Annual Report 2024

ICHL

INVERCARGILL CITY HOLDINGS LTD

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Approval by Directors

The Directors have approved to issue the financial statements of Invercargill City Holdings Limited for the year ended 30 June 2024.

B Wood	J Schol
Director	Director

For and on behalf of the Board of Directors.
18 November 2024

Directory

Registered Office
C/- Invercargill City Council
101 Esk Street, Invercargill 9810

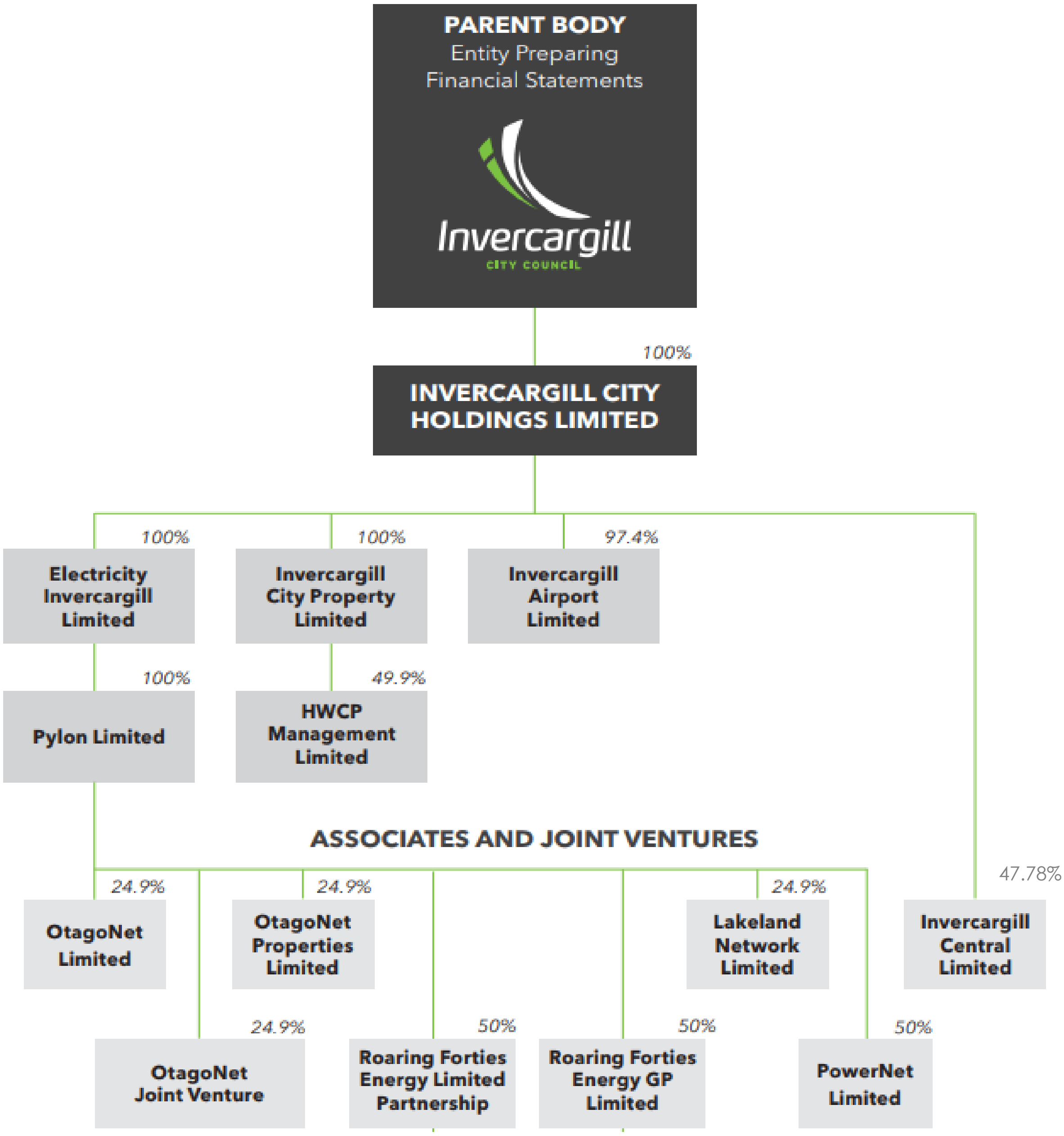
Auditor
Audit New Zealand on behalf of the Office of the Auditor-General

Bankers
BNZ

Solicitors
Preston Russell Law
45 Yarrow Street, Invercargill 9810

Treasury Advisor
Bancorp Treasury Services

Group Structure



- Invercargill City Property Limited was amalgamated with Invercargill City Holdings Limited on 3 July 2024.
- As described in Note 20, Invercargill City Council approved a major transaction being the sale of the Group's interest in Pylon Limited.

An Overview

INVERCARGILL CITY HOLDINGS LIMITED

Activities:

- Treasury advice, debt facilities and systems.
- Overview of Group operations.
- Shareholding in Invercargill Central Limited.

2024 Financial Year:

- The Group has reported an after-tax profit of $8.03 million for the year ended 30 June 2024 compared to $4.67 million in the prior year.

ELECTRICITY INVERCARGILL LIMITED

Activities:

- Owners of Electricity Network and Generation Assets.
- Management of Electricity Network.

2024 Financial Year:

- The after-tax profit for the year ended 31 March was $4.03 million compared to $4.79 million for the prior year.
- EIL continues to focus on initiatives that will maintain network safety, efficiency and reliability.

INVERCARGILL AIRPORT LIMITED

Activities:

- Owners and operator of regional airport.

2024 Financial Year:

- Invercargill Airport Limited reported an after-tax profit of $428,000 compared $1.444 million in the prior year.
- Health and safety, risk management and operational compliance remain a priority for the company.

INVERCARGILL CITY PROPERTY LIMITED

Activities:

- Shareholding in HWCP Management Limited who own and manage commercial properties in the city area.

2024 Financial Year:

- The loss for the year was $369,000 compared to $389,000 for the prior year. In the 2025 financial year, an impairment expense was recorded in relation to the loan to HWCP Management Limited.
- The Company continued to support HWCP Management Limited.
- Invercargill City Property Limited was amalgamated with Invercargill City Holdings Limited on 3 July 2024.

Board of Directors

COMPANY DIRECTORS

Invercargill City Holdings Limited

B Wood – Chair
P Carnahan
M English
L Robertson
J Schol

Electricity Invercargill Limited

S Young (Chair from 1 June 2024)
S Lewis
P Heenan
R Jamieson – Chair (retired 31 May 2024)
E Ihaia (retired 11 June 2024)
P Kiesanowski (retired 31 October 2023)

Invercargill Airport Limited

G Lilly – Chair
J George
P Halstead
A Hercus
D Addie (from 30 January 2024)

Invercargill City Property Limited

P Carnahan - Chair
M English
L Robertson
J Schol

Statement of Governance

The Directors are pleased to present this Governance Statement.

Role of the Board of Directors

The Directors are responsible for the proper direction and control of the Group's activities. This responsibility includes such areas of stewardship as the identification and control of the Group's business risks on behalf of the ultimate shareholder, Invercargill City Council.

The Directors are responsible for the continual overseeing of the investment in the subsidiary companies with the Directors of those companies responsible for the day-to-day operation. Reporting by the subsidiary Boards of financial, market and operational information is received by the Group's Directors on a regular and ongoing basis.

The Directors of Invercargill City Holdings Limited are also responsible for the operation of the Treasury function which is operated within the Holding Company. This provides a service to the subsidiaries by sourcing funds at competitive rates.

The principal purpose of Invercargill City Holdings Limited is to maximise the performance of the Group as a whole.

DIRECTORS REMUNERATION

Invercargill City Holdings Limited

B Wood - Chair	$70,000
P Carnahan	$35,000
M English	$35,000
L Robertson	$35,000
J Schol	$42,500

Electricity Invercargill Limited

R Jamieson – Chair (retired 31 May 2024)	$65,000
E Ihaia (retired 11 June 2024)	$32,000
P Kiesanowski (retired 31 October 2023)	$18,667
S Lewis	$32,000
S Young (Chair from 1 June 2024)	$32,000
P Heenan	$5,508

Invercargill Airport Limited

G Lilly – Chair	$54,000
J George	$27,000
P Halstead	$27,000
A Hercus	$27,000
D Addie (from 30 January 2024)	$11,250

Invercargill City Property Limited

P Carnahan - Chair	-
M English	-
L Robertson	-
J Schol	-

Invercargill Central Limited / HWCP Management Limited

B Wood	$35,000

There was no remuneration or other benefits paid to Directors during the year for any of the following:

- Compensation for loss of office.
- Guarantees given by the Company for debts incurred by a Director.
- Entering into a contract to do any of the above.

Statutory Information

USE OF COMPANY INFORMATION BY DIRECTORS

No Director of any group company has disclosed, used or acted on information that would not otherwise be available to a Director.

SHAREHOLDING BY DIRECTORS

No Director has an interest in any of the Group Company shares held, acquired or disposed of during the year.

DIRECTORS' AND OFFICERS INDEMNITY INSURANCE

The Group has insured all its Directors and Executive Officers against liabilities to other parties that may arise from their positions.

EMPLOYEES' REMUNERATION

Five employees of the Group received remuneration and other benefits of $100,000 or greater during the year.

$000	No. of employees
240-250	1
150-160	1
140-150	1
120-130	1
100-110	1

AUDITOR'S REMUNERATION

2024 audit fees for the Group totalled $289,762. Details of fees payable are contained in Note 3.

LOANS TO DIRECTORS

There are no loans to Directors.

DIVIDEND

A dividend of $5,206,000 was paid during the year.

DIRECTORS' INTERESTS

Invercargill City Holdings Limited maintains an interests register in which particulars of certain transactions and matters involving the directors are recorded. These are requirements under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2024.

	Invercargill City Holdings Limited	Invercargill City Property Limited	Invercargill Central Limited	HWCP Management Limited
Brian Wood – Chair	*		*	*
Peter Carnahan	*	*		
Mervyn English	*	*		
Linda Robertson	*	*		
John Schol	*	*		

* Invercargill City Property Limited was amalgamated with Invercargill City Holdings Limited on 3 July 2024

Board Chair Report

I am pleased to present the 2024 Annual Report of Invercargill City Holdings Limited. The Group produced a profit after tax of $ 14.517 million (excluding the adjustment for share of net losses not recognised within investment in joint ventures) compared to $5.173 million last year. The positive financial performance for the year ended 30 June 2024 is largely attributed to gain upon sale of the Group's interest in Southern Generation Limited Partnership which settled on 27 June 2024. The Group recognised revenue of $13.364 million with regards to this completed transaction. Refer to note 11 for further discourse with regards to this transaction.

Invercargill City Holdings Limited resolved a dividend of $5.206 million for the financial year. The Directors of Invercargill City Holdings Limited are satisfied that the changes they are implementing will enable Invercargill City Holdings Limited to continue to make sustainable dividend payments to Invercargill City Council as agreed.

Following a comprehensive review of the Group's commercial investments, a resolution was passed on 24 September 2024 to divest of the Group's interest in Pylon Ltd including its associates and Joint ventures. The proceeds received by Invercargill City Holdings from this restructure will be utilised to reduce debt and reinvest to seek returns that satisfy the strategic and commercial requirements of the Group. Refer to Note 20 for further information with regards to this transaction.

The Electricity Invercargill Limited group produced an after-tax profit of $4.031 million compared to $4,787 million last year. The decreased profits reflect a higher interest rate environment compared to the prior year.

Invercargill Airport Limited reported an after-tax profit of $428,000 compared $1.444 million in the prior year. The reduced financial results were primarily driven by lower domestic airline capacity across the county arising from various fleet and other airline issues. During 2024, the airport invested in various capital projects aimed at generating commercial and non-aeronautical revenue.

