,637	1,181
Other investments and receivables	11	2,884	2,272
Intangible assets	9	1,562	1,145
Inventory		253	219
Income tax receivable		-	1,642
Derivative financial instruments	18, 19	114	133
Total current assets		**121,890**	**59,609**
Non-current assets			
Property, plant and equipment	7	682,413	788,656
Other investments and receivables	11	36,111	44,039
Derivative financial instruments	18, 19	20,168	11,519
Investment properties	8	35,824	34,750
Intangible assets	9	21,330	24,172
Investment in joint venture	15	963	938
Total non-current assets		**796,809**	**904,074**
TOTAL ASSETS		**918,699**	**963,683**
LIABILITIES			
Current liabilities			
Payables and accruals	12	24,535	26,133
Income tax payable		691	-
Employee entitlements	29	2,064	2,019
Derivatives financial instruments	18, 19	6,505	13,769
Income in advance		-	535
Total current liabilities		**33,795**	**42,456**
Non-current liabilities			
Loans	16	249,376	376,768
Deferred tax	6	56,892	80,164
Derivative financial instruments	18, 19	32,018	7,322
Employee entitlements	29	1,317	2,917
Provision for restoration costs	7	1,899	1,778
Income in advance		137	183
Total non-current liabilities		**341,639**	**469,132**
TOTAL LIABILITIES		**375,434**	**511,588**
NET ASSETS		**543,265**	**452,095**
EQUITY			
Retained earnings		335,905	203,268
Trust capital		20,000	20,000
Reserves		183,073	224,648
Non-controlling interest		4,287	4,179
TOTAL EQUITY		**543,265**	**452,095**

These financial statements should be read in conjunction with notes and accounting policies on pages F-13 to F-63

Consolidated Statement of Changes in Net Assets/Equity

FOR THE YEAR ENDED 31 MARCH 2023

	2023							
	Trust capital $'000	Hedge reserve $'000	Asset revaluation reserve $'000	Investment revaluation reserve $'000	Share of Assoc OCI $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at beginning of period - 1 April 2022	**20,000**	**(6,692)**	**218,174**	**13,166**	**-**	**203,268**	**4,179**	**452,095**
Surplus for the year	-	-	-	-	-	83,616	(240)	83,376
Other comprehensive income:								
Net change in fair value of cash flow hedges	-	(8,804)	-	-	-	-	-	(8,804)
Disposals of property, plant and equipment	-	-	(1,564)	-	-	1,564	-	-
Revaluation of property, plant and equipment	-	-	20,684	-	-	-	-	20,684
Reserve transfer on sale of subsidiary	-	-	(47,144)	-	-	47,806	-	662
Revaluation of Investments	-	-		(1,478)	-	-	-	(1,478)
Disposals of investments	-	-	-	-	-	(349)	-	(349)
Income tax relating to components of other comprehensive income	-	2,465	(5,734)	-	-	-	-	(3,269)
Total comprehensive income	**-**	**(6,339)**	**(33,758)**	**(1,478)**	**-**	**132,637**	**(240)**	**90,822**
Transactions with owners								
Movement in non-controlling interest	-	-	-	-	-	-	348	348
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**348**	**348**
Balance at end of period - 31 March 2023	**20,000**	**(13,031)**	**184,416**	**11,688**	**-**	**335,905**	**4,287**	**543,265**

	2022							
	Trust capital $'000	Hedge reserve $'000	Asset revaluation reserve $'000	Investment revaluation reserve $'000	Share of Assoc OCI $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at beginning of period - 1 April 2021	**20,000**	**(25,759)**	**217,835**	**15,028**	**4,653**	**195,766**	**2,838**	**430,361**
Surplus for the year	-	-	-	-	-	5,738	35	5,773
Other comprehensive income:								
Net change in fair value of cash flow hedges	-	26,482	-	-	-	-	-	26,482
Net movement in share of associate OCI	-	-	-	-	(3,694)	-	-	(3,694)
Share of OCI reversal to profit and loss	-	-	-	-	(959)	-	-	(959)
Disposals of property, plant and equipment	-	-	(1,764)	-	-	1,764	-	-
Revaluation of property, plant and equipment	-	-	2,255	-	-	-	-	2,255
Revaluation of Investments	-	-	-	(1,862)	-	-	-	(1,862)
Income tax relating to components of other comprehensive income	-	(7,415)	(152)	-	-	-	-	(7,567)
Total comprehensive income	**-**	**19,067**	**339**	**(1,862)**	**(4,653)**	**7,502**	**35**	**20,428**
Transactions with owners								
Movement in non-controlling interest	-	-	-	-	-	-	1,306	1,306
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**1,306**	**1,306**
Balance at end of period - 31 March 2022	**20,000**	**(6,692)**	**218,174**	**13,166**	**-**	**203,268**	**4,179**	**452,095**

These financial statements should be read in conjunction with notes and accounting policies on pages F-13 to F-63

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2023

	2023 $'000	2022 $'000
Cash flows from operating activities:		
Cash provided from:		
Receipts from customers	123,407	120,162
Dividends received	764	678
Other income	1,351	3,213
Interest received	939	1,151
	126,461	125,204
Cash applied to:		
Payments to suppliers and employees	(78,669)	(69,521)
Interest paid	(21,825)	(13,707)
Carbon credits	(2,810)	-
Income tax paid	(5,061)	(6,657)
	(108,365)	(89,885)
Net cash flows from operating activities	**18,096**	**35,319**
Cash flows from investing activities:		
Cash provided from:		
Distribution from associate	295	587
Proceeds from sale of investments	2,486	6,307
Proceeds from grants	500	-
Sale of shares in Flick Energy	4,671	-
Proceeds from sale of subsidiary	176,307	-
Proceeds from related parties advances	76,171	-
Proceeds from sale of investment property	1,580	-
Proceeds from sale of property, plant and equipment	9,271	88
	271,281	6,982
Cash applied to:		
Purchase of property, plant and equipment	(77,027)	(149,783)
Purchase of investments	(1,235)	(3,415)
Purchase of intangible	(236)	(5,743)
Purchase of investment property	(1,477)	(706)
	(79,975)	(159,647)
Net cash flows used in investing activities	**191,306**	**(152,665)**
Cash flows from financing activities:		
Cash provided from:		
Proceeds from bank borrowings	40,220	102,574
Proceeds from IRG loan	-	11,900
	40,220	114,474
Cash applied to:		
Distributions for beneficiaries (net of tax)	(2,906)	(5,915)
Borrowings	(168,000)	-
	(170,906)	(5,915)
Net cash flows from financing activities	**(130,686)**	**108,559**
Net cash flows from continuing operations	**78,716**	**(8,787)**
Net increase in cash and cash equivalents	**78,716**	**(8,787)**
Cash and cash equivalents at beginning of period	16,454	25,241
Cash and cash equivalents at end of period	**95,170**	**16,454**

These financial statements should be read in conjunction with notes and accounting policies on pages F-13 to F-63

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2023

Reconciliation of the profit for the Period with Net Cash from Operating Activities

	2023 $'000	2022 $'000
Net surplus after tax	**86,319**	**9,198**
Adjustments for:		
Depreciation and amortisation	25,155	30,437
Vested assets	(1,627)	(1,234)
Impairment losses	74	50
Loss on sale or disposal of property, plant and equipment	2,377	1,041
Work in progress in prepayments	(7,924)	7,924
Losses and impairment in associate	-	1,768
Income from joint venture	(320)	(521)
Change in fair value of investment property	219	(4,399)
Accrued interest	-	(150)
Restoration provision interest	121	112
Interest capitalised to fixed assets	(2,547)	(579)
Carbon credits	(2,810)	-
Carbon credits surrender	2,713	-
Asset impairments	4,244	-
Interest received from discontinued subsidiary	(4,102)	-
Government grant	(500)	-
Sale of investment	(919)	-
Deferred tax expense	(878)	(61)
Discontinued operations	(87,541)	-
	(74,265)	34,388
Movement in working capital:		
Decrease/(increase) in trade and other receivables	8,133	(8,931)
(Increase)/decrease in inventory	(34)	13
(Decrease)/increase in employee entitlements	(828)	214
Increase/(decrease) in income tax payable	2,335	(1,578)
(Decrease) in income in advance	(47)	(45)
(Decrease)/increase in payables and accruals	(3,517)	2,060
	6,042	(8,267)
Net cash from operating activities	**18,096**	**35,319**

Ⓟ **Statement of Cash Flows**

The following terms are used in the Statement of Cash Flows:

- Cash and cash equivalents include cash on hand, in banks and investments in money market instruments, net of outstanding bank overdrafts.
- Operating activities are the principal revenue producing activities of the Trust Group and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long-term assets and other investments not including cash equivalents.
- Financing activities are those that result in change in the size and composition of the contributed equity and borrowings of the entity.

These financial statements should be read in conjunction with notes and accounting policies on pages F-13 to F-63

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

Table of Contents

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

Our financial statements

a) General information

Trust Tairawhiti ("the Trust") is a Trust that was established on the 7th of May 1993 pursuant to the Energy Companies (Eastland Energy Limited) Vesting Order 1993 upon the vesting in the Trust of the equity and debt securities issued by Eastland Energy Limited. The Trust changed its name to Eastland Community Trust on 6 December 2004 then to Trust Tairawhiti in September 2019. The Trust is governed by the Trust Deed including variations made by Deed Polls. The Trust has a termination date of 80 years from the date of execution of the Trust Deed, unless an earlier date is appointed by Deed by trustees.

The consolidated financial statements are for the economic entity comprising Trust Tairawhiti and its subsidiaries, associate and joint ventures ("the Trust Group").

The Trust Group's primary operations include electricity generation, the operation of Gisborne's port and airport, the ownership of strategically located investment properties and investment portfolios.

The Trust Group's financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). For the purposes of financial reporting, the Trust is a Public Benefit Entity (PBE), therefore they comply with Tier 1 PBE Standards, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements of the Trust Group are for the year ended 31 March 2023 and were authorised for issue by the trustees on 27 July 2023.

b) Basis of preparation

The financial statements are prepared on a going concern basis using the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- land and buildings, electrical generation assets and logistics assets are measured at revalued amounts;
- investment properties are measured at fair value; and
- listed investments are measured at fair value.

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

Transactions in foreign currencies are translated to the respective functional currencies of the Trust Group's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in foreign currency at the beginning of the period, adjusted for effective interest and payments during the period.

The amortised cost in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of Comprehensive Revenue and Expense.

The Statement of Comprehensive Revenue and Expense has been prepared so that all components are stated exclusive of GST where appropriate. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST.

c) Use of estimates and judgments

The preparation of financial statements requires management to make judgments that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Estimates and underlying assumptions are reviewed on an on-going basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Outcomes in the next financial period may be different to the assumptions made. It is impracticable to quantify the impact should assumptions be materially different to actual outcomes, which may result in material adjustments to the carrying amounts of property, plant and equipment and financial instruments reported in these financial statements.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies are designated by an Ⓔ symbol within the following notes:

- Note 7 Property plant and equipment (Estimates and Judgment),
- Note 9 Intangible assets,
- Note 18 Financial assets and liabilities (Estimate) and
- Note 19 Electricity Price risk (Estimate).

d) Significant accounting policies

Accounting policies are disclosed within each of the applicable notes to these financial statements and are designated by a Ⓟ symbol. The principal accounting policies have been applied consistently to all periods.

e) Standards not yet effective

The following amendments which will impact the Trust Group, come into effect for periods commencing on or after 1 January 2023. These standards are not expected to have a material impact on the Trust Group financial statements.

- PBE IFRS 17 Insurance Contracts. This standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard.
- 2022 Omnibus Amendments to PBE Standards. The amendments make changes to several PBE standards.
- Initial Application of PBE IFRS 17 and PBE IPSAS 41 – Comparative Information. The amendments will help insurers avoid temporary accounting mismatches due to different transition requirements in PBE IFRS 17 and PBE IPSAS 41 Financial Instruments.
- Public Sector Specific Financial Instruments (Non-Authoritative Amendments to PBE IPSAS 41). The amendments clarify the accounting for public sector specific financial instruments, including some instruments with characteristics similar to financial instruments.