Invercargill City Property Limited produced an after-tax loss of $369,000 this year compared to a loss of $389,000 last year. Invercargill City Property Limited has loans to HWCP Management Limited which still retains some land. While sales of those parcels have not been finalised at this time, the Directors objective is to recover funds from HWCP Management Limited when those transactions are completed. ICPL continues to incur interest costs on funds borrowed from Invercargill City Holdings Limited to on-lend to HWCP Management Limited. On 3 July 2024 Invercargill City Property Limited amalgamated with Invercargill City Holdings Limited.

During the 2024 financial year, Invercargill Central Limited completed a capital raise whereby new equity amounting to $40 million was offered to all of the existing shareholders. At the instruction of Invercargill City Council, Invercargill City Holdings Limited participated in this capital raise with an additional investment of $19.170 million. Invercargill Central Limited used the proceeds of this new capital to repay a portion of its existing debt obligation. On 16 August 2024, a head of agreement was signed whereby Invercargill City Council agreed to lease level 1 and level 3 of Invercargill Central Limited's shopping Centre complex. This arrangement will enable the Council to relocate from their existing accommodation premises in the near future and support the future performance of Invercargill Central Limited.

I would like to thank the members of the Board for their support and to the staff of ICC for their administrative support to the Group over the year.

B J Wood
Board Chair

Statement of Financial Position

As at 30 June 2024

	NOTE	GROUP 2024 $000	GROUP 2023 $000
ASSETS			
Current assets			
Cash and cash equivalents	7	1,375	3,177
Trade and other receivables	8	3,387	3,027
Other financial assets		750	750
Derivative financial instruments	21	33	133
Inventories		2	6
Total current assets		**5,547**	**7,093**
Non-current assets			
Property, plant and equipment	9	136,494	136,298
Investment property	10	7,775	5,830
Capital work in progress		10,353	2,747
Investments in associates and joint ventures	11	131,049	106,533
Advances to associates and joint ventures		14,492	12,998
Other financial assets		701	1,323
Deferred tax asset	15	-	3
Derivative financial instruments	21	798	1,349
Total non-current assets		**301,662**	**267,081**
Total assets		**307,209**	**274,174**
LIABILITIES			
Current liabilities			
Derivative financial instruments	21	-	-
Trade and other payables	13	4,398	3,888
Employee benefit liabilities		169	169
Borrowings	14	78,765	43,019
Tax payable		3,895	913
Provision	12	3,885	-
Total current liabilities		**91,112**	**47,989**
Non-current liabilities			
Borrowings	14	36,200	48,200
Deferred tax liability	15	29,180	29,628
Total non-current liabilities		**65,380**	**77,828**
Total liabilities		**156,492**	**125,817**

	NOTE	GROUP 2024 $000	GROUP 2023 $000
EQUITY			
Share capital	16	82,569	82,570
Retained earnings	16	19,333	16,411
Other reserves	16	48,815	49,376
Total equity attributable to the equity holders of the company		**150,717**	**148,357**
Equity is attributable to:			
Parent entity	16	148,895	146,523
Minority interest	16	1,821	1,834
		150,717	**148,357**

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements.

Statement of Comprehensive Income

For the year ended 30 June 2024

	NOTE	GROUP 2024 $000	GROUP 2023 $000
INCOME			
Revenue from contracts with customers	1	24,907	25,491
Rental income		2,367	2,322
Other income		798	415
Other gains	2	480	325
Total income		**28,552**	**28,553**
EXPENDITURE			
Employee expenses	4	1,941	1,621
Depreciation	9	6,605	6,269
Other expenses	3	15,347	15,965
Total operating expenditure		**23,893**	**23,855**
Finance income	5	1,286	947
Finance expenses	5	(4,424)	(3,365)
Net finance expense		**(3,138)**	**(2,418)**
Operating profit/(loss) before tax from continuing operations		1,521	2,280
Share of associate and joint ventures surplus/(deficit)	11	4,393	7,123
Adjustment for share of net losses not recognised	11	(6,483)	(500)
Profit/(loss) before tax from continuing operations		(569)	8,903
Income tax expense	6	4,099	1,980
Profit/(loss) after tax from continuing operations		(4,668)	6,923
Profit/(loss) after tax from discontinued operations	24	12,702	(2,250)
Profit/(loss) after tax for the year		**8,034**	**4,673**
OTHER COMPREHENSIVE INCOME			
To be classified to surplus or deficit in subsequent periods:			
Property, Plant and Equipment revaluation gains/(losses) – net of tax	9	-	12,719
Cash flow hedges net of tax	16	(469)	648
Total other comprehensive income		**(469)**	**13,367**
TOTAL COMPREHENSIVE INCOME		**7,565**	**18,040**
Total comprehensive income attributable to:			
Equity holders of the Company		7,553	18,004
Minority interest		12	36
		7,565	18,040

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements.

Statement of Changes in Equity

For the year ended 30 June 2024

	Attributable to Equity Holders of the Company						
	Share Capital $000	**Cashflow Hedging Reserve $000**	**Revaluation Reserve $000**	**Retained Earnings $000**	**Total $000**	**Minority Interest $000**	**Total $000**
Balance at 1 July 2022	82,570	419	35,598	16,818	135,405	1,798	133,607
Surplus/(deficit) after tax	-	-	-	4,673	4,673	36	4,637
Other comprehensive income	-	649	12,710	9	13,368	-	13,368
Distributions to Shareholders							
Dividends paid/declared	-	-	-	(5,089)	(5,089)	(7)	(5,082)
Contributions from Shareholders							
Shares issued and paid up	-	-	-	-	-		-
Balance at 30 June 2023	**82,570**	**1,068**	**48,308**	**16,411**	**148,357**	**1,827**	**146,530**
Balance at 1 July 2023	**82,570**	**1,068**	**48,308**	**16,411**	**148,357**	**1,827**	**146,530**
Surplus/(deficit) after tax	-	-	-	8,034	8,034	12	8,022
Other comprehensive income	-	(468)	(91)	91	(468)	-	(468)
Distributions to Shareholders							
Dividends paid/declared	-	-	-	(5,206)	(5,206)	(18)	(5,188)
Contributions from Shareholders							
Shares issued and paid up	-	-	-	-	-		-
Balance at 30 June 2024	**82,570**	**600**	**48,217**	**19,330**	**150,717**	**1,821**	**148,896**

Statement of Cash Flows

For the year ended 30 June 2024

	NOTE	GROUP 2024 $000	GROUP 2023 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,129	741
Receipts from other revenue		27,803	28,044
Payments to suppliers and employees		(17,332)	(16,945)
Interest paid		(4,465)	(3,163)
Income tax (paid) / refund		(1,469)	(2,753)
Goods and services tax [net]		(121)	5
Subvention payment		4	(205)
Net cash from operating activities		**5,549**	**5,724**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		27	47
Proceeds from sale of investments	11	750	
Dividends received from associates/joint ventures		5,539	6,564
Purchase of property, plant and equipment		(8,425)	(9,447)
Purchase of investment property		(2,908)	-
Purchase of investments		(19,300)	(250)
Purchase of construction work in progress		-	(1)
Advances made to associates/joint ventures		(1,407)	261
Investments in associates/joint ventures		(150)	-
Net cash from investing activities		**(25,874)**	**(2,826)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		23,747	4,850
Repayment of borrowings		-	(4,577)
Dividends paid		(5,224)	(5,096)
Net cash from financing activities		**18,523**	**(4,823)**
NET (DECREASE) / INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS		**(1,802)**	**(1,925)**
Cash, cash equivalents and bank overdrafts at the beginning of the year		3,177	5,102
Cash, cash equivalents and bank overdrafts at the end of the year	7	**1,375**	**3,177**

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the financial statements.

RECONCILIATION OF NET PROFIT / (LOSS) TO NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES

	NOTE	GROUP 2024 $000	GROUP 2023 $000
RECONCILIATION WITH REPORTED OPERATING SURPLUS			
Net profit after tax for the year		8,034	4,673
Add/(deduct) non-cash items:			
Depreciation		6,604	6,269
Net (profit) / loss on sale of fixed assets		80	27
Impairment of trade receivables			-
Change in fair value of investment property		(480)	(325)
Increase / (decrease) in deferred taxation		(265)	279
Associate / joint venture post-acquisition profits		(4,393)	(7,123)
(Profit)/loss from discontinued operations	24	(12,824)	2,010
Tax arising on sale of Investments in associates	11	2,418	
Change in fair value of loan		17	169
Adjustment for share of net losses not recognised	11	6,483	500
Add / (less) movements in working capital:			
(Increase) / decrease in receivables		(619)	(602)
(Increase) / decrease in inventories		4	-
(Increase) / decrease in prepayments		2	(10)
Increase / (decrease) in accounts payable and accruals		(8)	828
Increase / (decrease) in GST/taxation		496	(971)
Net cash inflow (outflow) from operating activities		5,549	5,724

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the liabilities arising from financing activities can be classified as follows:

	Current Borrowings	Non-Current Borrowings	Total $000
1 July 2023	**43,019**	**48,200**	**91,219**
Non cash movements	30,000	(30,000)	-
CASHFLOWS			
Proceeds	5,746	18,000	23,746
Repayments			
30 June 2024	**78,765**	**36,200**	**114,965**

Notes to the Financial Statements

For the year ended 30 June 2024

REPORTING ENTITY

Invercargill City Holdings Limited ("the Company") is a Council Controlled Trading Organisation as defined in the Local Government Act 2002 and registered under the Companies Act 1993. The Company is wholly owned by the Invercargill City Council ("the Council").

The Invercargill City Holdings Limited Group consists of:

- Electricity Invercargill Limited (100% owned) and its wholly owned subsidiary Pylon Limited. The Electricity Invercargill Limited Group has a balance date of 31 March 2024.
- Invercargill Airport Limited (97.47% owned)
- Invercargill City Property Limited (100% owned)
- All the Group's subsidiaries and associates are incorporated in New Zealand

The primary objective of the Company is to manage the commercial investments of the Council. Accordingly, the Company has designated itself and the group as profit orientated entities for the purposes of New Zealand equivalent to International Financial Reporting Standards ("NZ IFRS").

The financial statements of the Company and Group are for the year ended 30 June 2024. The financial statements were authorised for issue by the Board on 18 November 2024. The entities directors do not have the right to amend the financial statements after issue.

BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993, the Financial Reporting Act 2013 and the Energy Companies Act 1992.

The financial statements of the Group comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Group is a Tier 1 for profit entity, as the Group has expenses over $30 million. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared on a historical cost basis, modified by the revaluation of, investment property, network assets and financial instruments (including derivative instruments). certain property, plant and equipment has been revalued to fair value.

The accounting policies that have been applied to these financial statements are based on the External Reporting Board A1, Accounting Standards Framework (For-profit Entities Update).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand ($'000). The functional currency of the Group is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date.

The financial statement has been prepared on a going concern basis. The Group has assessed the refinancing risk of its debt and whether it has sufficient liquidity to meet investment or funding needs as the key judgements it considers in assessing it is a going concern.

As described in note 16 to the financial statements, The Company has 74,675,202 (2023: 74,675,202) ordinary shares that have been called and a further $100,000,000 (2023: 100,000,000) of ordinary shares that have been issued to the Invercargill City Council which are able to be called upon. On this basis, together with the funding available through Group's loan facility held with New Zealand Local Government Funding Agency the Group is able to refinance appropriately and meet immediate investment and funding needs.

SUBSIDIARIES

The Company consolidates as subsidiaries in the group financial statements all entities where the Company has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity.

This power exists where the Company controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Company or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Company measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

BASIS OF CONSOLIDATION

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint ventures are those entities over which the Group has joint control, established by contractual agreement. The Group's investments in its associates and joint ventures are accounted for using the equity method. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the surplus or deficit after the date of acquisition. The Group's share of the surplus or deficit is recognised in the Group's Statement of Comprehensive Income. Distributions received reduce the carrying amount of the investment.