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

1 Revenue

	2023 $'000	2022 $'000
Revenue from exchange transactions		
Revenue from rendering services		
Logistics revenue	37,105	37,513
Economic development and tourism services	2,011	2,563
Management fees	284	278
Total revenue from rendering services	**39,400**	**40,354**
Revenue from sale of goods		
Electricity generation	38,795	42,224
Customer contributions	-	23
Total revenue from sale of goods	**38,795**	**42,247**
Other exchange transaction revenue		
Other income	624	-
Rental income	3,111	2,675
Interest income	5,040	1,198
Dividends received	764	678
Total other exchange transaction revenue	**9,539**	**4,551**
Total revenue from exchange transactions	**87,734**	**87,152**
Revenue from non-exchange transactions		
Other income	10,126	823
Total revenue from non-exchange transactions	**10,126**	**823**
Total revenue	**97,860**	**87,975**

Ⓟ **Revenue**

Revenue is measured based on the consideration to which the Trust Group expects to be entitled in a contact with a customer and exclude amounts collected on behalf of third parties. Revenue is recognised when all performance obligations have been satisfied by transfer of goods or services to the customer and for the consideration that is probable to be collected.

i. Regulated electricity distribution (discontinued) and electricity generation sales

Revenue from electricity distributed and generated is recognised in the Statement of Comprehensive Revenue and Expense when the electricity has been distributed or sold to the customers.

ii. Logistics revenue

Revenue from the sales of logistics services is recognised in the Statement of Financial Performance in the accounting period in which the services are rendered, by reference to completion of the specific transfer of goods or service.

iii. Rental income

Rental income is recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

iv. Customer contributions (discontinued)

Revenue from customer contributions is recognised in the Statement of Comprehensive Revenue and Expense as revenue when all obligations to the customer are satisfied.

v. Dividends received

Dividends received are recognised when the right to receive payments is established. Dividends received from pre-acquisition net surpluses are deducted from the cost of the investment.

vi. Interest income

Interest income comprises income on funds invested, changes in the fair value of financial assets at fair value through the Statement of Comprehensive Revenue and Expense and gains on hedging instruments that are recognised in the Statement of Comprehensive Revenue and Expense. Interest income is recognised as it accrues, using the effective interest method.

vii. Other income exchange transactions

Other forms of revenue outside of those detailed in this policy that are not material as an individual transaction and approximate value has been given in return for that revenue.

viii. Non-exchange income

Non exchange income comprises of income received from another party without directly giving approximate value in return.

2 Expenditure

	2023 $'000	2022 $'000
Operating expenses		
Electricity generation expenses	13,924	10,614
Logistics expenses	4,660	5,018
Economic development and tourism services	2,272	2,450
Total operating expenses	**20,856**	**18,082**
Depreciation and amortisation		
Amortisation	794	765
Depreciation of property, plant and equipment	24,361	22,723
Total depreciation and amortisation	**25,155**	**23,488**
Administrative expenses		
Administration	16,691	16,241
Impairment losses and bad debt write-offs on trade receivables	5	17
Direct operating expenditure arising on investment properties that generated rental income	761	599
Auditor's remuneration to Deloitte comprises:		
audit of financial statements	396	383
audit of emissions	37	25
Total administrative expenses	**17,890**	**17,265**
Refer to significant transactions note		
Restructuring costs	720	-
Asset impairments	4,244	-
Total asset impairments and restructuring costs	**4,964**	**-**

3 Discontinued operations

	2023 $'000	2022 $'000
Revenue		
Electricity distribution revenue	29,921	30,944
Rental income	213	292
Energy sales	60	80
Customer contributions	359	30
Other revenue	2,365	1,501
Change in fair value of investment property	71	529
Other income	100	273
Total Revenue	**33,089**	**33,649**
Operating expenditure	(16,855)	(15,811)
Administrative expenses	(638)	(934)
Depreciation	(1,808)	(6,949)
Earnings before interest and tax (EBIT)	**13,788**	**9,955**
Finance expenses	(4,136)	(3,209)
Profit before tax	**9,652**	**6,746**
Income tax expense	(405)	(1,038)
Profit from discontinued operations	**9,247**	**5,708**
Gain on sale of network business	**95,754**	-
Costs to sell	(5,824)	-
Total profit from discontinued operations/gain on	**99,177**	**5,708**

Book value of assets sold	
Current assets	
Cash	1
Receivables	3,274
Non-current assets	
Property, plant and equipment	189,940
Investment property	612
Intangible assets	1,365
Right of use assets	241
Current liabilities	
Payables and accruals	6,852
Employee entitlements	752
Income tax payable	-
Non-current liabilities	
Deferred taxation	25,662
Related party borrowings	76,171
Lease liabilities	254
Net assets disposed	**85,742**
Consideration received	181,496
Net gain on disposal	**95,754**
Cashflow from discontinued operations	
Net cash flows from operating activities	7,455
Net cash flows used in investing activities	(10,824)
Net cash flows from financing activities	3,369
Net cash flows	**-**

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

4 Non-operating income

	2023 $'000	2022 $'000
Impairment losses recovered	5	14
(Decrease)/increase in fair value of investment property	(289)	3,870
Gain on sale of investments	921	2,753
Total non-operating income	**637**	**6,637**

5 Non-operating expenditure

	2023 $'000	2022 $'000
Gain/(loss) on sale of property, plant and equipment	1,827	814
Total non-operating expenditure	**1,827**	**814**

6 Taxation

	2023 $'000	2022 $'000
Income tax expense		
Current tax expense		
Current period	4,558	3,015
Adjustment for prior periods	25	845
Total current tax expense	**4,583**	**3,860**
Deferred tax expense		
Temporary differences for the year	(1,590)	703
Adjustment for prior periods	(477)	(711)
Total deferred tax	**(2,067)**	**(8)**
Total income tax expense	**2,516**	**3,852**

A reconciliation of income tax expense to the statutory income tax rate, is as follows:

	2023 $'000	%	2022 $'000	%
Accounting profit before income tax	**(10,342)**		**7,342**	
At the statutory income tax rate of 33%	3,413	(33.0%)	(2,423)	(33.0%)
Group eliminations	(5,647)	54.6%	(379)	(5.2%)
Adjustments in respect of current income tax of previous years	439	(4.2%)	(86)	(1.2%)
Discontinued operations	-	0.0%	(1,357)	(18.5%)
Allocated to beneficiaries	203	(2.0%)	205	2.8%
Non-deductible expenses	(1,480)	14.3%	(1,321)	(18.0%)
Share of loss of associate	494	4.8%	(495)	(6.7%)
Non-assessable gains and PIE income	62	(0.6%)	2,004	27.3%
	(2,516)	**24.3%**	**(3,852)**	**(52.5%)**

Note: The Trust tax rate is 33% and subsidiary companies tax rates are 28%. The Trust Group statutory tax rate is calculated at 33% with differences in subsidiary tax calculations eliminated. There is no legal right to offset the Trust tax refund with the tax payable within subsidiary companies.

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

DEFERRED TAX ASSETS AND LIABILITIES

	2023					
	Property, plant and equipment $'000	**Provisions and accruals $'000**	**Investment property $'000**	**Hedge reserve $'000**	**Other $'000**	**Total $'000**
Balance at beginning of the period	**(85,307)**	**1,572**	**(634)**	**2,528**	**1,677**	**(80,164)**
Amounts recognised in the statement of financial performance:						
Relating to the current period	(267)	(194)	317	-	1,734	**1,590**
Prior period adjustments recognised in the current period	(774)	80	-	-	1,171	**477**
Discontinued operations	24,558	(84)	-	-	-	**24,474**
Amounts recognised directly in other comprehensive income	(5,734)	-	-	2,465	-	**(3,269)**
Net deferred tax liabilities	**(67,524)**	**1,374**	**(317)**	**4,993**	**4,582**	**(56,892)**

	2022					
	Property, plant and equipment $'000	**Provisions and accruals $'000**	**Investment property $'000**	**Hedge reserve $'000**	**Other $'000**	**Total $'000**
Balance at beginning of the period	**(84,153)**	**1,047**	**(556)**	**9,943**	**931**	**(72,788)**
Amounts recognised in the statement of financial performance:						
Relating to the current period	(1,430)	29	(78)	-	746	**(733)**
Prior period adjustments recognised in the current period	428	496	-	-	-	**924**
Amounts recognised directly in other comprehensive income	(152)	-	-	(7,415)	-	**(7,567)**
Net deferred tax liabilities	**(85,307)**	**1,572**	**(634)**	**2,528**	**1,677**	**(80,164)**

Group deferred tax net liability

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Certain subsidiary entities have tax losses carrying forward. These total $16.6 million and will be used in the ordinary course of business or through subvention payments with other subsidiaries. The deferred tax asset of $4.6 million is recorded within the other category of deferred tax.

Ⓟ **Tax Policy**

Income tax expense is made up of current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Revenue and Expense except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Trust has certain investments made through Portfolio Investment Entities and are excluded income for income tax purposes.

Deferred tax is recognised using the balance sheet method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.
- Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

7 Property, plant and equipment

2023

	Land and buildings	Electricity distribution equipment	Electricity generation equipment	Other assets at cost	Wharves walls and surfaces	Floating plant	Other plant and equipment	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 April 2022, Cost or fair value	82,086	181,952	247,105	84,520	166,581	17,106	45,176	57,461	881,987
Additions	9,833	16,787	2,653	1,708	4,860	15,147	14,292	40,810	106,090
Disposals	(1,556)	(136)	(1,410)	(47)	(74)	(15,180)	(992)	-	(19,395)
Impairment	(63)	-	-	(2,638)	-	-	(1,031)	-	(3,732)
Sale of subsidiary	(15,283)	(198,603)	-	(3)	-	-	(6,490)	(355)	(220,734)
Revaluation	-	-	11,326	-	-	-	-	-	11,326
Transfers	(4,657)	-	652	19	-	-	979	-	(3,007)
As at 31 March 2023, Cost or fair value	**70,360**	**-**	**260,326**	**83,559**	**171,367**	**17,073**	**51,934**	**97,916**	**752,535**
Accumulated depreciation as at 1 April 2022	2,139	25,212	13,865	21,825	6,022	6,720	17,548	-	93,331
Depreciation charge for the year	1,404	-	8,942	5,140	5,240	1,051	2,584	-	24,361
Disposals	-	(136)	(76)	(45)	(74)	(6,286)	(873)	-	(7,490)
Revaluation	(34)	-	(9,357)	-	-	-	-	-	(9,391)
Impairment	-	-	-	(102)	-	-	(493)	-	(595)
Sale of subsidiary	(1,253)	(25,076)	-	(3)	-	-	(2,763)	-	(29,095)
Transfers	(568)	-	7	3	-	-	(441)	-	(999)
As at 31 March 2023, accumulated depreciation	**1,688**	**-**	**13,381**	**26,818**	**11,188**	**1,485**	**15,562**	**-**	**70,122**
As at 31 March 2023, net of accumulated depreciation	**68,672**	**-**	**246,945**	**56,741**	**160,179**	**15,588**	**36,372**	**97,916**	**682,413**

2022

	Land and buildings	Electricity distribution equipment	Electricity generation equipment	Other assets at cost	Wharves walls and surfaces	Floating plant	Other plant and equipment	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 April 2021, Cost or fair value	79,518	172,347	170,727	84,188	164,128	18,699	32,231	20,493	742,331
Additions	2,837	7,987	78,324	441	2,453	47	12,996	36,968	142,053
Disposals	(2,046)	(328)	-	-	-	(1,640)	(441)	-	(4,455)
Revaluation	1,813	-	-	-	-	-	-	-	1,813
Transfers	(36)	1,946	(1,946)	(109)	-	-	390	-	245
As at 31 March 2022, Cost or fair value	**82,086**	**181,952**	**247,105**	**84,520**	**166,581**	**17,106**	**45,176**	**57,461**	**881,987**
Accumulated depreciation as at 1 April 2021	1,096	18,696	6,471	16,603	923	7,045	14,810	-	65,644
Depreciation charge for the year	1,522	6,123	8,234	5,025	5,099	878	2,791	-	29,672
Disposals	-	(57)	-	-	-	(1,203)	(283)	-	(1,543)
Revaluation	(442)	-	-	-	-	-		-	(442)
Transfers	(37)	450	(840)	197	-	-	230	-	-
As at 31 March 2022, accumulated depreciation	**2,139**	**25,212**	**13,865**	**21,825**	**6,022**	**6,720**	**17,548**	**-**	**93,331**
As at 31 March 2022, net of accumulated depreciation	**79,947**	**156,740**	**233,240**	**62,695**	**160,559**	**10,386**	**27,628**	**57,461**	**788,656**

There are no restrictions on title, and property, plant and equipment pledged as security for liabilities.