The Group's share in the associate's surplus or deficits resulting from unrealised gains on transactions between the Group and its associates is eliminated.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred using the effective interest method.

FINANCIAL ASSETS

Where applicable the Group classifies its investments in the following categories:

- Amortised cost, fair value through other comprehensive income, and fair value through profit or loss.
- The classification is determined by the Groups business model for managing the financial asset and the contractual cashflow characteristics of the financial assets.

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if the assets are held within a business model where the objective is to hold the financial asset and collects its contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

A debt instrument is measured at FVOCI if the asset is held under a business model where the objective is to hold to collect the contractual cash flows and sell, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets at Fair Value through Profit or Loss (FVTPL)

Financial assets that are held within a different business model than "hold to collect" or "hold to collect and sell", and financial assets whose contractual cash flows are not solely payments of principal and interest on the principal amount outstanding. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments.

Impairment of Financial Assets

At each Statement of Financial Position date, the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Comprehensive Income.

FINANCIAL INSTRUMENTS

Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of changes in value.

Trade and Other Payables
Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost using the effective interest method

Borrowings
Borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value are recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability at least 12 months after the balance date.

Loans to HWCP Management Limited (Associate)
Loans to HWCP Management Limited are measured at fair value through profit or loss, transaction costs are expensed as incurred. Subsequently, these loans are measured at fair value through profit or loss with any realised and unrealised gains or losses recognised in profit or loss in the Statement of Comprehensive income. Refer to critical accounting estimates and assumptions for the valuation techniques and key assumptions used in the valuation.

Accounting for Derivative Financial Instruments and Hedging Activities
The Company uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. However, where derivatives qualify for hedge accounting, recognition for any resultant gain or loss depends on the nature of the hedging relationship.

Cash Flow Hedge
Changes in the fair value of the derivatives hedging instruments designated as a cashflow hedge are recognised as follow:

- the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity through the OCI; and
- the ineffective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in profit or loss, within other gains/(losses)

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to revenue or expenditure in the same period that the hedged item affects the Statement of Comprehensive Income.

LEASES
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

All leases are classified as leases of right-of-use assets unless they meet the definition of short term or low value leases, or are sub-let. Lease payments that are short-term or low value are recognised as an expense on a straight-line basis over the lease term.

Lease liability payments are allocated between principal and finance cost over the term of the lease.

Right-of-use assets are depreciated over the shorter of the assets estimated useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the asset's useful life.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The Group has elected to apply the practical expedient not to apply to requirements of NZ IFRS 16 to leases for which the lease terms end within 12 months of the date of initial application.

CAPITAL WORK IN PROGRESS
Work in progress includes the cost of direct materials and direct labour used in putting replacement and new systems and plant in their present location and condition. It includes accruals for the proportion of work completed at the end of the period. Capital work in progress is stated at cost and is not depreciated.

IMPAIRMENT OF ASSETS
Goodwill and indefinite life intangible assets are not subject to amortisation but are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Comprehensive Income.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Comprehensive Income.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve.

However, to the extent that an impairment loss for that asset was previously recognised in Statement of Comprehensive Income, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Income.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

GOODS AND SERVICES TAX (GST)
All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department ("IRD") is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

DIVIDEND
A dividend is recognised when it is declared and approved by the Board.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS
In preparing these financial statements, the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates, assumptions and critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- There are estimates and judgements made to determine the fair value of investment property. These are discussed in Note 10. The most sensitive assumption on the valuation is that one property is planned to be demolished within the next year but no decision has been made on its replacement (2023: this property is planned to be demolished within the next year but no decision has been made on its replacement).

- Invercargill City Property Limited - determination of the fair value of the loan to HWCP Management Limited.

  The fair value of the loan to HWCP Management Limited was determined using discounted cashflow methodology.

  The valuation is based on forecast free cashflows to 2030. The following assumptions were adopted:
  - A discount rate of 15.27% (2023: 15.22%) was used to reflect the unsecured loan including the credit margin of 2.6%.
  - The forecast cashflows reflect a realisation of the remaining assets in 2030; and
  - The value of the assets sold in 2030 are deemed to reflect the market value as at 30 June 2024.
  - No adjustment has been made with regards the increase or decrease in market value of these assets to the point of forecasted realisation in 2030.

  Changes in the discount rate and the final cashflow have an impact on the fair value of the loan.
- Invercargill Central Limited – The fair value of the Group's interest in Invercargill Central Limited

was determined using the value in use methodology using the following assumptions:

- Internal rate of return- 11.25%
- Terminal Yield - 7.75%
- Initial yield - 7.00%

- Invercargill Airport Limited - determination of the recoverable amount of assets.

  For 2024, due to the impact high inflation and a rising interest rate environment in New Zealand and globally, an impairment assessment was carried out.

  The following major inputs and assumptions were adopted:

  - The forecast free cash flows reflect the charges determined following the 2025 aeronautical charge review.
  - Expected revenues reflect expected passenger numbers and other contractual revenues.
  - The weighted average cost of capital (WACC) used ranges from 7.12% to 8.64% (2023: 7.04% to 8.48%) depending on the asset class
  - The assessment indicated that the value of property, plant and equipment was not impaired. The assessment is sensitive to the WACC applied. An impairment arises if the WACC for all asset classes is increased by any amount more than 2.10% (resulting in an average WACC of 9.75%).
  - There are estimates and judgements made to determine the lessee improvements settlement provision, these are discussed in Note 12.

- Electricity Invercargill Limited Group Estimates and Assumptions. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances and have been used in the following areas:
  - Property, plant and equipment.
  - Network assets valuation.
  - Revenue estimation - Network Charges.

Sale of Pylon Ltd - As described in note 20, the sale of Pylon Ltd was approved on 26 September 2024 by Invercargill City Council. As at 30 June 2024 it was deemed probable that this transaction would be approved by Council subsequent to the year then ended however not highly probable given Council could vote against the sale and purchase agreement to be entered into. As such the sale of Pylon was not reclassified as "held for sale" as at 30 June 2024.

Discontinued operations – As disclosed at note 24, the Group's investment in Roaring Forties Energy Limited Partnership is reported as a discontinued operation as at 30 June 2024. The critical assumption resulting in this treatment is because the Groups interest in Roaring Forties Energy Limited Partnership represents a separate major line of business within the Group.

Property, Plant and Equipment

In the process of applying accounting policies, Electricity Invercargill Limited management has made the following judgements, estimates and assumptions that have the most significant impact on the amounts recognised in these financial statements.

The Group operates extensive integrated electricity distribution networks comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/ refurbishment programme, consistent with the Group's approved network asset management plans. The costs associated with recording and tracking all individual components replaced and removed from the networks substantially outweigh the benefits of doing so. Management has estimated the quantities and the carrying values of components removed from the networks in each reporting period. Any errors in the estimates of such removals are corrected at the next asset revaluation, and are not considered to be material on either an annual or a cumulative basis with respect to either reported net surpluses on carrying values of the networks.

The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic valuation at a maximum of every five years, based on discounted cash flow methodology. The fair values are recognised in the financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying amount of the distribution network is not materially different from its fair value.

The carrying amounts of the property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Revenue Estimation

The Group invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the latest wash-up data available from the electricity wholesale market and certain metering data from electricity retailers. Management has made an allowance in revenue and in current assets/liabilities for any amounts which are estimated to be under/over charged during the reporting period. However, as final wash-up metering data is not available for in excess of 12 months, it is possible for the final amounts payable or receivable to vary from that calculated.

NEW STANDARDS ADOPTED

There have been no new standards adopted during the financial year.

NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new standards and amendments that are relevant to the Company and Group are:

Amendments to NZ IAS 1 – Classification of Liabilities as Current or Non-current

The amendments clarify a criterion in NZ IAS 1 for classifying a liability, such as loans, as non- current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The Company and Group are assessing the effect of these amendments on its financial statements.

Amendments to FRS-44 - Disclosure of Fees for Audit Firms' Services

This amendment updates the required disclosures for fees relating to services provided by an entity's audit or review firm. The disclosure is to be disaggregated into specified categories of services and includes guidance to assist entities. The mandatory date for application of this new standard is 01 January 2024. This new standard is not expected to have a material impact on the financial statement disclosure given the Company and Group's auditor fees are disaggregated within Note 1 of the financial statements.

2019 Omnibus Amendments to NZ IFRS

Effective for periods on or after 1 January 2025, the amendments clarify that in a transaction involving an associate or joint venture, the extent of the gain or loss recognised is dependent upon whether the assets sold or contributed constitute a business, as defined in NZ IFRS 3 Business Combinations. The Company and Group are assessing the effect of these amendments on its financial statements.

No new or amended standards that are issued but not yet effective have been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact in the current or future reporting periods

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the period except for those arising from the adoption of the new standards. All accounting policies have been consistently applied throughout the period covered by these financial statements.

1. OPERATING REVENUE

Revenue is recognised as the amount of consideration expected to be received in exchange for transferring promised goods or services to a customer.

ELECTRICITY DISTRIBUTION SERVICES:
Revenue from Contracts with Customers:

Electricity Delivery Services
Electricity delivery service revenue relates to the provision of electricity distribution services to electricity retailers through its electricity network in Invercargill City and the Bluff area. Electricity retailer delivery services are performed on a daily basis and considered a series of distinct goods and services provided over time. Prices are regulated and retailers are charged based on the published schedule and quantities delivered. Revenue is recognised over time using an output method based on the actual delivery services provided on a daily basis.

Capital Contributions
Capital contributions revenue relates to contributions received from customers, excluding delivery service customers who are directly billed, for construction activities relating to the establishment of new connections or upgrades of an existing connection. The subsequent electricity distribution is contracted separately, interposed through a retailer, and is therefore not considered to impact the assessment of the customer or performance of the obligations of the capital contribution contracts. Pricing is fixed and contributions are paid prior to assets being connected to the network. Capital contributions are recognised as revenue at the point in time when construction activities are completed and the asset is connected to the network.

Airport Services
Services are provided on demand and the transaction price is recognised as revenue based on their stand-alone selling price. The stand-alone selling price is based on published prices, and calculated on a price per unit of the service, net or rebates.

Revenue is recognised over time as the customer simultaneously obtains the benefits from the service as it is being performed.

Other Income:
Meter Rental Income
Meter rental income represents amounts invoiced to customers based on their usage of the metering assets owned by the Group.

Rental Income
Rent and lease income is recognised on a straight-line basis over the term of the lease where the group is the lessor.

	Group 2024 $000	Group 2023 $000
Electricity delivery services	18,617	18,498
Electricity capital contributions	308	418
Airport services	5,952	6,545
Other income	29	30
	24,907	**25,491**

2. OTHER GAINS AND LOSSES

	Group 2024 $000	Group 2023 $000
Change in fair value of investment property	480	325
Electricity capital contributions	**480**	**325**

3. OTHER EXPENSES (INCLUDES)

	Group 2024 $000	Group 2023 $000
Loss on financial assets at fair value through profit or loss	-	169
Director fees	584	581
Network costs	10,523	9,917
Transmission costs	4,580	5,762
Loss on sale of plant, property and equipment	80	27
Auditor's remuneration to Audit New Zealand comprises:		
audit of financial statements	138	145
2022 audit fee recovery	-	22
Auditor's remuneration to other auditors comprises:		
audit of financial statements	57	66
audit of default price path	38	36
audit of regulatory disclosures	57	49
Donations	-	3
PwC consulting fees*	14	24

** Consulting fees include Regulatory Forecasting and Price Setting Compliance Statement*

4. EMPLOYEE EXPENSES

	Group 2024 $000	Group 2023 $000
Wages and salaries	1,891	1,583
Defined contribution expenses	50	38
Total employee expenses	**1,941**	**1,621**

5. FINANCE INCOME AND EXPENSE

Interest income is recognised on a time-proportion basis using the effective interest method.

	Group 2024 $000	Group 2023 $000
Finance income		
Interest income on bank deposits	1,286	947
Total finance income	**1,286**	**947**
Financial expense		
Interest expense on financial liabilities measured at amortised cost	4,424	3,365
Total financial expenses	4,242	3,365
Net finance costs	**(3,138)**	**(2,418)**

6. INCOME TAX EXPENSE

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

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

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax are charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

	Note	Group 2024 $000	Group 2023 $000
Current tax expense			
Current period		4,478	1,954
Adjustment for prior periods		-	(1)
Total current tax expense		**4,478**	**1,953**
Deferred tax expense			
Origination and reversal of temporary differences		(30)	264
Adjustment for prior periods		(5)	3
Reversal of deferred tax on Southern Generation*		(2,296)	
Tax Law Change in Building Depreciation **		2,074	-
Total deferred tax expense		**(257)**	**267**
Total income tax expense		**4,221**	**2,220**
Reconciliation of effective tax rate			
Profit/ (loss) for the year - Continuing operations		(569)	8,903
Profit/ (loss) for the year - Discontinued operations	24	12,824	(2,010)
Profit for the year		**12,255**	**6,893**
Tax at 28%		3,431	1,930
Permanent Differences		134	279
Tax liability on sale of investments *		2,418	-
Change in recognised temporary differences		(3,894)	(143)
Under/(over) provided in prior periods		(5)	41
Tax Law Change in Building Depreciation **		2,074	-
Subvention payment made in respect of prior period		-	118
Expenses not deductible		63	(5)
Total income tax expense		**4,221**	**2,220**
Tax expense relating to continuing operation		4,099	1,980
Tax expense relating to discontinuing operations	24	122	240
Total income tax expense		**4,221**	**2,220**
Effective Tax Rate		34%	29%
Imputation credits available for use in subsequent periods		**2,032**	**1,758**

* On 27 June 2024, the groups interest in Southern Generation Limited Partnership was sold. As a result of this transaction the Groups deferred tax liability of $2.296 million in relation to this investment was reversed. In addition, a tax expense of $2.418 million has been recognised. Refer to Note 24 for further disclosure.

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

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

	Group 2024 $000	Group 2023 $000
Cash and cash equivalents	1,375	3,177
Cash and cash equivalents in the statement of financial position and statement of cashflows	**1,375**	**3,177**

8. TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.

	Group 2024 $000	Group 2023 $000
Trade receivables	2,487	2,285
Less allowance for expected credit losses	-	(98)
Prepayments	24	207
Related party receivables	242	8
GST Receivable	196	126
Accrued revenue	437	499
	3,387	**3,027**

Trade receivables are non-interest bearing and are generally on terms of 30 days. For terms and conditions relating to related party receivables, refer to note 17.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance. The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The status of trade receivables at the reporting date is as follows:

	Group 2024 $000	Group 2023 $000
Not past due	2,450	2,051
Past due 30-60 days	31	27
Past due 61-90 days	-	-
Past due more than 90 days	6	207
Total	**2,487**	**2,285**

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2005, the date of transition to NZ IFRS are measured on the basis of deemed cost, being the revalued amount at the date of transition.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

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

When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation rates of major classes of assets have been estimated as follows:

a. Buildings	
• Electricity Invercargill Ltd	1%–15% Straight Line
• Invercargill Airport Limited	1.5%–19.2% Straight Line
b. Furniture and Fittings	
• Invercargill Airport Limited	9.6%–30% Diminishing Value and 6%-67% Straight Line
c. Plant	
• Invercargill Airport Limited	8%–50% Diminishing Value and 5%-67% Straight Line
d. Motor Vehicles	
• Invercargill Airport Limited	10%–15.6% Diminishing Value and 7%-25% Straight Line
e. Network Assets	
• Electricity Invercargill Limited	1%–50% Straight Line
f. Other Airport Assets	
• Runway, Apron and Taxiway (Base-course and sub-base)	3% Straight Line
• Top Surface (Runway)	8.3% Straight Line
• Top Surface (Apron and Taxiway)	6.7% Straight Line
• Roads, carparks, fencing and stop banks	1%–30% Straight Line

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Revaluation

Those asset classes that are revalued are valued on a valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Valuation

All assets are valued at historic cost, except the following:

- The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic valuation, at a maximum of every five years based on discounted cash flow methodology.

Accounting For Revaluations

The Group accounts for revaluations of property, plant and equipment by class of asset.

The results of revaluing are credited or debited to an asset revaluation reserve for each asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Income.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Income will be recognised first in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that asset.

GROUP ($000)	Cost / Revaluation	Accumulated Depreciation and Impairment Charges	Carrying Amount	Current Year Additions – Cost	Current Year Disposals – Cost	Current Year Disposals – Depreciation	Current Year Depreciation	Revaluation – Surplus	Revaluation Correction Depreciation	Cost / Revaluation	Accumulated Depreciation and Impairment Charges	Carrying Amount
2024	1 July 2023									30 June 2024		
Land	509	-	509	159	-	-	-	-	-	668	-	668
Gravel and Fencing	4,498	1,838	2,660	28	-	-	173	-	-	4,526	2,011	2,515
Buildings, Yards and Terminals	7,373	1,756	5,617	27	-	-	220	-	-	7,400	1,976	5,424
Network Assets	154,090	36,079	118,011	6,197	200	97	4,842	-	-	160,087	40,824	119,263
Plant and Equipment	2,891	2,424	467	120	1	1	104	-	-	3,010	2,527	483
otor Vehicles	3,908	2,558	1,320	2	34	33	117	-	-	3,877	2,672	1,205
Furniture and Fittings	5,752	3,436	2,316	36	-	-	359	-	-	5,788	3,795	1,993
Runway, Taxiway and Apron	17,055	11,658	5,397	336	-	-	790	-	-	17,391	12,448	4,943
Total Assets	**196,076**	**59,779**	**136,297**	**6,905**	**235**	**131**	**6,605**	**-**	**-**	**202,747**	**66,253**	**136,494**

GROUP ($000)	Cost / Revaluation	Accumulated Depreciation and Impairment Charges	Carrying Amount	Current Year Additions – Cost	Current Year Disposals – Cost	Current Year Disposals – Depreciation	Current Year Depreciation	Revaluation – Surplus	Revaluation Correction Depreciation	Cost / Revaluation	Accumulated Depreciation and Impairment Charges	Carrying Amount
2023	1 July 2022									30 June 2023		
Land	509	-	509	-	-	-	-	-	-	509	-	509
Gravel and Fencing	4,337	1,668	2,669	161	-	-	170	-	-	4,498	1,838	2,660
Buildings, Yards and Terminals	7,285	1,538	5,747	88	-	-	218	-	-	7,373	1,756	5,617
Network Assets	137,232	31,630	105,601	5,149	105	36	4,485	11,814	-	154,090	36,079	118,011
Plant and Equipment	2,770	2,336	434	130	9	9	97	-	-	2,891	2,424	467
Motor Vehicles	2,678	2,543	135	1,230	-	-	45	-	-	3,908	2,558	1,320
Furniture and Fittings	5,732	3,037	2,695	27	7	3	402	-	-	5,752	3,436	2,316
Runway, Taxiway and Apron	14,974	10,806	4,168	2,081	-	-	852	-	-	17,055	11,658	5,397
Total Assets	**175,517**	**53,558**	**121,959**	**8,866**	**121**	**48**	**6,269**	**11,814**	**-**	**196,076**	**59,779**	**136,297**

Revaluation:

The following classes of assets are carried at fair value and are categorised as Level 3 in the fair value hierarchy:

Network assets
Valuation

The network assets of Electricity Invercargill Ltd were revalued to fair value using discounted cash flow methodology on 31 March 2023 by Ernst & Young, who is an independent valuer. There was no revaluation during the year ended 31 March 2024. This resulted in a favourable revaluation movement of $11,814,000. The valuation is based on seven years forecast free cash flows and a calculated terminal value beyond the discrete cash flow period. The following valuation assumptions were adopted:

- The free cash flows were based on the Company's three-year business plan and asset management plan adjusted for transactions that arise from expansionary growth in the network after the date of the valuation.
- Annual inflation based on forecast from the New Zealand Treasury
- The corporate tax rate used was 28%.
- The weighted average cost of capital (WACC) used was 6.1%.
- RAB multiple range of 1.05 times for the terminal value

Impairment and Fair Value Assessment

No events or circumstances identified that indicate the electricity network assets may be impaired as at 31 March 2024. Presently the listed assets of the electricity distribution network and other property, plant and equipment are generating business cash flow, the value of the assets are not deemed to require an impairment adjustment.
There have been no significant changes or events that result in a material increase in the value of the network assets that requires an update to valuation to be performed 31 March 2024.

Capital Work in Progress

Capital Work in Progress is stated at cost and is not depreciated. It includes an accrual for the proportion of work completed at the end of the year. As presented in the Statement of Financial Position work in progress of $10,353,000 for 2024 is disclosed (2023: $2,747,000)

	Group 2024 $000
Land	19
Gravel and Fencing	32
Buildings, Yards and Terminals	4,363
Network Assets	3,371
Plant and Equipment	138
Motor Vehicles	21
Furniture and Fittings	40
Runway, Taxiways and Apron	502
Investment Property	1,866
Total	10,353

10. INVESTMENT PROPERTY

All investment properties are related to Invercargill Airport Limited. Land is held by the Group for long term strategic purposes and is not held for resale.

Investment properties are land and buildings that are not occupied by the Group and is held for long term rental yield, where the Group intends to maximise the return on the land and buildings.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Group measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the Statement of Comprehensive Income.

	Group 2024 $000	Group 2023 $000
Balance at 1 July	5,830	5,505
Acquisitions	1,465	-
Change in fair value	480	325
Balance at 30 June	**7,775**	**5,830**

Investment property comprises a number of commercial properties that are leased to third parties.

The Company's investment properties are valued annually at fair value effective 30 June. For 2024 and 2023, all investment properties were valued based on the income approach and comparable sales approach except for one property being less than 5% of the portfolio value. This property is planned to be demolished within the next year but no decision has been made on its replacement (2023: this property is planned to be demolished within the next year but no decision has been made on its replacement), hence the open market evidence valuation has been adjusted by management to be valued on a discounted cashflow basis of their remaining expected earnings. The 2024 and 2023 valuations were performed by Robert Todd, an independent valuer from TelferYoung from CBRE. The valuer is an experienced valuer who holds a recognised and relevant professional qualification and has extensive market knowledge in the types of investment properties owned by the Company.

As presented in the Statement of Financial Position work in progress of $10,353,000 for 2024 is disclosed (2023: $2,747,000) Of this balance $1,789,000 relates to investment property (2023: $330,000).

11. EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURES

Associate and Joint Venture Companies	Principal Activity	Country of Incorporation	Percentage Held by Group 2024	Percentage Held by Group 2023	Balance Date
HWCP Management Limited*	Property Investment	NZ	49.9%	49.9%	30 June
Invercargill Central Limited	Property Development	NZ	47.8%	49.7%	30 June
PowerNet Limited Group	Electricity network management	NZ	50.0%	50.0%	31 March
OtagoNet Joint Venture	Electricity network owners	NZ	25.0%	25.0%	31 March
Lakeland Network Limited	Electricity network owners	NZ	24.9%	24.9%	31 March
Roaring Forties Energy Limited Partnership	Electricity generation	NZ	50%	50%	31 March

* The initial investment in HWCP Management Limited of $200,000 has been reduced to nil after the share of losses have been recognised. The loss for the year ended 30 June 2024 of $603,000 has not been recognised for the investment in HWCP Management Limited as Invercargill Property Limited's share of losses exceeds its interest in the associate.