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Other assets at cost include airport assets, geothermal wells and other land and leasehold improvements. These assets are not revalued. For presentation purposes these separate assets classes have been combined. The current year value includes geothermal well costs of $35.1 million, airport asset costs of $12.3 million, and other leasehold improvements of $9.3 million (2022: $54.8 million total).

In the year to 31 March 2023 $2.71 million (2022: $0.7 million) of interest has been capitalised. The weighted average capitalisation rate on funds borrowed was 5.87% (2022: 4.22%).

Ⓟ Land and buildings, electricity distribution, electricity generation equipment (excluding wells) and wharves, walls and surfaces are recognised at cost and are subsequently stated at revalued amounts, less any subsequent accumulated depreciation and impairment losses. Land and buildings, electricity distribution, electricity generation equipment (excluding wells) and walls wharves and surfaces are revalued with sufficient regularity to ensure that the carrying amount of these items does not significantly differ from that which would be determined using fair value at the date of the financial statements. The directors review the assumptions annually to ensure that fair value is fairly stated for these assets.

Property, plant and equipment is revalued on a cyclical basis. Valuations are performed by registered valuers. For electricity distribution and electricity generation equipment assets and wharves, walls and surfaces, revaluations are carried out on a cyclical basis not exceeding five years, by independent valuers. Land and buildings revaluations are carried out on a cyclical basis not exceeding three years.

Any movement on revaluation is reflected through equity reserves for that class of asset unless there is insufficient reserve in which case that would flow through to the Statement of Financial Performance.

All other plant and equipment including geothermal wells is valued at historical cost.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items or components of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in 'other income' or 'other administrative expenses', depending on whether there is a gain or a loss respectively. When revalued assets are sold, the amounts included in the equity reserve are transferred to retained earnings and recognised through other comprehensive income.

Government Grants received for the construction or purchase of an asset are deducted from the asset value recognised.

Land and buildings, electricity distribution, electricity generation equipment (excluding wells) and wharves, walls and surfaces are recognised at cost and are subsequently stated at revalued amounts, less any subsequent accumulated depreciation and impairment losses. Land and buildings, electricity distribution, electricity generation equipment (excluding wells) and walls wharves and surfaces are revalued with sufficient regularity to ensure that the carrying amount of these items does not significantly differ from that which would be determined using fair value at the date of the financial statements. The directors review the assumptions annually to ensure that fair value is fairly stated

for these assets.

Property, plant and equipment is revalued on a cyclical basis. Valuations are performed by registered valuers. For electricity distribution and electricity generation equipment assets and wharves, walls and surfaces, revaluations are carried out on a cyclical basis not exceeding five years, by independent valuers. Land and buildings revaluations are carried out on a cyclical basis not exceeding three years.

Any movement on revaluation is reflected through equity reserves for that class of asset unless there is insufficient reserve in which case that would flow through to the Statement of Financial Performance.

All other plant and equipment including geothermal wells is valued at historical cost.

Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to geothermal sites is accounted for in accordance with the area of interest method. The cost of drilling wells on an established geothermal field are capitalised on the basis that it is expected the expenditure will be recovered through future energy sales, or alternatively, by sale of the assets. Depreciation commences once the wells are put into productive use.

All exploration and evaluation costs, including directly attributable overheads, general permit activity, resource consents, geological testing, geophysical testing and drilling are initially capitalised as work in progress, pending the determination of the success of the area. Costs are expensed where the area of interest does not result in a successful discovery.

Exploration and evaluation expenditure is partially or fully capitalised where either:

- the expenditure is expected to be recovered through the successful development and exploration of the area of interest (or alternatively by its sale); or
- the exploration and evaluation activities in the area of interest have not, at the end of each reporting period, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised costs are reviewed at the end of each reporting period to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of the capitalised costs. Exploration and evaluation expenditure is impaired in the Statement of Financial Performance under the successful efforts method of accounting in the period that exploration work demonstrates that an area of interest is no longer prospective for economically recoverable reserves or when the decision to abandon an area of interest is made.

Land access rights for exploration activities are amortised over the life of the right.

Ⓔ ***i. Classification of expenditure in relation to property, plant and equipment***

On initial recognition of items of property, plant and equipment, judgments must be made about whether costs incurred relate to bringing the items to working condition for their intended use, and therefore are appropriate for capitalisation as part of the cost of the item, or whether they should be expensed as incurred. As required by PBE IPSAS 17, Property, Plant and Equipment, judgment must be exercised to assess the amount of overhead costs which can be reasonably directly attributed to the construction or acquisition of items of property, plant and equipment. For example, employee costs arising directly from such activities are capitalised within the initial cost of property, plant and equipment. Thereafter, judgment is also required to assess whether subsequent expenditure increases the future economic benefits to be obtained from that asset and is therefore also appropriate for capitalisation or whether such expenditure should be treated as maintenance and expensed.

ii. **Valuation and impairment of property, plant and equipment**

Management must also consider whether any indicators of impairment have occurred which might require impairment testing of the current carrying values of property, plant and equipment. Assessing whether individual assets or a grouping of related assets (which generate cash flows co-dependently) are impaired may involve estimating the future cash flows that those assets are expected to generate. This will in turn involve assumptions, including rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate (Weighted average cost of capital – WACC) for discounting future cash flows. The standard assumptions across all valuations are inflation of 2% and a tax rate of 28%.

Revaluations

i. Land and buildings

Port land and buildings were revalued on 31 March 2021 (total fair value of $51.9 million) by an independent valuer; Telfer Young. The method of valuation was market-based for non-specialised land assets. The values ranged from $36m^2 - $364m^2 in the port location and $21m^2 for rural storage sites. For other buildings a comparison was made of contract income to capitalised market yield rates. The range was from $115m^2 - $3,305m^2. The per square metre rates were affected by building size and locational factors. The net book value at 31 March 2023 was $48.7 million. The net book value of port land and buildings, which includes the current book value of $1.4 million of port related land and buildings revalued as part of the infrastructure valuation in *iv* below, is $50.1 million. (2022: $53.0 million).

Network operational land and buildings were valued on 31 March 2022 (total fair value of $8.1 million) by an independent valuer; Telfer Young. The method of valuation was the market approach. The methods used were direct comparison, income based, capitalisation and the capitalisation rate or yield.

Network distribution land and buildings were valued at $7.3 million as part of the distribution asset valuation in 2018. The net book value at 31 March 2022 for operational and electricity distribution land and buildings was $15.7 million (2021: $12.6 million).

These network buildings have been sold on 31 March 2023 and do not form part of the Group property, plant and equipment.

Generation operational land and buildings located at Waihi Dam, were valued on 31 March 2022 (total fair value of $0.3 million) by an independent valuer; Telfer Young. The method of valuation was the market approach. The methods used were direct comparison, income based, capitalisation and the capitalisation rate or yield.

These asset classes are combined for presentation purposes.

Eastland Development Fund Limited's Commerce Place property, held for economic development, was valued on 6 March 2021 (total fair value of $6.4 million) by an independent valuer; Lewis Wright

Valuation and Consultancy Limited. The approaches used were the Income Approach, consisting of the Discounted Cash Flow and the capitalisation of the market rental methods, based on the properties' highest and best use and the Market Approach, which comprises a direct comparison with comparable sales based on the properties' highest and best use.

Prime SPV Limited's Dunstan Road property, excluding the operating sawmill land and buildings, held for economic development, was valued on 4 March 2021 (total fair value of $3.95 million) by an independent valuer; TelferYoung (Hawkes Bay) Limited. The approaches used were the Income Approach, consisting of the Discounted Cash Flow and the capitalisation of the market rental methods, based on the properties' highest and best use and the Market Approach, which comprises a direct comparison with comparable sales based on the properties' highest and best use.

These asset classes are combined for presentation purposes.

ii. Electricity distribution equipment

These assets have been sold on 31 March 2023 and do not form part of the Group property, plant and equipment. Please refer to the discontinued operations note and significant transactions for further detail.

iii. Electricity generation equipment

Geothermal plants owned by Group were assessed for fair value purposes at year end 31 March 2023 by independent valuer PwC. The valuation utilised a discounted cash flow approach using assumptions as set out below for each plant.

The geothermal plant, owned by Te Ahi o Maui Limited Partnership, had a carrying value and fair value at 31 March 2023 of $134.2 million (2022: $138.6 million). The following assumptions were used:.

- Net output of 201.5 GWh
- PwC price path
- Capital expenditure was derived from the plant's asset management plan, with two new re-injection wells expected to be drilled in 2029.

A nominal post-tax discount rate (WACC) of 7.9% (2022: 7.9%) which was reflective of the return an investor in this asset would expect to receive on private generation projects.

The geothermal plant, owned by Geothermal Developments Limited was revalued at 31 March 2023 by independent valuer PwC at a value of $31.5 million (2022: $17.6 million). The following assumptions were used:

- Net output 72.50GWh
- PwC price path
- Capital expenditure was derived from the plant's asset management plan, with a feedpump and safety systems upgrade in 2024 a new re-injection well expected to be drilled in 2028.
- A nominal post-tax discount rate (WACC) of 7.9% (2022: 7.9%) which was reflective of the return an investor in this asset would expect to receive on private generation projects.
- The terminal value was based on free cash flow at 2043 with the valuation tested at terminal value

growth rates of 3%.

The geothermal plant owned by Eastland Tarawera One Limited was revalued at 31 March 2023 by independent valuer PwC at $86.8 million (2022: $77.9 million) using the following assumptions:

- Net output 197.9 GWh
- PwC price path
- A nominal post-tax discount rate (WACC) of 7.9% which is reflective of the expectation an investor would expect to receive on private generation projects.
- Capital expenditure on a plant refurbishment in 2036.
- The terminal value was based on free cash flow at 2043 with the valuation tested at terminal value growth rates of 3.0%.

The Waihi Hydroelectric Scheme, owned by Eastland Generation Limited, was valued by an independent valuer; PwC using a discounted cashflow approach. The carrying value and fair value at 31 March 2023 was $1.0 million using the following assumptions:

- Outputs were based on an average plant availability of 25.5% of capacity resulting in an average production of 1085 MWh.
- PwC price path
- A nominal post-tax discount rate (WACC) of 7.9% (2022: 6.8%) which is reflective of the expectation an investor would expect to receive on private generation projects.

The restoration provision has been amortised to account for interest from its initial value of $1.6 million to $1.9 million.

iv. Wharves, walls and surfaces

The port wharves, walls and surfaces, land and buildings and other plant and equipment were revalued on 31 March 2021 (total fair value $168.4 million) by independent valuers, WSP New Zealand Limited. The net book value at 31 March 2023 was $160.2 million (excluding land and buildings) (2022: $160.6 million). The method of valuation was optimised depreciated replacement cost ("ODRC") which was supported by a discounted cash flow valuation. The key assumptions for these valuations were:

ODRC:

- Unit rates for specific asset types using best available data
- Capitalisation allowances for on-costs aligned with discounted cashflow valuation
- Asset lives and residual values reassessed

Discounted cash flow:

- Revenues were based on management's best estimate of cargo volumes (predominantly logs) over the years to 2036 with these estimates supported in the case of log exports by external reports and customer forecasts of likely log volumes
- Port charges for all log cargos increase from 1 April 2027 to support the capital expenditure programme
- Capital expenditures include both maintenance and growth capital expenditure to support the estimated volumes
- The post-tax discount rate (WACC) of 7.10% was used

- The terminal value was estimated using the ODRC asset values as at 31 March 2036 as a capitalised earnings approach was not used.

The following table identifies the key assumptions that have the most impact on the valuation and the effect a change in the assumption would have on fair value.

Valuation technique	Fair value measurement sensitivity to significant unobservable input	Valuations affected by input change
Discounted cash flow model		
Price path	An estimated 1% change in price path would result in a material increase in the fair value.	Generation equipment
Weighted Average Cost of Capital ("WACC")	An estimated 1% multiplicative change in WACC would result in a material change in the fair value.	Generation equipment, Distribution equipment
Plant outputs/Revenue	An estimated 1% change in output or revenue would result in a material increase in the fair value.	Generation equipment, Distribution equipment
Optimised Depreciated replacement cost		
Cost of construction	An estimated 1% change in construction costs would result in a material change in the fair value.	Wharves, Walls and surfaces
Market capitalisation		
Gross market rent	An estimated 10% change in rent received would result in a material change in the fair value.	Land & Buildings
Market capitalisation rate	An estimated 1% change in market capitalisation rate would result in a material change in the fair value.	Land & Buildings
Direct sales comparison		
Rate per square metre	An estimated 10% change in rate per square metre would result in a material change in the fair value.	Land & Buildings

	2023 $'000	2022 $'000
Depreciation		
Depreciation of property, plant and equipment	24,361	29,672

Ⓟ Depreciation is recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis considering the estimated useful life of each part of an item of property, plant and equipment and its residual value. Land is not depreciated.

The estimated useful lives for significant classes of assets for the current and comparative periods are as follows:

Buildings	40-50 years
Electricity distribution equipment	10-70 years
Assets at cost:	
Wells	15 years
Airport assets and other improvements	5-50 years
Electricity generation equipment	10-50 years
Other plant and equipment:	
Plant and equipment	3-20 years
Motor vehicles	5-10 years
Wharves, walls and surfaces	3-100 years
Floating plant	2-25 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Commitments

As at 31 March 2023, the Trust Group had total capital commitments payable within the next 12 months of $24.8 million (2022: $68.1 million).

The commitments comprise:

- A capital commitment of $9 million has been made to build an edger optimiser on the Prime SPV Ltd wood cluster center of excellence. This will be funded by way of a loan from the Provincial Growth Fund of $4.5 million and $4.5 million from Kiwi Lumber. To date $4.5 million has been spent on the project and the balance of $4.5 million is expected to be incurred over the next twelve months.
- A capital commitment of $1.7 million was also made to construct a new dry shed at the Prime wood cluster site. To date $0.2 million has been spent on the project and the balance of $1.5 million is expected to be incurred over the next twelve months.
- Eastland Group had total capital commitments payable within the next 12 months of $18.8 million (2022: $60.1 million). These commitments are mostly in relation to the port specifically Wharf 7 contracts, the inner breakwater, tug payments and the solar plant project.

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

8 Investment properties

	2023 $'000	2022 $'000
Opening balance at 1 April	34,750	29,891
Additions	681	704
Disposals	(786)	-
Transfers (from)/to operational property	2,009	(245)
Fair value adjustment	(290)	4,400
Sale of subsidiary	(540)	-
Closing balance at 31 March	**35,824**	**34,750**

Investment properties include parcels of land and buildings strategically located at Eastland Port, Inner Harbour, Gisborne Airport and various other locations in Gisborne.

They are measured at fair value, based on an annual valuation by an independent valuer; Telfer Young. These valuations were completed at 31 March 2023. The valuations comply with approved/accepted valuation standards.

The fair value is based on a discounted cashflow model using expected market rentals for the highest and best use of the property. An analysis of current property sales is also assessed in determining the value. The investment property that has been revalued is categorised as level 3 in the fair value hierarchy. There have been no transfers between levels and no change to valuation techniques in the current year.

Ⓟ Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change recognised in the Statement of Comprehensive Revenue and Expense within administrative expenses or other income and disclosed separately in the financial statements.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

When the use of a property changes from owner-occupied to investment property, the property is revalued to fair value and reclassified as investment property. Any gain arising on revaluation is recognised directly in equity. Any loss is recognised immediately in the Statement of Comprehensive Revenue and Expense.

9 Intangible assets

	2023 $'000	2022 $'000
Geothermal development rights	8,776	8,887
Vended assets	3,671	3,348
Resource consents	2,182	2,297
Goodwill	710	710
Access rights	-	1,361
Software	4,206	5,417
Carbon credits	3,013	2,916
Other	334	381
	22,892	**25,317**
Current	1,562	1,145
Non-current	21,330	24,172
	22,892	**25,317**

The intangible asset groups shown above are amortised over their assessed lives. The goodwill relating to the weighbridge and Inner Harbour Marina however is not amortised, but is reviewed for impairment on an annual basis.

The amortisation charge relating to resource consents, access rights and other intangible assets for the year was $793,892 (2022: $765,210).

During the year software intangibles were impaired and disposed of relating to the sale of the network subsidiary and Trust Tairawhiti SAP related costs of $918,000 as these components were no longer required for Eastland Group.

Carbon emission units are purchased to offset our emissions under the New Zealand Emissions Trading Scheme (ETS). They are classified as current assets when they will be used to offset our ETS obligations at balance date or obligations expected to be incurred within one year of balance date.

The units are held at cost on the grounds that it's not the Group's intention to dispose of them other than in settlement of its ETS liabilities.

10 Trade and other receivables

	2023 $'000	2022 $'000
Exchange trade and other receivables		
Trade receivables	9,968	14,292
GST receivable	1,717	76
Other receivables	8,585	22,195
Total trade and other receivables	**20,270**	**36,563**

Trade receivables are stated net of expected credit loss of $2,544 (2022: $32,369). The Group has recognised a loss allowance of 100% against all receivables over three months past due because historical experience has indicated that these receivables are generally not recoverable. The group assesses credit risk and recognises credit losses on recognition of a receivable and when a loss is probable. No expected credit losses have been recognised on related party receivables. There has been no change in the estimation techniques or significant assumptions during the current reporting period.

	2023 $'000	2022 $'000
Non-exchange other receivables		
Other receivables	1,637	1,181
Total non-exchange other receivables	**1,637**	**1,181**

11 Other Investments and receivables

Determination of fair value

The fair value of available-for-sale financial assets held by the Trust Group entities is based on broker quotes provided by the entities' investment advisors.

	2023 $'000	2022 $'000
Fixed interest financial instruments	10,033	12,072
Listed equities	28,962	30,100
Other investments	-	4,139
Total other investments and receivables	**38,995**	**46,311**
Split between:		
Current asset	2,884	2,272
Non-current asset	36,111	44,039
Total other investments and receivables	**38,995**	**46,311**

Investments into fixed interest financial instruments and listed equities are made through an investment manager.

Other investments are made up of shares and convertible notes held in Flick Energy Limited. The convertible notes were converted to shares during the year and the shares were sold in December 2022.

12 Payables and accruals

	2023 $'000	2022 $'000
Exchange payables and accruals		
Trade payables	8,755	7,532
Sawmill operator payable	3,937	2,018
Non-trade payables and accrued expenses	5,214	10,687
Interest payable	1,142	826
GST payable	-	-
Total exchange payables and accruals	**19,048**	**21,063**
Non-exchange payables and accruals		
Distribution and grants payables	5,487	5,070
Total non-exchange payables and accruals	**5,487**	**5,070**
Total payables and accruals	**24,535**	**26,133**

Trade and other payables generally have terms of 30 days and are interest free. The carrying amount of trade and other payables approximates fair value because the amounts due will be settled within 12 months and are interest free.

Sawmill operator payable relates to income received for an operator management fee which is to be used for sawmill upgrades and the net payable for sawmill operations.

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

13 Investment in subsidiaries

Trust Tairawhiti is the 100% owner of Eastland Group Limited, which is governed by an independent Board of Directors. Eastland Group activities primarily comprise strategic asset intensive businesses crucial to the Gisborne district's economy focused on energy (lines network and power generation), and logistics (Port and airport management). Eastland Group Limited along with its subsidiaries, noted below, are all incorporated in New Zealand.

Subsidiary	Parent	Business	Country of Incorporation	Ownership Interest (%)	
				2023	**2022**
Eastland Network Limited	Eastland Group Limited	Electrical distribution	New Zealand	0%	100%
Gisborne Airport Limited	Eastland Group Limited	Airport services	New Zealand	100%	100%
Eastland Energy Solutions Limited	Eastland Group Limited	Energy solutions	New Zealand	100%	100%
Eastland Generation Limited	Eastland Group Limited	Electrical generation	New Zealand	100%	100%
Eastland Port Limited	Eastland Group Limited	Port services	New Zealand	100%	100%
Eastland Investment Properties Limited	Eastland Group Limited	Investment property	New Zealand	100%	100%
Eastland Port Debarking Limited	Eastland Port Limited	Debarker services	New Zealand	100%	100%
Northland Debarking Limited	Eastland Port Debarking Limited	Debarker services	New Zealand	100%	100%
Inner Harbour Marina Limited	Eastland Investment Properties Limited	Harbour services	New Zealand	100%	100%
Geothermal Developments Limited	Eastland Generation Limited	Geothermal generation	New Zealand	100%	100%
Eastland Tarawera One Limited	Eastland Generation Limited	Geothermal Generation	New Zealand	100%	100%
Eastland Tarawera Two Limited	Eastland Generation Limited	Geothermal Generation	New Zealand	100%	100%
Te Ahi O Maui Limited Partnership	Eastland Generation Limited	Geothermal generation	New Zealand	94%	94%
Te Ahi O Maui General Partnership Limited	Eastland Generation Limited	Geothermal generation	New Zealand	94%	94%
ROOPU Whakarite Mahi Limited Partnership	Eastland Generation Limited	Geothermal Generation	New Zealand	85%	85%
Te Turapa Wai Ariki Limited	Eastland Generation Limited	Geothermal Generation	New Zealand	85%	85%

Trust Tairawhiti is committed to supporting new investment initiatives outside Eastland Group Limited where the projects are aligned to delivering employment outcomes within the He Tohu Ora Wellbeing Framework. These investments are held in the following 100% owned subsidiaries, which are incorporated in New Zealand.

Subsidiary	Parent	Business	Country of Incorporation	Ownership Interest (%)	
				2023	**2022**
Eastland Development Fund Limited	Trust Tairawhiti	Economic development investment company	New Zealand	100%	100%
Prime SPV Limited	Trust Tairawhiti	Economic development investment company	New Zealand	100%	100%
Trust Tairawhiti Limited	Trust Tairawhiti	Economic development operations	New Zealand	100%	100%

There are no restrictions in place on the ability of subsidiaries to transfer funds to their parent in the form of cash dividends or to repay loans or advances. See Note 26 for transactions from the Trust to subsidiary entities.

Ⓟ ***Subsidiaries***

Subsidiaries are entities controlled, directly or indirectly by the Trust Group. The financial statements of subsidiaries are included in the consolidated financial statements using the acquisition method of consolidation.

Acquisition or disposal during the period

Where a business becomes or ceases to be a part of the Trust Group during the period, the results of the business are included in the consolidated results from the date that control or significant influence commenced until the date that control or significant influence ceased. Where a business is acquired all identifiable assets, liabilities and contingent liabilities are recognised at their fair value at acquisition date. The fair value does not take into consideration any future intentions by the Trust Group.

Goodwill arising on obtaining control of a subsidiary

Where an acquisition results in obtaining control of a subsidiary for the first time, the carrying amount of any previous non-controlling interest held by the Trust Group is first re-measured to fair value and the difference between the carrying amount and the re-measured fair value is recognised in the Statement of Comprehensive Revenue and Expense. Goodwill is then calculated as the sum of the fair value of the consideration paid, the re-measured fair value of the non-controlling interest previously held by the acquirer and the recognised amount of any remaining non-controlling interest in the acquiree held by third parties less the fair value of the total identifiable assets and liabilities of the acquiree at the date of the acquisition.

If the fair value of the total identifiable assets and liabilities acquired exceeds the sum of the fair value of the consideration paid, the re-measured fair value of the non-controlling interest previously held by the acquirer and the recognised amount of any remaining non-controlling interest in the acquiree held by third parties, then a gain representing a bargain purchase is recognised in the Statement of Comprehensive Revenue and Expense.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded as equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Transactions eliminated on consolidation

Intra-group advances are repayable on demand and eliminated on consolidation. Any interest income and interest expense incurred on these advances is eliminated in the Statement of Comprehensive Revenue and Expense on consolidation.

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

14 Investment in associate

The Trust Group has one associate, Flick Energy Limited, which is incorporated in New Zealand.