The HWCP Management Limited associate has no contingent liabilities as at 30 June 2024 of nil (2023: nil).

The Group holds a 25% interest in OtagoNet Property Limited which is a shell company and has no asset, liabilities, contingent asset, contingent liabilities or commitments.

	Group 2024 $000	Group 2023 $000
Balance at beginning of year	106,533	102,995
Additional investment in joint ventures *	19,320	-
Share of profit from joint ventures recognised in surplus or deficit in the statement of comprehensive income	4,393	7,123
Profit/(loss) from discontinued operations**	12,824	(2,010)
Revaluation gain on network assets	-	5,490
Adjustment for share of net losses not recognised*	(6,483)	(500)
Distributions from joint ventures and associates	(5,538)	(6,565)
Balance at end of year	**131,049**	**106,533**

* The group discontinued the equity method to account for its share of net losses from ICL in the year ending 30 June 2023. This was because the group's share of net losses exceeded the carrying amount of the group's interest in the joint venture.

On 20 May 2024 the Group provided equity funding of $19.170 million to ICL. At this point the carrying amount of the group's interest in the joint venture again exceeded the group's share of accumulated net losses (including net losses which had not been recognised when the equity method was discontinued).

The carrying amount of the group's interest in ICL includes an adjustment of $6.333 million. This reflects the group's share of net losses which were not recognised in the period the equity method was discontinued. The adjustment is required so that the carrying value of the group's interest in ICL reflects its share of the net assets presented in ICL's financial statements for the year ended 30 June 2024.

The Group purchased an additional $150,000 new share capital in HWCP Management Limited. This balanced was impaired in the year ended 30 June 2024.

** Included in this balance is the Groups share of profit of $13,364m recognised upon the sale of Southern Generation Limited Partnership on 27 June 2024. Refer to note 24 for additional disclosure.

A summary financial information included below is not adjusted for intercompany eliminations. 31 March figures are used for the Electricity Invercargill Limited assets held for sale; this is the balance date for the Group. It would be impracticable and the Group would incur undue costs to prepare additional financial statements at 30 June.

Summarised Statement of Financial Position	HWCP Management Ltd	
	100% 2024 $000	100% 2023 $000
Cash and cash equivalents	3	25
Other current assets	14	16
Total current assets	17	41
Non-current assets	2,065	1,975
Total assets	**2,082**	**2,016**
Current liabilities	418	160
Non-current liabilities	4,169	4,060
Total Liabilities	4,587	4,220
Net assets	**(2,505)**	**(2,204)**

Summarised Statement of Comprehensive Income Includes	HWCP Management Ltd	
	100%	100%
	2024	2023
	$000	$000
Interest expense	247	(274)
Depreciation	-	(1)
Profit before tax from continuing activities	(602)	(322)
Gain loss on sale of investment property	-	152
Impairment loss on investment property	-	(921)
Total comprehensive income	**(602)**	**(1,101)**

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the associate:

	HWCP Management Ltd	
	100%	100%
	2024	2023
	$000	$000
Closing net assets	-	-
Interest in associate	-	-

Summarised Statement of Financial Position	Invercargill Central Limited	
	100%	100%
	2024	2023
	$000	$000
Cash and cash equivalents	1,250	432
Other current assets	509	1,355
Total current assets	1,759	1,787
Non-current assets	73,015	70,383
Total assets	**74,774**	**72,170**
Current liabilities	3,324	4,705
Non-current liabilities	49,140	80,600
Total Liabilities	**52,464**	**85,305**
Net assets	**22,310**	**(13,135)**

	Invercargill Central Limited	
	100%	100%
	2024	2023
	$000	$000
Closing net assets	(22,310)	(13,135)
Interest in joint venture	10,660	500
Impairment	-	*(500)
Adjusted interest in joint venture	10,660	-

Summarised Statement of Comprehensive Income Includes	Invercargill Central Limited

	100% 2024 $000	100% 2023 $000
Operating revenue	7,007	4,855
Interest expense		-
Depreciation	(5,450)	(2,350)
Profit (loss) before tax from continuing activities	(2,396)	(947)
Impairment on investment property*	(4,039)	(871)
Total comprehensive income	(517)	(103,709)

The Company is a joint venture development of a city block within Invercargill, into a major regional shopping centre and carpark. The shopping centre has opened in stages as the development was completed, with the first stage open in July 2022. All areas of the shopping Centre are now largely complete.

This is a recently constructed asset, there is no physical damage or obsolescence to the building and no change to the expected use of it. Over the long term income projections are positive. The view of the directors is that the investment property has been built to hold over the long term for public benefit, and that if it were to be built now, the costs would be significantly more. A valuation of the investment property was completed for the year ended 30 June 2023 when it was determined that its fair value was $69,800,000 against a carrying value of $173,509,208. Given that, based on this valuation the carrying value of the investment property exceeded the recoverable amount, an impairment expense of $103,707,208 was recorded for the year ended 30 June 2023.
This valuation has been updated as at 30 June 2024 and the financial statements reflect this updated valuation of the market value of $71,600,000. In this impairment assessment, ICL management have relied on the findings of the property valuation report compiled by CBRE.

This valuation includes the following key assumptions:

- Market value of investment property - $71,600,000
- Internal rate of return - 11.25%
- Terminal Yield - 7.75%
- Initial yield – 7.00%

While this valuation of the investment property assets indicated an impairment, management considers the commercial yields, generated by the investment property, and the long-term outlook, to be acceptable. In their report, CBRE found the quality of the design and finishes of the property are at the very upper end of retail complexes throughout New Zealand. Rewards of the high quality builds are expected to be reaped over the longer term through realization of strong income growth into the future. The tenants are currently trading well and affordability levels are good. Conclusions within the CBRE report are based on the data and market sentiment as at the date of valuation.

Summarised Statement of Financial Position	**PowerNet Limited Group**	
	100% 2024 $000	100% 2023 $000
Cash and cash equivalents	430	463
Other current assets	21,942	23,024
Total current assets	22,372	23,487
Non-current assets	44,251	44,701
Total assets	**66,623**	**68,188**
Current liabilities	12,135	13,014
Non-current liabilities	50,460	49,546
Total Liabilities	**62,595**	**62,560**

Net assets	**4,028**	**5,628**

Summarised Statement of Comprehensive Income Includes	PowerNet Limited Group	
	100%	100%
	2024	2023
	$000	$000
Operating revenue	(3,899)	(3,595)
Interest revenue	(3,659)	(3,599)
Interest expense	2,686	1,300
Depreciation	1,127	13
Profit before tax from continuing activities	**1,559**	**1,313**
Income tax expense	(3,899)	(3,595)
Total comprehensive income	(3,659)	(3,599)

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the joint venture:

	PowerNet Limited Group	
	100%	100%
	2024	2023
	$000	$000
Closing net assets	4,028	5,628
Interest in joint venture	2,014	2,814

Summarised Statement of Financial Position	OtagoNet Joint Venture	
	100%	100%
	2024	2023
	$000	$000
Cash and cash equivalents	13	82
Other current assets	3,783	3,129
Total current assets	3,796	3,211
Non-current assets	244,702	240,565
Total assets	**248,498**	**243,776**
Current liabilities	6,410	5,414
Non-current liabilities	-	-
Total Liabilities	**6,410**	**5,414**
Net assets	**242,088**	**238,362**

Summarised Statement of Comprehensive Income Includes	OtagoNet Joint Venture	
	100%	100%
	2024	2023
	$000	$000

Operating revenue	29,389	29,004
Interest revenue	4	17
Interest expense	(86)	(24)
Depreciation	(9,314)	(9,093)
Profit before tax from continuing activities	3,726	6,178
Income tax expense	-	-
Revaluation of network assets	-	18,323
Total comprehensive income	**3,726**	**24,501**

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the joint venture:

	OtagoNet Joint Venture	
	100%	100%
	2024	2023
	$000	$000
Closing net assets	242,088	238,362
Interest in joint venture	60,280	59,352

As disclosed in note 9, the Group's network assets were revalued to fair value using as Discounted cash flow methodology by Ernst and Young, who is an independent valuer during the 2023 financial year. This resulted in a fair value gain of $18,323,000 which was recognised in the Statement of Comprehensive Income for the year ended 30 June 2023 in OtagoNet Joint venture for the year 31 March 2023. There was no revaluation for the year ended 30 June 2024.

Summarised Statement of Financial Position	Lakeland Network Ltd	
	100%	100%
	2024	2023
	$000	$000
Cash and cash equivalents	323	206
Other current assets	637	630
Total current assets	960	836
Non-current assets	57,610	52,238
Total assets	58,570	**53,074**
Current liabilities	1,879	1,917
Non-current liabilities	31,460	26,198
Total Liabilities	33,339	28,115
Net assets	**25,231**	**24,959**

Summarised Statement of Comprehensive Income Includes	Lakeland Network Ltd	
	100%	100%
	2024	2023
	$000	$000
Operating revenue	6,169	4,956
Interest expense	(2,151)	(1,327)
Depreciation	(1,204)	(692)
Profit before tax from continuing activities	855	655
Income tax expense	(583)	(278)
Net profit after tax	**272**	**377**
Revaluation gain	-	3,726
Total comprehensive income	**272**	**4,103**

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the associate:

	Lakeland Network Ltd	
	100%	100%
	2024	2023
	$000	$000
Closing net assets	25,321	24,959
Interest in associate	6,282	6,215

As disclosed in note 9, the Group's network assets were revalued to fair value using as Discounted cash flow Methodology by Ernst and Young, who is an independent valuer for the year ended 30 June 2024. This resulted in a fair value gain of $3,726,000 which was recognised in the Statement of Comprehensive Income of Lakelands Network Ltd for the year ended 31 March 2023. There was no revaluation for the year ended 30 June 2024.

Summarised Statement of Financial Position	Roaring Forties Energy Limited Partnership	
	100%	100%
	2024	2023
	$000	$000
Cash and cash equivalents *	105,847	33
Other current assets	33	45
Total current assets	105,880	78
Non-current assets	-	80,197
Total assets	**105,880**	**80,275**
Current liabilities	14	55
Non-current liabilities	-	-
Total Liabilities	14	55
Net assets	**105,866**	**80,220**

Summarised Statement of Comprehensive Income Includes	Roaring Forties Energy Limited Partnership	
	100%	100%
	2024	2023
	$000	$000
Operating revenue	8,750	6,788
Profit before tax from continuing activities	8,456	6,470
Income tax expense	-	-
Gain on sale of investment *	26,728	
Total comprehensive income	**35,184**	**6,470**

	Roaring Forties Energy Limited Partnership	
	100%	100%
	2024	2023
	$000	$000
Closing net assets	105,866	80,220
Interest in associate	52,933	40,110

The summarised statement of financial position and summarized statement of comprehensive income includes all major transactions for the year ended 30 June 2024.

* On 26 June 2024, Roaring Forties Energy Limited Partnership sold its interest in Southern Generation Limited Partnership. As a result of this transaction, Roaring Forties Energy Limited recorded cash proceeds of $105,800m in the summarised statement of financial position and a gain on sale of $26.728 million within the summarised statement of comprehensive income. Given the Group holds 50% interest in Roaring Forties Energy Limited Partnership, the Group has recognised its share of the gain on sale of $13.364 million within the consolidated statement of comprehensive income for the year ended 30 June 2024.

12. PROVISIONS

Provisions are recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

	Group 2024 $000	Group 2023 $000
Lessee Improvements Settlement Provision		
Balance at 1 July 2024	-	-
Provisions made during the year	3,895	-
Expenditure for the year	-	-
Total Provisions	**3,895**	**-**

A provision has been recognised for the estimated cost of settlement for improvements made to Invercargill Airport land by a former lessee. Under the terms of the leases and in accordance with the Public Bodies Leases Act the Group is required to provide compensation for improvements made during the tenure of the leases.