Details of the investment at the end of the reporting period is as follows:

Name of investment	Principal activity	Incorporation	Proportion of ownership interest and voting rights held by the Group	
			2023	**2022**
Flick Energy Limited	Retail electricity provider	New Zealand	0%	20.63%

Effective 31 March 2022, the investment in Flick Energy Limited was reclassified from an investment in associate to a finance asset. The summarised financial information in respect of the investment is set out below:

	2023 $'000	2022 $'000
Share of:		
Gain from continuing operations	-	3,252
Derecognition of OCI reserve to profit and loss	-	959
Impairment of investment	-	(5,979)
Net profit and loss	-	(1,768)
Other comprehensive income	-	(3,694)
Derecognition of OCI reserve to profit and loss	-	(959)
Share of (loss) in associate	**-**	**(6,421)**
Reconciliation of the interest in the associate recognised in the consolidated financial statements:		
Opening balance	-	9,773
Share of change in net assets (share of gain/(loss) in associate) at 20.63%	-	3,252
Share of associate - other comprehensive income	-	(3,694)
Closing interest in associate	-	9,331
Impairment of investment	-	(5,979)
Disposal of investment	-	(3,351)

Ⓟ ***Associates***

An associate is where the Trust Group has significant influence over an investment that is neither a controlled entity nor an interest in a joint venture.

Associates are accounted for using the equity method of consolidation. Under the equity method of accounting, interests in associates are initially recognised at cost and adjusted thereafter to recognise the Trust Group share of the surplus or deficit of the investment.

15 Investment in joint venture

Details of investment in joint ventures at the end of the reporting period are as follows:

Name of Joint Venture	Principal activity	Place of Incorporation	Proportion of ownership interest and voting rights held by the Group	
			2023	**2022**
Eastland Debarking Limited	Debarking and anti-sap treatment of export logs stored at the port in Gisborne	New Zealand	50%	50%
WET Gisborne Limited (WGL)	Wood engineering processing - 50,000 cubic meter plant	New Zealand	24.42%	40.07%

Eastland Debarking is a joint venture accounted for using the equity method with the other 50% share of the joint venture being held by East Coast Forests Limited.

WET Gisborne is a wood processing business accounted for using the equity method with the other joint venture partner being Wood Engineering Technology Limited. The investment is part of the wood cluster investments to create employment opportunities for beneficiaries. The investment has not been equity accounted as the carrying value is nil and no further investment into share capital is expected to be made.

The summarised financial information in respect of the Trust Group's interest in joint ventures is set out below:

	2023 $'000	2022 $'000
Trust Group's share through comprehensive revenue		
Profit from continuing operations (Eastland Debarking)	320	521
Group eliminations	74	91
Share of profit of joint ventures	**394**	**612**
Net assets of the joint venture	1,925	1,876
Proportion of the Group's ownership interest in the joint venture(s)	50%	50%
Carrying amount of the interest in the joint venture(s)	**963**	**938**

Significant restrictions

There are no significant restrictions on the ability of the joint venture to transfer funds to the Group in the form of profit sharing.

Commitments

As at 31 March, total capital expenditure committed but not yet incurred was $Nil (2022: $Nil).

Contingent liabilities

As at 31 March, total contingent liabilities were $Nil (2022: $Nil).

Impairment

No assets employed in the jointly controlled operations were impaired during the year.

Ⓟ ***Joint Ventures***

Joint ventures are contractual arrangements with other parties which establish joint control for each of the parties over the related operations, assets or entity. The Trust Group is jointly and severally liable in respect of costs and liabilities, and shares in any resulting profit/(loss) or output.

Joint ventures are accounted for through inclusion of the Trust Group 's share of the joint venture's operations in the financial statements, using the equity method of consolidation. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the share of the post-acquisition profits or losses and movements in the Statement of Comprehensive Revenue and Expense. Where the share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the net investment in the joint venture), the Trust Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the Trust Group and its joint ventures are eliminated to the extent of the interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Trust Group.

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

16 Loans

Borrowings are held by Eastland Group Limited, Prime SPV Limited and Roopu Whakarite Mahi Limited partnership.

	2023 $'000	2022 $'000
Total borrowings		
Eastland Group Limited	217,000	348,000
Prime SPV Limited	20,088	16,868
Roopu Whakarite Mahi Limited Partnership	12,288	11,900
Total borrowings	**249,376**	**376,768**

	2023 $'000	2022 $'000
Bank borrowings through Eastland Group:		
The borrowings are repayable as follows:		
From one to two years	-	213,000
Within two to five years	217,000	135,000
	217,000	**348,000**
Classified as follows:		
Non-current liabilities	217,000	348,000
	217,000	**348,000**

	Drawn $'000	Undrawn $'000
As at 31 March 2023		
Facility A - Tranche A - maturing 1 April 2023	36,440	14,694
Facility A - Tranche C - maturing 1 April 2023	44,720	18,213
Facility A - Tranche E2 - maturing 1 April 2026	43,080	6,920
Facility A - Tranche F - maturing 1 April 2026	33,120	20,213
Facility A - Tranche G - maturing 1 April 2027	59,640	22,960
	217,000	**83,000**
As at 31 March 2022		
Facility A - Tranche A - maturing 1 April 2023	180,000	-
Facility A - Tranche C - maturing 1 April 2023	33,000	17,000
Facility A - Tranche E1 - maturing 1 April 2024	-	45,000
Facility A - Tranche E2 - maturing 1 April 2026	75,000	-
Facility A - Tranche F - maturing 1 April 2026	60,000	20,000
	348,000	**82,000**

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Eastland Group Limited has arranged bank funding from the ANZ, ASB, BNZ and ICBC Banks ("Syndicate") on behalf of Eastland Group and its subsidiaries. As at 31 March 2023 there were total bank facilities of NZD $300 million (2022: $430 million) which are unsecured and subject to a Deed of Negative Pledge. The borrowings are in the name of Eastland Group Limited. The guaranteeing subsidiaries of the Eastland Group debt held by the Parent entity are as follows:

Eastland Port Limited	Eastland Port Debarking Limited
Northland Debarking Limited	Inner Harbour Marina Limited
Eastland Generation Limited	Gisborne Airport Limited
Eastland Investment Properties Limited	Geothermal Developments Limited
Eastland Tarawera One Limited	Te Ahi o Maui Limited Partnership
Roopu Whakarite Mahi Limited Partnership	Eastland Tarawera Two Limited

These borrowings are rolled over at 90 day intervals spread throughout the year. The interest rate on these borrowings is the BKBM rate at the rollover date plus a margin of 1.14% to 1.66% (2022: 1.14% to 1.43%). As at 31 March 2023, the BKBM rates on borrowings range from 4.84% to 5.275% (2022: 1.02% to 1.655%). Facilities with the Syndicate have expiry dates of:

1 April 2026 Tranche A ($51.2 million)

1 April 2025 Tranche C ($62.9 million)

1 April 2026 Tranche E2 ($50 million)

1 April 2025 Tranche F ($53.3 million)

1 April 2027 Tranche G ($82.6 million)

Covenant settings were amended during the period with effect from 29 September 2022. The changes were in relation to the Debt Cover Ratio and the Gearing Ratio. All other covenants remained unchanged.

	30 September 2022	31 December 2022	31 March 2023
Debt cover ratio	Limit waived	increase to 700%	Reduced to 575%
Gearing ratio	-	-	Reduced to 55%

	2023 $'000	2022 $'000
Borrowings through Prime SPV Limited:		
Provincial Growth Fund Loans		
Sawmill update project stage 1 - MBIE	12,250	12,100
Sawmill update project stage 2 - MBIE	2,250	-
Woodcluster Heat Plant Project - MBIE	5,588	4,768
	20,088	**16,868**

As at 31 March 2023	**Drawn $'000**	**Undrawn $'000**
Ministry of Business, Innovation and Employment	20,088	2,250
	20,088	**2,250**

As at 31 March 2022	**$'000**	**$'000**
Ministry of Business, Innovation and Employment	16,868	-
	16,868	**-**

Prime SPV Limited has arranged provincial growth funding from the Ministry of Business, Innovation and Employment (MBIE) for the sawmill upgrades and wood cluster heat plant. These loans are secured over Prime SPV Limited's assets and undertakings.

Interest for the sawmill upgrade stage 1 and stage 2 loans are charged at 1.23% and 4.9% respectively from the first anniversary of the drawdown, and interest on the heat plant is charged at 1.5%. All interest is capitalised to the loan.

The repayments of the sawmill loan will be made in accordance with the Mill Operator Agreement, which is based on the operating performance of the sawmill. No repayments were made during the year.

The wood cluster heat plant loan is fully drawn, and repayments will be funded by the lease income received from the plant. No repayments were made during the year.

	2023 $'000	2022 $'000
Borrowings through Roopu Whakarite Mahi Limited Partnership:		
Infrastructure Resource Group		
The borrowings are repayable as follows:		
Within 10 years	12,288	11,900
Total borrowings	**12,288**	**11,900**
Classified as follows:		
Non-current liabilities	12,288	11,900
Total borrowings	**12,288**	**11,900**

	Drawn $'000	Undrawn $'000
As at 31 March 2023		
Infrastructure Resource Group	12,288	-
	12,288	**-**
As at 31 March 2022		
Infrastructure Resource Group	11,900	-
	11,900	**-**

Roopu Whakarite Mahi Limited Partnership has arranged provincial growth funding from the Ministry of Business, Innovation and Employment ("MBIE") for Taheke Geothermal Power Station Enabling Works.

As at 31 March 2023 the total loan had been drawn down of $11.9 million which is secured over Roopu Whakarite Mahi Limited partnerships assets and undertakings.

Interest is to be compounded at the rate of 2.56% and added to the loan balance. The interest compounded in the current year is $309,613 (2022: $78,779). The first draw down date was 11 November 2021. The maturity date of the loan is 10 years from the first drawdown date, which is 11 November 2031.

17 Finance expenses

	2023 $'000	2022 $'000
Interest expense	19,766	10,086
Total finance expense	**19,766**	**10,086**

Ⓟ Finance expenses comprises of interest expense on borrowings, changes in the fair value of financial assets at fair value through the Statement of Comprehensive Revenue and Expense, impairment losses recognised on financial assets (except for trade receivables), and losses on hedging investments that are recognised in the Statement of Comprehensive Revenue and Expense.

All 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, are added to the cost of those assets, until such time as the assets are substantially ready for use. All other borrowing costs are recognised in the profit or loss section of the Statement of Comprehensive Revenue and Expense in the period which they are incurred.

18 Financial assets and liabilities

This note discloses the Trust Group's financial assets and liabilities, how they are valued and managed.

The financial assets and liabilities are presented below:

2023

	Notes	Cash and cash equivalents	Fair value through other comprehensive income	Fair value through profit loss	Assets measured at amortised cost	Liabilities at amortised cost	Fair value
		$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Cash and cash equivalents		95,170	-	-	-	-	95,170
Trade and other receivables	10	-	-	-	30,530	-	30,530
Derivative financial instruments		-	20,282	-	-	-	20,282
Other investments and receivables	11	-	38,995	-	-	-	38,995
Total financial assets		**95,170**	**59,277**	**-**	**30,530**	**-**	**184,977**
Financial liabilities							
Payables and accruals	12	-	-	-	-	(33,158)	(33,158)
Employee entitlements	29	-	-	-	-	(3,381)	(3,381)
Electricity derivatives		-	(38,476)	-	-	-	(38,476)
Derivative financial instruments		-	(47)	-	-	-	(47)
Loans	16	-	-	-	-	(249,376)	(249,376)
Total financial liabilities		**-**	**(38,523)**	**-**	**-**	**(285,915)**	**(324,438)**
Total net financial assets/(liabilities)		**95,170**	**20,754**	**-**	**30,530**	**(285,915)**	**(139,461)**

2022

	Notes	Cash and cash equivalents	Fair value through other comprehensive income	Fair value through profit loss	Assets measured at amortised cost	Liabilities at amortised cost	Fair value
		$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Cash and cash equivalents		16,454	-	-	-	-	16,454
Trade and other receivables	10	-	-	-	37,744	-	37,744
Derivative financial instruments		-	11,652	-	-	-	11,652
Other investments and receivables	11	-	45,529	-	-	-	45,529
Convertible note	11	-	-	782	-	-	782
Total financial assets		**16,454**	**57,181**	**782**	**37,744**	**-**	**112,161**
Financial liabilities							
Payables and accruals	12	-	-	-	-	(26,133)	(26,133)
Employee entitlements	29	-	-	-	-	(4,936)	(4,936)
Electricity derivatives		-	(18,503)	-	-	-	(18,503)
Derivative financial instruments		-	(2,588)	-	-	-	(2,588)
Loans	16	-	-	-	-	(376,768)	(376,768)
Total financial liabilities		**-**	**(21,091)**	**-**	**-**	**(407,837)**	**(428,928)**
Total net financial assets/(liabilities)		**16,454**	**36,090**	**782**	**37,744**	**(407,837)**	**(316,767)**

Ⓔ ***Valuation of financial assets and liabilities***

The following methods and assumptions were used to estimate the carrying amount and fair value of each asset class of financial instrument carried at fair value. Where financial instruments are measured at fair value they have been classified at the following levels.