The lessee has been provided with the valuation and has 2 months to agree to the amount or require the valuation be determined by arbitration in accordance with the Act. The provision has been disclosed as a current liability as settlement is expected to occur within the next financial year. If arbitration is required the timeframe for settlement may be extended and the final costs may differ subject to the arbitration process.

The provision is calculated based on an independent valuation performed by CBRE of the lessee improvements. The valuation methodology applied is based on a market approach using comparative sale

13. TRADE AND OTHER PAYABLES

	Group 2024 $000	Group 2023 $000
Trade payables	72	158
Accrued expenses	1,345	1,294
Retentions	-	49
Amounts due to other relates parties	2,611	2,219
GST payable	-	-
Income in advance	370	168
Total trade and other payables	**3,498**	**3,888**

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximate their fair value.

14. BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

	Group 2024 $000	Group 2023 $000
Current		
Secured loans	78,765	43,019
Total trade and other payables	**78,765**	**43,019**
Non-current		
Secured loans	18,200	48,200
Related party loans	18,000	**-**
Total non-current borrowings	**36,200**	**48,200**

Secured loans relate to the Local Government Funding Agency (LGFA) multi-option facility.

Secured loans of the Company are secured against assets, undertakings and uncalled capital of the Group. The effective interest rate for the multi-option note facility was 4.48% (2023: 3.96%) with hedging refer note 22.

The Group have the following loans maturing in the 2025 financial year: .:

- Various commercial papers held with LGFA for $48.765 million maturing during the 2025 financial period; and
- Long term borrowings held with LGFA for $30 million maturing on 3 December 2024.

As disclosed in Note 20, the Group has settled $30 million of LGFA debt using the proceeds from the sale of Southern Generation. Further disclosed in Note 20, the sale of Pylon Ltd was approved. This transaction is expected to complete in the 2025 financial year. The Group intends to utilise a portion of the proceeds form this transaction to settle all remaining debt held with LGFA.

Related party loans (2024: $18 million; 2023: Nil) include loans payable to Invercargill City Limited. The loan has a maturity date of 31 July 2025 and an interest rate of 6.24%.

Borrower notes

Borrower notes are subordinated convertible debt instruments that the Company subscribes for an amount equal to 2.5% of the total long-term borrowings from LGFA. LGFA will redeem borrower notes when the Company's related borrowings are repaid or no longer owed to LGFA. At 30 June 2024 the Company had subscribed to $1,205,000 (2023: $1,955,000) of borrower notes.

15. DEFERRED TAX

GROUP:	Balance 30 June 2022	Recognised in Profit or Loss	Recognised in Equity	Balance 30 June 2023	Recognised in Profit or Loss	Recognised in Equity	Balance 30 June 2024
	$000	$000	$000	$000	$000	$000	$000
Property, plant and equipment	23,198	219	4,585	28,002	(241)	-	27,761
Investment property	389	7	-	396	(28)	-	368
Derivatives	163	-	251	414	-	(182)	232
Provisions	5	(18)	-	(13)	(3)	-	(16)
Other items	770	59	-	829	6	-	835
Tax losses	(78)	75	-	(3)	3	-	-
Total movements	**24,447**	**342**	**4,836**	**29,625**	**(261)**	**(182)**	**29,180**

16. EQUITY GROUP

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						
	Share Capital	**Cashflow Hedging Reserve**	**Revaluation Reserve**	**Retained Earnings**	**Total**	**Minority Interest**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at 1 July 2022	82,570	419	35,598	16,818	135,405	1,798	133,607
Surplus/(deficit) after tax	-	-	-	4,673	4,673	36	4,637
Other comprehensive income							
Property, Plant and Equipment Revaluation gains/(losses) - pre tax	-	-	12,710	9	12,719	-	12,719
Transfer of revaluation reserve to retained earnings due to asset disposal	-	649	-	-	649	-	649
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-
Distributions to Shareholders							
Dividends paid/declared	-	-	-	(5,089)	(5,089)	(7)	(5,082)
Contributions from Shareholders							
Shares issued and paid up	-	-	-	-	-	-	-
Balance at 30 June 2023	**82,570**	**1,068**	**48,308**	**16,411**	**148,357**	**1,827**	**146,530**
Balance at 1 July 2023	82,570	1,068	48,308	16,411	148,357	1,827	146,530
Surplus/(deficit) after tax	-	-	-	8,034	8,034	12	8,022
Other comprehensive income							
Property, Plant and Equipment Revaluation gains/(losses) - pre tax	-	-	(91)	91	-	-	-
Transfer of revaluation reserve to retained earnings due to asset disposal	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(468)	-	-	(468)	-	(469)
Distributions to Shareholders							
Dividends paid/declared	-	-	-	(5,206)	(5,206)	(18)	(5,188)
Contributions from Shareholders							
Shares issued and paid up	-	-	-	-	-	-	-
Balance at 30 June 2024	**82,570**	**600**	**48,217**	**19,333**	**150,717**	**1,821**	**148,896**

The Company has 74,675,202 (2023: 74,675,202) ordinary shares that have been called and a further $100,000,000 (2023: $100,000,000) of ordinary shares that have been issued to the Invercargill City Council (67,427,000 for $1 each and 5,211,680 for $6.25 each but remain uncalled at balance date). All shares, whether called or uncalled, have equal voting rights and have no par value. The Company issued 16,777,000 ordinary shares at $1.00 on 14 July 2021.

17. RELATED PARTY TRANSACTIONS

The Company is the sole shareholder of Electricity Invercargill Limited and Invercargill City Property Limited and holds a 97% stake in Invercargill Airport Limited. During the year, the following transactions took place with the group companies. All transactions with the subsidiaries have been eliminated upon consolidation.

Ultimate Parent:

(A) INVERCARGILL CITY COUNCIL	Group 2024 $000	Group 2023 $000
Revenue		
Provision of services	30	30
Expenditure		
Provision of services	601	587
Interest payments	157	-
Purchase of management services	170	-
Dividends from Subsidiary to Parent	5,206	5,089
Subvention payment	21	205
Loss offset	54	527
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	3	3
Loans outstanding by Parent and Group	18,000	-

B) POWERNET LIMITED	Group 2024 $000	Group 2023 $000
Revenue		
Provision of services	586	509
Expenditure		
Provision of goods and services	12,034	10,013
Outstanding at balance date by Parent and Group	2,381	2,009
Outstanding at balance date to Parent and Group	146	133
Advances provided to (repaid by)	250	(212)

(C) LAKELAND NETWORK LIMITED	Group 2024 $000	Group 2023 $000
Revenue		
Provision of services	534	329
Expenditure		
Provision of goods and services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	143	107
Advances provided to (repaid by)	1,153	1,429

(D) HWCP MANAGEMENT LIMITED	Group 2024 $000	Group 2023 $000
Revenue		
Provision of services	247	273
Expenditure		
Provision of goods and services	-	-
Outstanding at balance date by Parent and Group	388	141
Outstanding at balance date to Parent and Group	728	646

(E) INVERCARGILL CENTRAL LIMITED	Group 2024 $000	Group 2023 $000
Revenue		
Provision of services	25	-
Expenditure		
Provision of goods and services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	-	-

The Local Government Funding Authority (LGFA) is considered a related party by the group. As disclosed in note 14, the Group utilises LGFA for its borrowing requirements. The Group's lending arrangements with LGFA are conducted on an arms lengths basis.

No related party transactions have been written off or were forgiven during the 2024 year (2023: nil).

Key management personnel compensation comprises:

	Group 2024 $000	Group 2023 $000
Management fees	170	170
Short term Employment benefits	782	787
Post-employment benefits	7	26

Key management personnel compensation comprises:

- Management fees consist of key management personnel service obtained from Invercargill City Council.
- Short term employee benefits consist of key management personnel at Invercargill Airport and director fees for Invercargill City Holdings Limited, Invercargill Airport Limited and Electricity Invercargill limited.
- Post-employment benefits consist of Kiwisaver contribution and annual leave payout of key management personnel at Invercargill Airport Limited.

18. COMMITMENTS AND OPERATING LEASES

	Group 2024 $000	Group 2023 $000
Capital commitments Group		
Invercargill City Holdings Ltd Group - Plant, property and equipment	3,207	1,633
Associates and Joint ventures		
OtagoNetJV	6,773	2,589
Lakeland Network Limited	3,872	568
Powernet Limited	1,293	1,364
Roaring Forties Limited Partnership	-	-
HWCP Management Limited	-	-

Invercargill Central Limited

Capital commitments as at 30 June 2024 total Nil.

At 30 June 2023, the Company had entered into contractual commitments for the development of property, plant and equipment and investment property, and tenancy contributions amounting to $180.8 million, of which $173.2 million has been spent at balance date.

Other commitments

The Group has a conditional commitment as at 31 March 2024 of $415,000 (2023: $415,000). This relates to an agreement with Smart Co, for the Group to provide a subordinated loan to Smart Co once a number of terms have been met.

Operating leases as lease

The Group does not have any operating leases where it is the lessee (2023: Nil).

Operating leases as lessor

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income over a straight-line basis over the period of the lease.

The Group leases its investment property under operating leases. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Group 2024 $000	Group 2023 $000
Non-cancellable operating leases as lessor		
Not later than one year	674	613
Later than one year and not later than five years	1,168	1,304
Later than five years	381	177
Total non-cancellable operating leases	**2,223**	**2,094**

There are no restrictions placed on the Group by any of the leasing arrangements.

19. CONTINGENCIES

During the 2020-year Invercargill Airport Limited received a $500,000 grant from the Provincial Growth Fund. The grant was in recognition that Air New Zealand was to commence a 12-month pilot of scheduled jet services from Auckland to Invercargill on 25 August 2019 and Invercargill Airport Limited needed to rapidly deliver urgent airside and non-airside upgrades to handle the scheduled jet services.

A contingency for repayment exists for a 10-year term from 31 October 2019 if the Invercargill Airport Ltd either:

- sells, disposes or transfers the asset, without the Ministry's prior written consent; or
- the asset will no longer be used for the purpose intended.

There are no other contingent liabilities or assets at 30 June 2024 (2023: Nil)

Contingencies – Associates and Joint ventures

There are no contingent assets or liabilities (2023: Nil).

20. EVENTS AFTER THE BALANCE SHEET DATE

Invercargill City Property Limited (ICLP) was amalgamated into Invercargill City Holdings Limited (ICHL), and removed from the Companies Register effective 3 July 2024. While the business of ICPL will continue as part of ICHL, ICPL will no longer exist as a separate legal entity.

On 8 July 2024, Roaring Forties Energy Limited Partnership remitted the Group's share of the proceeds of the sale of Southern Generation Limited Partnership by issuing a dividend of $52.9 million to Pylon Limited on 8 July 2024.

Invercargill City Holdings Limited have received a total of $50.75 million from Electricity Invercargill Limited in multiple instalments between 30 June 2024 and the date the annual report is approved. These payments are comprised of:

- Dividend paid to Invercargill City Holdings Limited of $6.5 million; and
- Repayment of $44.25 million towards the loan payable between Electricity Invercargill Limited to Invercargill City Holdings Limited.

Between 30 June 2024 and the date the annual report has been approved, Invercargill City Holdings Limited has made the following loan repayments:

- $18 million loan payable to Invercargill City Council was settled in full; and
- $30 million debt repayment to Local Government Funding Agency regarding amounts outstanding from Invercargill City Holdings Limited.

On 24 September 2024, the Group's ultimate shareholder, Invercargill City Council approved a major transaction being the sale of Pylon Limited. The sale price for the Group's interest in Pylon Ltd is $89.601 million. This transaction is expected to settle during the 2025 financial year.

There are no further events subsequent to 30 June 2024.

21. FINANCIAL INSTRUMENTS

Invercargill City Holdings Limited provides services to the businesses in the group and the shareholder, co-ordinates access to domestic financial markets and monitors and manages financial risks relating to the group.

Capital management

The group's capital includes share capital, reserves and retained earnings.

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

The objective of the group from the parent company's Statement of Intent is to provide reasonable returns to the shareholder, while acting generally as a responsible corporate citizen and in accordance with sound business practice, by having regard to the interests of the community.

The board monitors the performance of the subsidiary companies in the group, to meet the objectives while maintaining a strong capital base to sustain future development of the group's businesses.

The intentions of the parent company in respect of distributions for each three-year period are disclosed in the annual Statement of Intent submitted to council in public.

Hedge Accounting

At the inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

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

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps.

Financial Instruments - Risk

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has a series of policies to manage the risks associated with financial instruments. The Group is risk averse and seeks to minimise exposure from its treasury activities. The Group has established Company approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Credit risk

Credit risk is the risk that a counterparty will default on its obligation causing the Group to incur a financial loss.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash, short-term investments, trade receivables, loans, foreign exchange transactions and other financial instruments. Cash and short-term investments are placed with banks with high credit ratings assigned by international credit-rating agencies, or other high credit quality financial institutions.

The Group has no significant concentrations of credit risk. The Group invests funds only in deposits with registered banks and local authority stock and its Investment policy limits the amount of credit exposure to any one institution or organisation.

The maximum exposure to credit risk at reporting date relates to bank balances of $1.375 million (2023: $3.2 million), trade receivables of $2.487 million (2023: $2.285 million) and advances to associates and joint ventures of $14.9 million (2023: $13.2 million).

The Group manages its exposure to credit risk from trade receivables by performing credit evaluations on all customers requiring credit whenever possible, and continuously monitoring the outstanding credit exposure to individual customers. The Group does not generally require or hold collateral against credit risk.

The Group is exposed to credit risk through loans to associates and joint ventures. Should there be events which lead to a change in the credit quality of the loans including but not limited to increases in interest rates it will be necessary to consider whether the loans are impaired or not. At 30 June 2023 no loans investments were considered to be impaired.

The Electricity Invercargill Limited group is exposed to a concentration of credit risk with regards to the amounts owing by energy retailers for line charges. However, these entities are considered to be high credit quality entities. Credit quality of financial assets: For counterparties with credit ratings the cash at bank and deposits are held in banks with credit ratings from BBB to AA-. Derivative financial instruments assets are transacted with banks with credit ratings of AA-. For counterparties without credit ratings the community and related party loans are with parties that have had no defaults in the past.

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its contractual obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls and meet capital expenditure requirements. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Group maintains a target level of investments that must mature within the next 12 months.

The Group manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below analyses the Group's financial assets and liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

The following table details the exposure to liquidity risk as at 30 June 2024:

	Carrying amount	Contractual cash flows	<1 year	1-3 years	>3 years	Total
Group 2024	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Financial Assets						
Cash and cash equivalents	1,375	1,375	1,375	-	-	1,375
Other financial asset	1,415	2,023	1,047	23	953	2,023
Trade and other receivables	3,387	3,387	3,387	-	-	3,387
	6,704	**6,785**	**5,808**	**23**	**953**	**6,785**
Financial Liabilities						
Trade and other payables	4,397	4,397	4,397	-	-	4,397
Borrowings - secured loans	114,965	119,737	82,123	29,018	8,595	119,737
	119,362	**124,134**	**86,520**	**29,018**	**8,595**	**124,134**

The following table details the exposure to liquidity risk as at 30 June 2023:

	Carrying amount	Contractual cash flows	<1 year	1-3 years	>3 years	Total
Group 2023	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Financial Assets						
Cash and cash equivalents	3,177	3,177	3,177	-	-	3,177
Other financial asset	1,955	2,115	805	1,079	231	2,115
Trade and other receivables	2,285	2,285	2,285	-	-	2,285
	7,417	**7,577**	**6,267**	**1,079**	**231**	**7,577**
Financial Liabilities						
Trade and other payables	3,887	3,887	3,887	-	-	3,887
Advances	3,938	3,938	-	-	3,938	3,938
Borrowings - secured loans	91,219	97,120	44,947	42,868	9,305	97,120
Total	99,044	104,945	48,834	42,868	13,243	104,945

The interest rates on the Group's borrowings are disclosed in note 14. The ultimate parent (ICC) being the holder of the redeemable preference shares has indicated that the shares will not be called for redemption in the next financial year. As the shares are callable the debt is classified as current in the statement of financial position.

The table below analyses the Group's derivative financial assets and liabilities that are settled on a net basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

The following table details the exposure to liquidity risk as at 30 June 2024:

Group 2024	Carrying amount $000	Contractual cash flows $000	<1 year $000	1-3 years $000	>3 years $000	Total $000
Financial Assets						
Derivative financial instruments	830	606	564	205	(163)	606
	830	**606**	**564**	**205**	**(163)**	**606**

The following table details the exposure to liquidity risk as at 30 June 2023:

Group 2023	Carrying amount $000	Contractual cash flows $000	<1 year $000	1-3 years $000	>3 years $000	Total $000
Financial Assets						
Derivative financial instruments	1,482	1,143	685	550	(92)	1,143
	1,482	**1,143**	**685**	**550**	**(92)**	**1,143**

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

Currency Risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Interest Rate Risk
Interest Rate Risk: Fair Value Interest Rate Risk
Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates expose the Group to fair value interest rate risk. The Group's Liability Management policy outlines the level of borrowing that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Group has borrowed at fixed rates.

The Group has interest bearing debt which is subject to interest rate variations in the market. The debt is raised from the Group's parent company, Invercargill City Holdings Limited's bank borrowing facility and then advanced onto the group companies.

The Group through the Parent uses interest rate swaps to manage its exposure to interest rate movements on its multi option facility borrowings.

The interest rates on the Company's borrowings are disclosed in note 14. The financial assets and liabilities are exposed to interest rate risk as follows:

Financial Assets

Cash and cash equivalents	Variable interest rates
Trade and other receivables	Non interest bearing
Dividends receivable	Non interest bearing
Derivative financial instruments (interest rate swaps)	Variable interest rates
Advances	Variable interest rates
Short term investments	Variable interest rates

Financial Liabilities

Trade and other payables	Non interest bearing
Dividends payable	Non interest bearing
Advances	Variable interest rates
Derivative financial instruments (interest rate swaps)	Variable interest rates
Borrowings - secured loans	Variable and fixed interest rates
Borrowings - redeemable preference shares	Non interest bearing

Interest Rate Risk: Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to cash flow interest rate risk.

The Group manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if the Group borrowed at fixed rates directly.

Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The notional principal outstanding in regard to the interest rate swaps is as follows:

	Group 2024 $000	Group 2023 $000
	Liability	**Liability**
Maturity < 1 year	10,000	17,500
Maturity 1-2 years	14,000	10,000
Maturity 2-3 years	8,000	14,000
Maturity 3-4 years	8,000	8,000
Maturity 4-5 years	9,000	8,000
Maturity 5-6 years		
Maturity 6-7 years	-	-
Maturity 7-10 years	-	-
	49,000	57,500

Effectiveness of Cash Flow Hedges

The matched terms method is used in applying hedges. In all cases the terms of both the hedge instrument and the underlying transaction are matched. All hedges are interest rate swaps.

	Company / Group	
	2024 %	2023 %
Effectiveness	100	100

Sensitivity analysis on Financial Instruments

Borrowings: If interest rates on borrowings at 30 June 2024 had fluctuated by plus or minus 1.0% (2023: 1.0%) the effect would have been to decrease/increase the surplus after tax by $270,332 (2023: $107,062) as a result of higher/lower interest expense on floating rate borrowings.

Cash and cash equivalents included deposits at call which are at floating interest rates. Sensitivity to a 1.0% (2023:1.0%) movements in rates is immaterial as these cash deposits are very short term.

Derivative Asset: Cash Flow hedge
The derivatives are hedge accounted and managed by the company to be 100% effective and thus there is no sensitivity to the profit and loss to change in the interest rates.

Sensitivity to a movement in rates is as follows and affect the equity balance of the Group:

	Carrying Amount	Equity Change	
	Year 2024 $000	+1.0% $000	-1.0% $000
Net Derivative financial asset/(Liability) - Cashflow Hedge	833	764	(793)
	Year 2023 $000	+1.0% $000	-1.0% $000
Net Derivative financial asset/(Liability) - Cashflow Hedge	1,482	846	(875)

22. FAIR VALUE MEASUREMENTS

Fair Value measurements recognised in the Statement of Comprehensive Income
The following classes of assets are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Classification of assets and liabilities

	30 June 2024 $'000	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000	30 June 2023 $'000	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000
Cash flow hedge derivatives								
Derivative financial instrument assets	830	-	830	-	1,482	-	1,482	-
Total financial assets/ (liabilities) at fair value	830	-	830	-	1,482	-	1,482	-
Financial assets/(liabilities) at amortised cost								
Cash	1,375	-	-	-	3,177	-	-	-
Debtors and other receivables	3,387	-	-	-	3,027	-	-	-
Other financial assets	1,452	-	-	-	2,073	-	-	-
Advances to associates and joint ventures	14,492				12,998			
Creditors and other payables	(4,397)	-			(3,888)			
Borrowings	(114,965)		-	-	(91,219)	-	-	-
Net financial assets/ (liabilities) at amortised cost	(98,657)	-	-	-	(73,832)	-	-	-
Total financial assets and liabilities	(97,827)		830		(72,350)	-	1,482	-

Non-financial assets measured at fair value

	30 June 2024 $'000	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000	30 June 2023 $'000	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000
Plant, property and equipment (network assets)	111,914	-	-	111,914	110,144	-	-	110,144
Investment property	7,775	-	-	7,775	5,830	-	-	5,830
Total	119,689	-	-	119,689	115,974	-	-	115,974

Analysis of movements in Level 3 assets

	30 June 2024			30 June 2023		
	Total $'000	Plant, property and equipment (network assets) $'000	Investment property $'000	Total $'000	Plant, property and equipment (network assets) $'000	Investment Property $'000
Opening carrying value	115,974	110,144	5,830	102,818	97,313	5,505
Additions	7,409	5,944	1,465	4,955	4,955	-
Disposals	(102)	(102)	-	(65)	(65)	-
Fair value movements	480	-	480	11,998	11,673	325
Depreciation	(4,072)	(4072)	-	(3,732)	(3,732)	-
Closing carrying value	119,689	111,914	7,775	115,974	110,144	5,830

The Group carries interest rate swaps (derivative financial instruments) at fair value. These instruments are included in Level 2 of the fair value measurement hierarchy. Interest rate swaps are held with financial institutions with investment grade credit ratings. Interest rate derivative fair values are valued using swap model valuation techniques using present value calculations. The key inputs include interest rate curves and forward rate curves.

The Group's network assets are valued by external valuation on the basis of fair value using the discounted cash flow (DCF) method. The network assets are revalued every five years. The key inputs include discount rate, growth rate and future cash flows. The cash flow term for the valuation is three years.

Invercargill Airport Limited's investment properties are valued annually at fair value effective 30 June. For 2024 and 2023, all investment properties were valued based on the income approach and comparable sales approach except for one property being less than 5% of the portfolio value. This property is planned to be demolished within the next year but no decision has been made on its replacement (2023: this property is planned to be demolished within the next year but no decision has been made on its replacement), hence the open market evidence valuation has been adjusted by management to be valued on a discounted cashflow basis of their remaining expected earnings. The 2024 and 2023 valuations were performed by Robert Todd, an independent valuer from TelferYoung from CBRE. The valuer is an experienced valuer who holds a recognised and relevant professional qualification and has extensive market knowledge in the types of investment properties owned by the Company.