Level 1: Quoted prices (unadjusted) in active markets for assets or liabilities; or

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); or

Level 3: Inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments used by Eastland Group include interest rate swaps and foreign currency forward contracts. These are based on Level 2 fair value methodologies and were calculated using valuation models applying observable market data such as forward rates and contract rates, discounted at a rate that reflects the credit risk of various counterparties.

Electricity derivatives used by Eastland Group are electricity price contracts for differences. These are based on level 3 fair value methodologies and were calculated using valuation models applying forward price rates and discount at a rate that reflects the credit risk of various counterparties.

19 Price risk

Interest rate risk

The Trust Group's loans predominantly have floating interest rates. The Trust Group actively manages interest rate exposures in accordance with the treasury management policy and they are regularly reviewed by the Board. In this respect, at least forty percent of interest costs in the current year, must be fixed using interest rate swaps, forward rate agreements, options and other derivative instruments. The main objectives are to minimise the cost of total debt, control variations in the interest expense of the loans and to match the interest rate risk profile of debt with the expected return on The Trust Group's assets. The treasury management policy sets parameters for managing the interest rate risk profile.

The Trust Group has elected to apply cash-flow hedging to all of its interest rate swaps, a notional value totalling $330 million (2022: $355 million) with terms or maturity dates between 5 and 107 months, interest on a floating rate swapped to fixed interest is between 0.53% to 5.53% (2022: 0.53% to 5.53%). The last cash-flow hedge swap matures on 26 February 2032.

The interest rate swaps that have been designated as cash-flow hedges affect profit and loss at the same time as the underlying interest expense is recognised on the retrospective borrowings. The hedge relationships are expected to be highly effective over the life of the swaps. All current hedges are effective.

	2023		**2022**	
	Average contract rate %	**Notional amount $'000**	**Average contract rate %**	**Notional amount $'000**
Interest rate swaps (floating to fixed)				
Maturing in less than 1 year	5.02	20,000	3.86	25,000
Maturing between 1 and 2 years	5.38	20,000	5.02	20,000
Maturing between 2 and 5 years	2.18	135,000	3.22	115,000
Maturing after 5 years	2.6	155,000	2.33	195,000

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

	Weighted average contract rate		Weighted average contract rate	
Total notional interest rate swaps	2.74	**330,000**	2.88	**355,000**

Electricity price risk

Eastland Group is exposed to electricity price risk through the sale of electricity on the wholesale electricity market, where prices are determined every half-hour. Derivatives, mainly contracts for differences, may be used to fix the price at which Eastland Group sells any exposure to electricity price risks. The electricity price risk management policy sets parameters for managing the electricity price risk profile.

Electricity price derivatives are designated as cashflow hedges and are recognised in profit and loss at the same time as the underlying spot price revenue is recognised on the retrospective electricity sales. The hedge relationships are expected to be highly effective over the life of the hedging instrument. All current hedges are effective.

	2023		**2022**	
	Average contract rate $	**Notional amount MWh**	**Average contract rate $**	**Notional amount MWh**
Electricity revenue swaps				
Maturing in less than 1 year	115.73	61,224	111.48	58,896
Maturing between 1 and 2 years	112.22	37,248	115.3	96,264
Maturing between 2 and 5 years	-	-	114.41	70,104
Maturing after 5 years	99.57	1,104,192		-
		1,202,664		**225,264**

Maturity dates of the hedging instruments is between 3 and 108 months. Prices for contracts for differences (floating spot price swapped for fixed price) are between $88.00 to $150.50 (2022: $88.00 to $161.00) with the last cash-flow hedge maturing on 31 March 2032.

Foreign currency risk

Eastland Group is exposed to foreign exchange risk through the contracts for construction of assets denominated in US dollars. Foreign exchange risk is primarily managed through derivative forward contracts. The treasury management policy requires that all foreign currency commitments exceeding $100k equivalent are hedged from NZD at the time of making the commitment.

Eastland Group has elected to apply cash-flow hedging to all of its derivate forward contracts, a notional value totalling USD$0.7 million (2022: USD$3.6 million and EUR0.5 million) with terms or maturity dates between 1 and 3 months, exchange rates between 0.6435 to 0.7131 USD (2022: 0.6747 to 0.7123 USD and 0.5901 to 0.5931 EUR). The last cash-flow hedge swap matures on 30 June 2023.

The derivate forward contracts that have been designated as cash-flow hedges affect the project cost at the same time as the underlying expense is recognised on the retrospective contracts. The hedge relationships are expected to be highly effective over the lives of the swaps. All current hedges are effective.

	2023		2022	
	Average contract rate	**Notional amount USD $000**	**Average contract rate**	**Notional amount USD $000**
Forward exchange contracts				
Maturing in less than 1 year	0.6782	725	0.6991	3,601
		725		**3,601**

	Average contract rate	**Notional amount EURO $000**	**Average contract rate**	**Notional amount EURO $000**
Forward exchange contracts				
Maturing in less than 1 year		-	0.592	464
		-		**464**

Ⓔ ***Hedge accounting and sensitivity analysis***

The sensitivity analysis has been determined based on the exposure to interest rates and foreign exchange rates for both derivatives and non-derivative instruments at balance date. It is assumed that the amount of the liability at balance date was outstanding for the whole year. A one percent increase or decrease is used for interest rates and these changes represent management's current assessment of the reasonably possible change over a year.

Interest rate swaps hedging the floating rate debt are hedge accounted and treated as cash flow hedges and hence any changes in interest rates would have no material impact on profits as changes in the fair value of these swaps are taken through other comprehensive income where the hedge is an effective hedge. The fair value of these interest rate swaps is a $12.5 million gain (2022: $2.4 million gain). A fall of 1% in interest rates would result in a loss in other comprehensive income of $5.8 million (2022: $4.2 million) whereas an increase of 1% in interest rates would result in a gain in other comprehensive income of $5.6 million (2022: $4.0 million).

Forward starting interest rate swaps hedging the forecasted floating rate debt are also hedge accounted and are recognised as cash flow hedges and hence any changes in interest rates would have no material impact on profit as changes in the fair value of these swaps are recognised through other comprehensive income where the hedge is effective. The fair value of these interest rate swaps is $7.6 million (2022: $6.5 million). A reduction of 1% in interest rates would result in a loss in other comprehensive income of $5.8 million (2022: $9.8 million) whereas an increase of 1% in interest rates would result in a gain in other comprehensive income of $5.2 million (2022: $8.8 million).

Electricity derivatives hedge the forecasted revenues from electricity generation and are recognised as cash flow hedges, and hence any changes in electricity prices would have no material impact on profit as changes in fair value are recognised through other comprehensive income where the hedge is effective. The fair value of the electricity derivatives is $38.5 million loss (2022: $18.5 million loss). A reduction of 10% in electricity prices would result in a gain in other comprehensive income of $14.14 million, (2022: $4.2 million) whereas an increase in electricity prices would result in a loss in other comprehensive income of $14.14 million (2022: $4.2 million).

Electricity contracts for differences that have been designated as cash-flow hedges affect profit and loss at the same time as the underlying electricity revenue is recognised. The hedge relationships are expected to be highly effective over the lives of the contracts for differences and no ineffectiveness has been recognised in the statement of financial performance.

The following is a reconciliation of derivative balances and their movements.

Hedging derivatives

	2023				2022			
	Interest rate swaps	**Foreign currency forwards**	**Electricity CFD's**	**Total**	**Interest rate swaps**	**Foreign currency forwards**	**Electricity CFD's**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance	**8,977**	**87**	**(18,503)**	**(9,439)**	**(9,608)**	**233**	**(26,545)**	**(35,920)**
Recognised in the Statement of Financial Performance:								
Interest expense of contract settlements	26	-	-	**26**	(4,148)	-	-	**(4,148)**
Electricity sales of contract settlements	-	-	(2,252)	**(2,252)**	-	-	(9,807)	**(9,807)**
Change in fair value recognised in other comprehensive income	11,136	9	(17,721)	**(6,576)**	22,733	(146)	17,849	**40,436**
Closing balance	**20,139**	**96**	**(38,476)**	**(18,241)**	**8,977**	**87**	**(18,503)**	**(9,439)**
Hedge reserve balances	**14,603**	**70**	**(27,704)**	**(13,031)**	**6,567**	**63**	**(13,322)**	**(6,692)**

	2023		2022	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	$'000	**$'000**	**$'000**	**$'000**
Derivatives summary				
Interest rate swaps	20,185	(47)	11,519	(2,542)
Foreign currency swaps	97	-	133	(46)
Electricity revenue swaps	-	(38,476)	-	(18,503)
	20,282	**(38,523)**	**11,652**	**(21,091)**
Current	114	(6,505)	133	(13,769)
Non-current	20,168	(32,018)	11,519	(7,322)
	20,282	**(38,523)**	**11,652**	**(21,091)**

20 Liquidity risk

The risk that the Trust Group will not be able to meet its financial obligations as they fall due is described as liquidity risk. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to reputation.

There are sufficient funding and banking facilities available to meet the liquidity requirements of the Trust Group.

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 <6 months $'000	6 -12 months $'000	1-3 years $'000	3-5 years $'000	>5 years $'000	Total $'000
Financial assets							
Cash and cash equivalents		95,170	-	-	-	-	95,170
Trade and other receivables	10	30,530	-	-	-	-	30,530
Derivative financial instruments		114	-	1,374	8,607	10,187	20,282
Other investments and receivables	11	1,005	1,826	3,684	2,005	30,474	38,994
Total financial assets		**126,819**	**1,826**	**5,058**	**10,612**	**40,661**	**184,976**
Financial liabilities							
Payables and accruals	12	(33,158)	-	-	-	-	(33,158)
Employee entitlements	29	(3,381)	-	-	-	-	(3,381)
Electricity derivatives		(4,808)	(1,695)	(19,717)	(9,427)	(2,829)	(38,476)
Derivative financial instruments		(2)	-	(45)	-	-	(47)
Other loans		-	-	-	(20,088)	(12,288)	(32,376)
Loans and borrowings	16	-	-	(44,720)	(172,280)	-	(217,000)
Total financial liabilities		**(41,349)**	**(1,695)**	**(64,482)**	**(201,795)**	**(15,117)**	**(324,438)**
Liquidity gap		**85,470**	**131**	**(59,424)**	**(191,183)**	**25,544**	**(139,462)**

	Notes	2022 <6 months $'000	6 -12 months $'000	1-3 years $'000	3-5 years $'000	>5 years $'000	Total $'000
Financial assets							
Cash and cash equivalents		16,454	-	-	-	-	16,454
Trade and other receivables	10	37,744	-	-	-	-	37,744
Derivative financial instruments		114	19	-	4,036	7,483	11,652
Convertible note	13	782	-	-	-	-	782
Other investments and receivables	11	1,468	804	8,758	3,272	31,221	45,523
Total financial assets		**56,562**	**823**	**8,758**	**7,308**	**38,704**	**112,155**
Financial liabilities							
Payables and accruals	12	(26,133)	-	-	-	-	(26,133)
Employee entitlements	29	(2,019)	-	(2,917)	-	-	(4,936)
Electricity derivatives		(9,868)	(3,630)	(5,005)	-	-	(18,503)
Derivative financial instruments		(164)	(107)	(1,570)	(699)	(48)	(2,588)
Other loans					(16,868)	(11,900)	(28,768)
Loans and borrowings	16	-	-	(241,768)	(135,000)	-	(376,768)
Total financial liabilities		**(38,184)**	**(3,737)**	**(251,260)**	**(152,567)**	**(11,948)**	**(457,696)**
Liquidity gap		**18,378**	**(2,914)**	**(242,502)**	**(145,259)**	**26,756**	**(345,541)**

21 Credit risk

Business transactions are largely with large wholesale intermediaries or agents representing a number of exporting clients. Sales transactions are typically settled intra-month resulting in relative low receivable balances. Our businesses incur credit risk in the following ways:

- Ports – Export agents and logistics companies represent customers who ship product through Eastland Port using a variety of port services. These agents generally settle transactions intra-month while settling sale proceeds with their customers. Historically there have been no defaults by these agents.

  Airport landing charges paid by Air New Zealand represent 80% of Gisborne Airports' revenue. These landing charges are typically settled on the 20th of the month.