The Group's advance to associate is valued on the basis of fair value using the discounted cashflow (DCF) method. The loan is revalued annually. The key inputs include a discount rate of 15.27% (2023: 12.22%) and realisation of the remaining assets in 2030).

23. BREACH OF STATUTORY DEADLINE

The Invercargill City Holdings Limited Group was required under section 67(5) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 30 September 2024. This has also resulted in a breach of section 22.3 of the Invercargill City Holdings Limited company constitution, which requires audited financial statements and service performance information to be completed within 3 months after balance date.

24. DISCONTINUED OPERATIONS

The sale of Southern Generation Limited Partnership and Southern Generation General Partner Limited

On 26 June 2024, Roaring Forties Energy Limited Partnership sold its interest in Southern Generation Limited Partnership and Southern Generation GP Ltd ("collectively Southern Generation"). As a result of this transaction, Roaring Forties Energy Limited recorded cash proceeds of $105.800 million in the summarised statement of financial position and a gain on sale of $26.728 million within the summarised statement of comprehensive income as disclosed in note 11. Given the Group holds 50% interest in Roaring Forties Energy Limited Partnership, the Group has recognised its share of the gain on sale of $13.364 million within the consolidated statement of comprehensive income for the year ended 30 June 2024.

As at 30 June 2024, Roaring Forties Energy Limited Partnership has divested in its sole income generating asset, being its interest in Southern Generation. Accordingly, for the financial year ending 30 June 2024, the investment in Roaring Forties Energy Limited Partnership is reported as a discontinued operation. The comparative Statement of Comprehensive Income and respective notes have been re-presented to show the discontinued operations.

Profit/(loss) after tax from discontinued operations

	Group 2024 $000	Group 2023 $000
Revenue	8,750	6,788
Expense	291	318
Net profit before income tax	8,459	6,470
Income tax expense*	-	-
Net profit after income tax	8,459	6,470
Share of Roaring Forties Surplus/ (Deficit) (at 50% interest)	4,229	3,235
Dividend received from Roaring Forties	4,770	5,245
Share of Roaring Forties Surplus/ (Deficit) to be accounted though equity accounting in the Statement of Comprehensive Income	(541)	(2,010)
Change in tax temporary differences	-	(240)
Share of gain on disposal before income tax	13,365	-
Income tax liability on the sale of SGLP	(2,418)	-
Reversal of deferred tax on the sale of SGLP	2,296	-
Share of gain on disposal after income tax	13,243	-
Profit/(loss) after tax from discontinued operations	12,702	(2,250)
Tax expenses relating to discontinued operation	(122)	(240)

*Roaring Forties Energy is a limited partnership, and income and expenses flowing through the partnership is not taxed at the partnership level.

Cashflows from Roaring Forties Energy Limited Partnership

The below table illustrates cash received by the Group from Roaring Forties Energy Limited Partnership

	Group 2024 $000	Group 2023 $000
Dividend received from Roaring Forties Energy Limited Partnership	4,770	5,245

Accounting policy for discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

Statement of Service Performance

For the year ended 30 June 2024

The performance targets established in the 2024 Statement of Corporate Intent for Invercargill City Holdings Limited (ICHL) and the results achieved for the year ended 30 June 2024:

Group Financial Performance Targets

	Group 2024 Target $000	Group 2024 Actual $000	Group 2023 Actual $000
Gross Revenue	43,926	47,054	34,870
Expenditure	36,702	34,799	27,977
Net Profit (Loss)	7,224	12,255	6,893
Tax	(1,310)	(4,221)	(2,220)
Group Net Profit/(Loss) after tax	5,914	8,034	4,673
Dividend to Invercargill City Council	5,096	5,206	5,089

Shareholder Funds to Total Assets
Invercargill city Holdings reported a lower shareholder funds to total asset compared to budget due to the additional $19.170 million investment in Invercargill Central Limited during the 2025 financial year. Refer to Note 11 for disclosures relating to this transaction.

Shareholder Funds to Total Assets	52.75%	49.03%	54.11%

Return on Commercial Investments (ICHL, EIL)
ICHL is currently reviewing the manner in which its returns are reported to Invercargill City Council. In the interim ICHL will report, for its commercial investments rates of return on equity:

Rate of Return (after tax) on Shareholders Funds:	3.73%	11.56%	3.60%

The higher rate of return achieved in 2024 is largely due to revenue of $13.364m recognised by the Group with regards to the sale of Southern Generation Limited Partnership. Refer to note 11 for further information with regards to this transaction.

Electricity Invercargill Limited Network Reliability Performance:
The following results were calculated using information from the Company's non-financial systems, which due to the manual recording processes have inherent limitations relating to the completeness of interruption data and the accuracy of installation control point (ICP) numbers included in the SAIDI and SAIF.

	Group 2024 Target $000	Group 2024 Actual $000	Group 2023 Actual $000
System Average Interruption Duration Index (SAIDI)			
The average total time in minutes each customer connected to the network is without supply.			
SAIDI (planned)	32.00	13.82	15.76
SAIDI (unplanned)	41.00	11.24	17.80
System Average Interruption Frequency Index (SAIFI)			
The average number of times each customer connected to the network is without supply.			
SAIFI (planned)	0.15	0.09	0.08
SAIFI (unplanned)	0.70	0.03	0.24

SAIDI and SAIFI for planned and unplanned interruptions are calculated using the methodology defined in the Electricity Distribution Services DPP3 Determination 2020. SAIFI is calculated per interruption against the total network ICPs. Planned SAIDI is calculated in categories dependent on minutes occurring within or outside interruption windows, number of ICPs affected and total network ICPs – buckets are then summed to an assessed SAIDI value per interruption. Assessed SAIDI and SAIFI for unplanned interruptions include normalisation of major events for periods that exceed the DPP3 defined boundary values. The annual planned SAIFI and SAIDI figures are shown for comparison with targets, but planned SAIFI and SAIDI are assessed at the end of the five-year DPP3 period. Electricity Invercargill Ltd has met the SAIDI and SAIFI target for the year and were well below the supply quality limits set by the Commerce Commission. The Directors have reasonable assurance that the performance data of the Company is free from material misstatement and is a reliable measure of the network's performance.

Health and Safety

	Target	Achievement	
	2024	2024	2023
Total Recordable Injury Frequency Rate Contractors Target (TRIFR)	3.1	1.0	1.0

Electricity Invercargill Ltd contracts PowerNet Ltd to manage its Network assets and operations. Electricity Invercargill Ltd employ no staff, therefore the PowerNet Ltd Health and Safety Performance targets are relevant to the Group.

PowerNet Ltd safety performance (TRIFR) remained at 1.0 and Electricity Invercargill Ltd network continued to record zero injuries in the 2023 reporting year. These results were maintained despite the constantly increasing volume of critical works undertaken through the year. The Board has a strong commitment to ensuring PowerNet's employees, contractors and the public remain safe and well. The Board monitors the health, safety and environment aspects of the Group's activities, principally through the Heath, Safety and Environment Committee. Monthly reports to the Board provide information on accidents, near misses and incidents, together with monthly data on PowerNet's health, safety, and environment performance Risks are further identified through regular monitoring, using internal and external audits, reporting of accidents and near misses and formal risk reviews. Directors also focus on the management of critical safety risks by undertaking field observation visits using the Risk Mentor tool to ensure the controls identified in the critical control framework are being consistently applied on site.

Invercargill Airport Limited

Safety

ZERO LOST TIME INJURIES FOR STAFF
NOT ACHIEVED
There were two injuries sustained in the IAL workplace this financial year. These injuries resulted in eight days of lost time. IAL continues to strive for improvements in its health and safety practices

Environmental

NO NOTIFIABLE ENVIRONMENTAL INCIDENTS ON AIRPORT MANAGED PROPERTY
ACHIEVED
There were no notifiable environmental incidents on airport managed property in this period.

Operations

RETAIN AERODROME CERTIFICATION VIA ASSESSMENT FROM THE CIVIL AVIATION AUTHORITY
ACHIEVED
The Civil Aviation Authority audited the Airport in October 2023. The aerodrome operator's certification was renewed for five years following that audit.

Infrastructure

NO SIGNIFICANT DISRUPTION TO AIRPORT OPERATIONS DUE TO INFRASTRUCTURE FAILURE
ACHIEVED
No significant disruption to airport operations in the reporting period, caused by infrastructure.

Sustainability

COMMENCE ACERT LEVEL 2
ACHIEVED
Level 1 accreditation was certified in October 2023. IAL has commenced level 2, with a review of reduction pathways completed.

Roaring Forties Energy Limited Partnership

Roaring Forties Energy Limited Partnership Investment monitoring – ICHL will monitor the performance in the Southern Generation Limited Partnership
ACHIEVED
ICHL has monitored the performance of Southern Generation Limited Partnership throughout the 2024 financial year.

Invercargill Central Limited

Invercargill Central Limited is an investment that has been fully funded by injection of further equity into Invercargill City Holdings Limited by Invercargill City Council. ICL is a two-level city centre shopping centre which commenced trading in July 2022 and is now largely complete.

Parent Non-Financial Performance Targets

Corporate Governance

The ICHL Group will adopt strategies that are compatible with the strategic direction of its shareholder.
ACHIEVED
ICHL actively engaged with its subsidiaries and its shareholder to ensure strategic alignment with the Council's strategic priorities.

ICHL maintains contact with subsidiary company boards and remains aware of their strategic and business issues.
ACHIEVED
ICHL receives regular reports detailing financial and performance updates. ICHL meets with subsidiary boards regularly to review current performance and strategic focus areas.

ICHL keeps ICC informed of matters of substance affecting the group on a no surprises basis ACHIEVED
ICHL made timely and balanced disclosure to ICC of all matters concerning it that a reasonable shareholder would expect to be made aware.

Sustainability

ICHL will promote and support ICHL Group companies' contribution to ICC's climate change initiatives.

ACHIEVED

ICHL supported progress across the group in moving towards measuring, report and reducing carbon emissions.

Dividends

ICHL expects a long- term sustainable dividend flow to the shareholder, while maintaining an appropriate balance between dividends and reinvestment.

ACHIEVED

ICHL required its subsidiaries to provide projections of at least 10 years of capital requirements for at least asset replacement to enable it to monitor the balance between these competing demands. ICHL worked with its subsidiaries to achieve the most efficient use of staff resources, capital assets and working capital through innovative management and sound business practices.

Public Expectations

ICHL worked with its subsidiaries to ensure that they are mindful of the public scrutiny that comes with being a Council Controlled Organisation.

ACHIEVED

ICHL required its subsidiaries to commit to transparency and accountability to the public. This includes fulfilling the planning, reporting and disclosure requirements of the Local Government Act 2002 as it applies to CCOs, and the requirements of the Local Government Official Information and Meetings Act 1987 as it applies to CCOs, and any other company specific legislation. Ensured their company is fiscally disciplined with expenditure

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Invercargill City Holdings Limited's Group financial statements and statement of service performance for the year ended 30 June 2024

The Auditor-General is the auditor of Invercargill City Holdings Limited Group and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Chris Genet, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 9 to 53, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Group on pages 54 to 57.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards; and
- the statement of service performance of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2024.

Our audit was completed on 19 November 2024. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

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

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

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

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported statement of service performance within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible solely for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 8 but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

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

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

Independence

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

For the year ended 30 June 2024 and subsequently, a Director of the Board of Directors of the Group is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the Group.

In addition to this audit, we have carried out other audit and assurance engagements, and regulatory training and advisory services for the Group. These engagements, as described in note 3 on page 22, are compatible with those independence requirements.

Other than the audit, these engagements, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with or interests in the Group.

C Genet

Chris Genet
Audit New Zealand
On behalf of the Auditor-General Christchurch,
New Zealand

Private Bag 90104 • Invercargill 9840 • New Zealand • P: 03 211 1777