- Generation – The majority of power generated is sold through the NZX and settled on the 20th of the month. The NZX acts as clearing agent ensuring the cash settlement of electricity sold. Where electricity revenue is hedged, through the use of contracts for differences, counterparty credit risk may exist. Contracts for differences are with multiple counterparties and are settled monthly, reducing this credit risk. Historically there have been no defaults on electricity sales.

Credit risk and expected credit losses are assessed on recognition of revenue. The credit risk of a debtor is assumed to have increased significantly since initial recognition if the contractual obligations are over 90 days past due. Assessments are made on increases in credit risk through consideration of changes in a debtors' industry or adverse changes in the debtor's environment that result in significant decreases in the debtor's ability to meet its obligations. Where there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. placed in liquidation or has entered into bankruptcy proceedings, the debt will be impaired and recognised as a bad debt in the Statement of Comprehensive Revenue and Expense.

Credit risk exposure in relation to the subsidiaries is not considered to be significant, and no specific risk management policies have been put in place in relation to inter-group balances.

There are no financial assets that have been pledged as collateral for liabilities or contingent liabilities.

Expected credit losses are recognised on trade and other receivables that are believed to be irrecoverable. The expected credit loss at 31 March 2023 was $2,544 (2022: $32,369). Actual bad debts written off in the Statement of Comprehensive Revenue and Expense were $3,752 (2022: $46,395) and there was no adjustment to the specific expected credit loss.

22 Climate risk

Eastland Group's operations may be impacted by future climate change. These impacts may be physical (e.g. severe or unusual weather patterns or events) or transitional (e.g. changes to government regulations, insurance requirements or premiums, or customer and supplier needs or demands).

A climate promise was made by Eastland in 2019 setting objectives of emission reductions by 2025 and 2030 for Eastland Generation. Emissions are being measured and reported on annually to observe progress against these goals. A commitment was also make to improve water quality.

Eastland Group regularly assesses its operating environment regarding the impact of climate change. Consideration has been given to the impact of future climate change on the useful lives of Eastland Group's property, plant and equipment and other assets and no significant change was noted in relation to useful lives. Useful lives are reviewed regularly taking potential climate change impacts in the form of increased wear and tear into account in these reviews. Property, plant and equipment assets including generation assets, investment property and port infrastructure assets valuation and assessment, has taken climate risk into account.

Refer to the weather related events note for further information.

23 Capital management

A strong capital base is maintained so as to continue investor, creditor and market confidence and to sustain future development of the business. The return on capital is monitored on a regular basis. This involves the management of reserves and issued capital.

The Trust Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Ⓟ **i.** ***Non-derivative financial instruments***

Financial Assets

Financial assets consist of cash and cash equivalents, loans and receivables.

Cash and cash equivalents, loans and receivables

Trade receivables, loans, cash and cash equivalents and other receivables are initially recorded at fair value and subsequently measured at amortised cost less impairment. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the inception of the loan or receivable. Discounting is not undertaken when the receivable is expected to be collected within twelve months. A provision for doubtful debts is recognised to allow for the reduction in fair value attributable to expected doubtful or delayed collection of receivables.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when there is a legal right to offset the amounts and intend to either settle on a net basis or realise the asset and settle the liability simultaneously. Cash and cash equivalents comprise cash on hand, cash in banks and short term deposits maturing within three months. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Other assets

Certain perpetual shares and listed equities held by the Trust Group are classed as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the investment revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the investment revaluation reserve is included in profit or loss for the period.

Certain fixed interest securities, capital notes and convertible notes held by the Trust Group are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial liabilities

Loans are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in finance costs in the Statement of Comprehensive Revenue and Expense over the period of the borrowing using the effective interest rate method.

Other financial liabilities comprise trade and other payables. Discounting is not undertaken when the payable is expected to be paid within twelve months. Financial liabilities are when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, there is a legal right to offset the amounts and intend to either settle on a net basis or realise the asset and settle the liability simultaneously.

ii. ***Derivative financial instruments***

Derivative financial instruments are entered into to manage its exposure to interest rate and foreign exchange rate risk, including interest rate and foreign exchange forwards, swaps and options. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The resulting gain or loss is recognised in the Statement of Comprehensive Revenue and Expense immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Comprehensive Revenue and Expense depends on the nature of the designated hedge relationship. Certain derivatives designated as either hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedges), or hedges of highly probable forecast transactions (cash flow hedges). Documentation of the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions is maintained at the inception of the transaction. The assessment, both at hedge inception and on an on-going basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items is also documented.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Comprehensive Revenue and Expense immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to both the effective and the ineffective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Statement of Comprehensive Revenue and Expense within finance costs. Changes in the fair value of the underlying hedged fixed rate borrowings attributable to interest rate risk are also recognised in the Statement of Comprehensive Revenue and Expense within finance costs.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through the Statement of Comprehensive Revenue and Expense from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion, if any, is recognised immediately in the Statement of Comprehensive Revenue and Expense within finance costs.

Amounts accumulated in equity are recognised as finance costs in the Statement of Comprehensive Revenue and Expense in the periods when the hedged item is recognised in the Statement of Comprehensive Revenue and Expense. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Statement of Comprehensive Revenue and Expense within finance costs, when the underlying transaction affects earnings.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Thereafter, any cumulative gain or loss previously recognised in equity is only recognised in the Statement of Comprehensive Revenue and

Expense when the forecast transaction is ultimately recognised in the Statement of Comprehensive Revenue and Expense. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was previously recognised in equity is recognised immediately in the Statement of Comprehensive Revenue and Expense.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Comprehensive Revenue and Expense within finance costs.

Non-derivative financial instruments comprise of trade and other receivables, cash and cash equivalents, related party borrowings, capital notes, and payables and accruals.

iii. Debt and equity instruments

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Comprehensive Revenue and Expense within finance costs.

Non-derivative financial instruments comprise of trade and other receivables, cash and cash equivalents, related party borrowings, capital notes, and payables and accruals.

Interest and dividends

Interest paid and dividends paid are classified as expenses or as distributions of profit consistent with the Statement of Financial Position classification of the related debt or equity instruments.

iv. *Impairment of financial assets*

The carrying amount of assets is reviewed at balance date to determine whether there is any evidence of impairment. Where assets are deemed to be impaired, the impairment loss is the amount that the carrying amount exceeds its recoverable amount. Impairment losses reduce the carrying amount of assets and are recognised as an expense in the Statement of Comprehensive Revenue and Expense within non-operating expenses.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted using the effective interest method.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the Statement of Comprehensive Revenue and Expense within administrative expenses.

Ⓔ **Valuation of financial instruments**

Fair value of financial instruments has been estimated based on valuation models that use observable market inputs. Note 18 of these financial statements provides a list of the key observable inputs that management have applied in reaching their estimates of the fair values of financial instruments and also provides a sensitivity analysis detailing the potential future impacts of reasonably possible changes in those observable inputs over the next financial period.

24 Operating leases

Operating leases receivable

The Trust Group has leased certain investment properties (refer to Note 8) and some other land and buildings, under operating leases. These are recognised under rental income in the Statement of Comprehensive Revenue and Expense. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2023 $'000	2022 $'000
Less than one year	4,839	3,857
Between one and five years	7,170	8,724
More than five years	526	579
Total operating leases receivable	**12,535**	**13,160**

Operating leases payable

The Trust Group leases land and/or buildings in Gisborne, Kawerau, Whakatane and Northland, as well as some other office equipment and vehicles.

	2023 $'000	2022 $'000
Less than one year	1,090	1,046
Between one and five years	2,913	3,844
More than five years	12,502	15,299
Total operating leases payable	**16,506**	**20,189**

Operating lease payments of $1,090,000 were made during this financial year (2022: $1,034,000). These are recognised within operating expenses on the Statement of Comprehensive Revenue and Expense.

Ⓟ **Operating leases**

i. as lessee

Payments made under operating leases, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. Property, plant and equipment used under operating leases are not recognised in the Statement of Financial Position.

ii. as lessor

Assets leased under operating leases are included in Investment property in the Statement of Financial Position. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term. For more details see the Investment property policy.

Leasehold improvements

The cost of improvements to leasehold property are capitalised and depreciated over the unexpired period of the lease or the estimated useful life of the improvements, whichever is the shorter.

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

25 Controlled Entity

Eastland Network Charitable Trust is a Charitable Trust established by the Trust Deed dated 19 April 2002 and was incorporated under the Charitable Trust Act 1957 on 4 December 2002. The purpose of the Trust is to support charitable purposes for which the trustees of Trust Tairawhiti could apply income. The trustees of Eastland Network Charitable Trust are the same as Trust Tairawhiti.

Eastland Network Charitable Trust receives distributions from Trust Tairawhiti and distributes these onto charitable applicants.

26 Related parties

Wholly owned subsidiaries

Eastland Group Limited, Eastland Development Fund Limited, Prime SPV Limited and Trust Tairawhiti Limited are wholly owned by Trust Tairawhiti. All transactions with controlled subsidiaries have been eliminated on consolidation.

Joint ventures
Eastland Debarking and WET Gisborne Limited are joint ventures of the Trust Group.

Controlled entity
Eastland Network Charitable Trust is a controlled entity of the Trust Group, refer to Note 25 for further details.

	Notes	2023 $'000	2022 $'000
Transactions with associates, joint ventures and controlled entities			
Distributions to Eastland Network Charitable Trust	31	3,908	4,132
Lease to WET Gisborne Limited Joint Venture		186	186

Other transactions
Trustees and management may transact with the Trust Group in the ordinary course of business on an arm's length basis.

During the year Eastland Group Limited contracted the services of Diane Murphy, a related party to the Trust CEO, to assist with airport safety management system, climate coalition, port ERP, IMS review and other projects. Payments of $94,338 were made during the year on an arm's length basis (2022: $202,386).

During the year the following transactions occurred with entities that were related to Trustees. The Trusts conflict-of-interest procedure was followed in relation to these transactions and the conflicted trustees did not receive the board paper and were excluded from Trustees discussion and decision making on these transactions. All non-conflicted Trustees made decisions to:

- A loan of up to $225,650 to Rangai Limited was approved in 2021 and drawn down during the year. This was to establish and operate a professional production studio which aligns to the Trusts strategic focus on the digital sector. No repayments were made during the year (2022: $22,925), leaving a balance of $202,725 owing and $43,275 was paid for services performed (2022: $43,587).

- A loan of up to $330,000 to Toro Tairawhiti Limited was approved in 2021 with $130,000 being uplifted. This was to establish and operate a digital production studio which aligns to the Trusts strategic focus on the digital sector. No repayments were made during the year and the $130,000 remains payable. There were no additional payments for services performed (2022: $7,590).

27 Governance information

Trustee fees are paid by Trust Tairawhiti and approved by Gisborne District Council. Total fees paid excluding GST were $320,316 (2022: $315,400).

John Clarke (Chairman)	76,000	Rehette Stoltz appointed 01/11/2022	15,833
Jillian Chrisp	43,700	Kristen Kohere Soutar	38,000
Shannon Dowsing retired 30/10/2022	22,167	Warren Williams	38,000
Lyall Evans retired 30/06/2022	10,925	Ron Aitken appointed 01/07/2022	37,691
Wi Pere Mita	38,000		

All trustees are shareholders in Eastland Group Limited, Prime SPV Limited, Eastland Development Fund Limited and Trust Tairāwhiti Limited. All trustees are also trustees of Trust Tairawhiti and directors in Prime SPV Ltd and Trust Tairāwhiti Ltd. In addition to these, trustees have noted the following:

Mrs K Kohere-Soutar gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Trust.

Director, Mercer NZ	Trustee, Rangiata Ahuwhenua Trust
Director, Ngai Tahu Holdings	Executive Chair, Te Pitau Limited (operating entity of the Manuka Charitable Trust)
Partner is Director in Toro Studios NZ	

Mr J Clarke gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Trust.

Trustee Ilfracombe Trust	Independent Chair Makauri Aquifer Recharge
Chair The Sunrise Foundation	Chair Rawhiti Orchard (GP) Ltd
Director Thos Corson Holdings Ltd	Architects 44 (family member is director and shareholder
Eastland Port Ltd (family member is employee)	

Dr J Chrisp gave general notice that she has the following interests and will therefore be interested in all transactions between any of them and the Trust.

Shareholder Waiapu Investments (Hikurangi Cannabis Company Ltd)	Chair, Tairāwhiti Rainbow Action
Partner C J Development Consultants	

Mr Ron Aitken gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Trust.

Director, Leaderbrand South Island Ltd	Trustee, R and D Trust
Director, Oakwood (Canterbury) Properties Ltd	Employee, Leaderbrand
Trust Tairāwhiti (daughter is employee)	Director & Shareholder, Aitken & Associates limited

Mr Wi Pere Mita gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Trust.

Director, Toitu Ngati Porou Trustee Limited	Trustee, SkyCity Entertainment Group (SkyCity Auckland Community Trust)

Director, Resolution Institute NZ & Australia	Director and Shareholder, Laidlaw Consultants Limited
Chairperson, Copyright Tribunal	Member, Community Law Centres o Aotearoa Incorporated
Executive Board Member, Māori Caucus	Board member, Ngati Porou Hauora

Dr. Warren Williams gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Trust.

Trustee, Community Living Trust Board	Chair, Ngaa Uri o Maahanga Trust Board
Deputy Chair, Te Huarahi Tika Trust Board	Director, Manaaki Whenua-Landcare Research
Founder/Director, Digital Taniwha Ltd	Director, Research Education Advanced
Director, PlatformPlus Ltd	Shareholder Waiapu Investments Ltd (Rua Bioscience)
Chief Executive, 20/20 Trust	

Mrs. Rehette Stoltz gave general notice that she has the following interests and will therefore be interested in all transactions between any of them and the Trust*.

Director, Deon Stoltz Medical Services	Trustee, HLT Trust
Te Whatu Ora (husband is employee)	Mayor, Gisborne District Council

***GDC trustee appointment from 2022-2025**

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Eastland Group Directors and Independent Investment Committee Fees

Eastland Group Directors

Director fees are paid by Eastland Group limited from a total fee pool of $540,750 (2022: $540,750).

		$
Current Directors		
M Mahuika	Board Chair	123,600
H Bell	Member of Finance and Audit Committee	67,388
D Birch	Chair of Sustainability and Risk Committee & Member of Finance and Audit Committee	75,788
W Harvey	Chair of Performance and Remuneration Committee	72,388
C Kinser	Member of Sustainability and Risk Committee	67,388
J Nichols	Chair of Audit and Finance Committee	69,788
J Quinn	Member of Remuneration Committee	64,388
Total		**540,728**

Trust Tairawhiti Ltd - Independent Investment committee fees

Independent Investment committee fees are paid by Trust Tairawhiti Limited from a total fee pool of $315,000.

The committee provide oversight and guidance for direct investment opportunities to Trustees.

This committee was put on hold until after Trustees complete the strategic refresh after the sale of Eastland Network

Fees were paid to: J Rae	20,833

28 Management compensation

Key management compensation comprises of the Trust's and Eastland Group's Chief Executive's Chief Financial Officer's and the General Managers: During the year payments of some of the long term incentive plan were made to this team. This also includes the key management compensation for Eastland Network Limited, please refer to Note 3 for further information on the discontinued operation.

	2023 $'000	2022 $'000
Short term employee benefits	5,057	4,531
Kiwisaver and other contributions	561	360
Total key management compensation	**5,618**	**4,891**

29 Employee entitlements

	2023 $'000	2022 $'000
Provisions for:		
Annual leave	1,671	1,720
Other benefits	1,710	3,114
Post-employment benefits	-	102
Total employee entitlements	**3,381**	**4,936**
Current	2,064	2,019
Non-current	1,317	2,917
	3,381	**4,936**
Expenses recognised in profit or loss:		
Wages and salaries	17,723	15,615
Contributions to defined contribution plans	1,052	764
Total personnel expenses	**18,775**	**16,379**

Ⓟ ***Short-term benefits***

Short-term benefits, payable within 12 months, are measured on an undiscounted basis and are expensed as the related service is provided. This includes wages, salaries, retirement benefits, annual leave and sick leave.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Trust Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

During the year the following number of employees received remuneration of at least $100,000.

	2023	**2022**
100,000 - 109,999	11	10
110,000 - 119,999	6	7
120,000 - 129,999	12	6
130,000 - 139,999	7	5
140,000 - 149,999	5	6
150,000 - 159,999	5	6
160,000 - 169,999	10	6
170,000 - 179,999	3	-
180,000 - 189,999	3	2
190,000 - 199,999	2	5
200,000 - 209,999	5	3
210,000 - 219,999	2	3
230,000 - 239,999	1	-
250,000 - 259,999	-	1
260,000 - 269,999	-	1
280,000 - 289,999	1	1
290,000 - 299,999	1	2
310,000 - 319,999	-	1
330,000 - 339,999	-	1
360,000 - 369,999	1	-
370,000 - 379,999	1	-
380,000 - 389,999	1	-
400,000 - 409,999	-	1
430,000 - 439,999	-	3
460,000 - 469,999	1	-
530,000 - 539,999	1	1
600,000 - 609,999	1	-
640,000 - 649,999	1	-
650,000 - 659,999	2	-
690,000 - 699,999	1	-
750,000 - 759,999	-	1
840,000 - 849,999	1	-
1,150,000 - 1,159,999	1	-

30 Trust Group equity

The Trust was established in part to preserve the value of the capital of the trust fund having regard to the effect of inflation and profits and losses from time to time. Each year, Trustees determine the amount preserved as capital for the capital beneficiary (Gisborne District Council) and that available for distribution to income beneficiaries.

Trustees continue to work with Gisborne District Council on the review of the income and capital allocation and the peer review that was done. Trustees have assessed the current year based on their agreed methodology which results in the following apportionment of the Trust Fund.

	Notes	2023 $'000	2022 $'000
Preserved income to benefit beneficiaries			
Opening balance		208,885	133,662
Adjustment to prior years			78,024
Apportioned to income fund		49,593	(2,801)
Preserved for the future benefit of income beneficiaries		**258,478**	**208,885**
Capital preservation			
Opening balance		239,031	293,861
Adjustment to prior years			(78,024)
Apportioned to capital fund		41,469	23,194
Amount of capital preserved		**280,500**	**239,031**
Minority interest in equity		4,287	4,179
Total equity		**543,265**	**452,095**

Consolidated Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

31 Distributions approved and paid

	2023	
	Approved	Paid
	$	$
Eastland Network Charitable Trust for Charities:		
Alzheimers Society Gisborne Inc	10,000	10,000
Brain Injury Ass Gisborne	10,000	10,000
Diabetes New Zealand	7,200	7,200
Eastland Helicopter Rescue Trust	350,000	350,000
Gisborne Boardriders Club Inc	120,000	120,000
Gisborne Bowling Club	23,120	23,120
Gisborne City Vintage Railway Inc.	280,000	-
Gisborne Competitions Society Inc	9,500	9,500
Gisborne Crime Prevention Camera Trust	250,000	250,000
Gisborne MV Takitimu Charitable Trust	10,000	10,000
Gisborne Riding For Disabled Inc	10,000	10,000
Gisborne Stroke Support Group Inc	10,000	10,000
Gisborne Toy Library	5,000	5,000
Gisborne Woodturners Group	5,000	5,000
Hear4U	15,000	15,000
Hikurangi Huataukina Trust	10,000	10,000
Hinenui Whanui Charitable Trust	70,000	70,000
Horouta Waka Hoe Club Inc	60,110	60,110
Huringa Pai Charitable Trust	83,000	83,000
Mangatu Marae	10,000	10,000
Mareikura Waka Ama Club	502,677	-
Outward Bound	10,000	10,000
Pacific Islands Community Trust	10,000	10,000
Poverty Bay A & P Assn	10,000	10,000
Rangatira Marae	10,000	10,000
Road Safety Education	7,000	7,000
Rongowhakaata Iwi Trust	20,000	20,000
Sport Gisborne Tairawhiti	100,000	100,000
Supergrans	20,000	20,000
Swim For Life Tairawhiti	90,000	30,000
Tairawhiti Adventure Trust	738,262	618,262
Tairāwhiti Age Concern	10,000	10,000
Tairawhiti Cultural Development Trust	50,000	50,000
Tairawhiti Multicultural Council	16,000	16,000
Tairawhiti Technology Trust	10,000	10,000
Te Aitanga A Mahaki Trust	20,000	20,000
Te Aroha Kanarahi Trust	20,000	20,000
Te Riu O Waiapu Trust	10,000	10,000
Te Runanga O Turanganui A Kiwa	160,000	20,000
Te Tairawhiti Arts Festival Trust	650,000	-
Te Whare Hauora O Te Aitanga A Hauiti	10,000	10,000
The Gisborne Cycle And Walkway Trust	60,000	60,000
The Harry Barker Sports Facilities	10,000	10,000
The Sunrise Foundation	120,000	120,000

Tolaga Bay Inn Charitable Trust	10,000	10,000
Turanga Health	20,000	20,000
Whakarua Trust Board	65,980	65,980
Distributions to others		
Ahikaa Associates	9,792	9,792
D W Briant Limited	17,302	17,302
Federated Farmers Gisborne	2,603	2,603
Gisborne District Council	343,000	185,024
Gisborne Chamber Of Commerce	7,325	-
Gizzy Local Ltd	70,060	70,060
Hikurangi Sports Club Inc	5,000	5,000
Mana-Aki Matakaoa	10,000	10,000
Mangapapa Kindergarten	9,900	9,900
Pakowhai Incorporation	9,400	9,400
Parafed Gisborne Tairawhiti	10,000	10,000
Penu/ Rongo I Te Kai Marae	10,000	10,000
Perinatal Anxiety & Depression Aotearoa	2,000	2,000
TADPAI	10,000	10,000
Taharora Marae	10,000	10,000
Tautua Arts Ltd	5,000	5,000
Te Runanganui O Ngati Porou	30,000	30,000
The Nest Collective NZ Charitable Trust	10,000	10,000
Tokomaru Bay United Sports Club	10,000	10,000
Waihorokaka Ruatoria Busines Hub	10,000	10,000
Whataupoko Playcentre	4,500	4,500
Community facilities projects management	18,698	18,698
Distributions returned or no longer required	(333,479)	-
BPW Gisborne	-	7,500
Electrinet Limited	-	1,945
Energy Options Charitable Company Ltd	-	73,783
Farming Women Tairawhiti Inc	-	15,000
Fenn Refrigeration Limited	-	4,398
Gisborne Chamber Of Commerce	-	11,500
Gisborne International Music Competition	-	10,000
Hinenui Whanui Charitable Trust	-	20,000
Parafed Gisborne Tairawhiti	-	2,850
Ronald McDonald House Charities	-	11,429
Rua Bioscience Limited	-	25,000
Supergrans	-	131,236
Surf Lifesaving NZ	-	51,284
Tairawhiti Adventure Trust	-	1,502,678
Tairawhiti Voyaging Trust	-	140,000
Te Ora Hou Te Tairawhiti Trust	-	38,660
Te Poho O Rawiri Marae	-	509,648
Te Runanga o Turanganui a Kiwa	-	110,000
Womens Native Tree Project Trust	-	16,000
Total Distributions paid	**4,388,950**	**5,487,362**

Ⓟ **Distribution policy**

Distributions are allocated to beneficiaries, or for the benefit of beneficiaries, from current year income. These are recorded through comprehensive revenue and expenses and recognised as a payable when distributions are approved by Trustees.

32 Contingencies

Trustees made an in principled commitment to support up to $15 million for certain community facility projects, with $5.5 million approved at 31 March 2023. The balance of the principled commitment at 31 March 2023 was $9.5 million (2022: $12.1 million).

33 Subsequent events

TOPP2 Geothermal Powerplant

Eastland Generation signed an option agreement with Ormat Technologies Inc on 15 June 2023 to purchase a 50MW power plant. Eastland has an option to purchase the power plant within two years of its practical completion date, at an agreed price and subject to certain conditions.

Prior to the exercise date, Ormat will design, build, commission and own the power plant. Eastland Generation will operate and maintain the power plant on Ormat's behalf.

Capital Notes

On 13 June 2023, $30 million in capital notes were issued with an interest rate of 10% to Trust Tairawhiti. These were provided to fund the development of the TOPP2 geothermal power plant.

Capital Raise

In June 2023, Eastland Group commenced a process to solicit interest in raising capital to fund future developments in Eastland Generation.

Trust
Tairāwhiti
Regional Wellbeing
He Tohu Ora

www.trusttairawhiti.nz